



RODEO-HERCULES FIRE PROTECTION DISTRICT
1680 REFUGIO VALLEY ROAD, HERCULES, CALIFORNIA 94547
(510) 799-4561 FAX: (510) 799-0395

MEASURE O OVERSIGHT COMMITTEE MEETING MINUTES
APRIL 17, 2019

- 1. CALL TO ORDER/ROLL CALL (00:55)**
3:00 p.m. - Members present: Paul Freese, Annie Ziff, Ron Ardissonne
- 2. PLEDGE OF ALLEGIANCE (01:43)**
- 3. POSSIBLE ACTION TO APPOINT OFFICERS (2:08)**
Selection of officers to take place at next meeting
- 4. CONFIRMATION OF THE AGENDA (14:54)**
- 5. PUBLIC COMMUNICATIONS (19:55)**
Public Comment:
Anton Jungherr
- 6. REVIEW AND DISCUSSION OF COMMITTEE BYLAWS (23:35)**
Public Comment:
Sue Pricco
- 7. POSSIBLE ACTION ITEM TO DETERMINE TERMS OF OFFICE [1:00:23 (pt.2)]**
 1. 2-year term: Paul Freese
 2. 3-year terms: Ron Ardissonne, Annie Ziff
- 8. RECEIVE, DISCUSS AND COMMENT UPON AUDITOR'S MEASURE O ANNUAL REPORT [1:01:49 (pt.2)]**
- 9. ADJOURNMENT [1:16:10 (pt.2)]**
Meeting Adjourned at 5:55 p.m.

Audio from this board meeting can be heard at www.rhfd.org:
Number in parenthesis is time stamp on audio where agenda item begins.

Board Secretary



RODEO-HERCULES FIRE PROTECTION DISTRICT
1680 REFUGIO VALLEY ROAD, HERCULES, CALIFORNIA 94547
(510) 799-4561 FAX: (510) 799-0395

MEASURE O OVERSIGHT COMMITTEE MEETING MINUTES
MAY 1, 2019

1. CALL TO ORDER/ROLL CALL (00:15)

3:00 p.m. - Members present: P. Freese, A. Ziff, R. Ardisonne

2. PLEDGE OF ALLEGIANCE (00:28)

3. POSSIBLE ACTION TO APPOINT OFFICERS (1:00)

A. SELECTION OF CHAIRPERSON

- Motion made by R. Ardisonne to appoint P. Freese chairperson. Motion passed 3-0.

B. SELECTION OF VICE-CHAIRPERSON

- Motion made by R. Ardisonne to appoint A. Ziff vice chairperson. Motion passed 3-0.

4. CONFIRMATION OF THE AGENDA (5:43)

5. PUBLIC COMMUNICATIONS (7:11)

None.

6. REVIEW/DISCUSS FOR POSSIBLE ACTION (7:47)

- Committee Bylaws
- Motion made by A. Ziff to approve bylaws as revised. Seconded by R. Ardisonne. Motion passed 3-0.
- Motion made by A. Ziff to present committee bylaws to the Board of Directors at their next meeting. Seconded by R. Ardisonne. Motion passes 3-0.

7. RECEIVE AND DISCUSS MEASURE O FUND SEQUENCE OF EVENTS [15:57 (pt.2)]

8. RECEIVE, DISCUSS, AND COMMENT UPON MEASURE O ANNUAL AUDIT

REPORT [40:00 (pt.2)]

9. DISCUSS AND POSSIBLE ACTION- APPROVED ANNUAL CPI INCREASE [49:11

(pt.2)]

10. ADJOURNMENT (1:13:03)

Meeting Adjourned at 6:10 p.m.

Audio from this board meeting can be heard at www.rhfd.org:

Number in parenthesis is time stamp on audio where agenda item begins.

Board Secretary



RODEO-HERCULES FIRE PROTECTION DISTRICT 1680
REFUGIO VALLEY ROAD, HERCULES, CALIFORNIA 94547 (510)
799-4561 FAX: (510) 799-0395

MEASURE O OVERSIGHT COMMITTEE MEETING MINUTES
MAY 15, 2019

1. CALL TO ORDER/ROLL CALL (00:30)

3:09 p.m. - Members present: Freese, Ziff, Ardissonne

2. PLEDGE OF ALLEGIANCE (00:59)

3. CONFIRMATION OF THE AGENDA (1:31)

4. PUBLIC COMMUNICATIONS (2:42)

None.

5. RECEIVE, DISCUSS, AND COMMENT UPON MEASURE O ANNUAL AUDIT REPORT (4:00)

Public Comment:
Sue Pricco

6. RECEIVE, DISCUSS, AND COMMENT UPON FULL TEXT OF BALLOT MEASURE (56:16)

7. POSSIBLE AGENDA ITEMS (1:02:32)

1. Committee bylaws
2. Review request to District regarding details of revenue and expense accounts and additional fees that add up to audited numbers
3. Review last fiscal year's budget (2017-2018)
4. Review Director Prather's board correspondence
5. Discuss outreach

8. ADJOURNMENT (1:26:01)

Meeting Adjourned at 4:35 p.m.

Audio from this board meeting can be heard at www.rhfd.org:
Number in parenthesis is time stamp on audio where agenda item begins.

Board Secretary

RESOLUTION 2019-05

RESOLUTION OF THE BOARD OF DIRECTORS OF THE RODEO HERCULES FIRE PROTECTION DISTRICT ESTABLISHING AN INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE FOR MEASURE O

WHEREAS, the Board of Directors of the Rodeo Hercules Fire Protection District (the "Board"), previously adopted Resolution No. 2016-04 requesting the Registrar of Voters of the County of Contra Costa to call an election on November 8, 2016, on a measure to authorize a special tax for the continued maintenance of local fire protection and emergency response services (the Parcel Tax Election); and

WHEREAS, on November 8, 2016, the Parcel Tax Election was duly held and conducted for the purpose of voting on a measure, designated as Measure O, to impose a special tax (the "Parcel Tax") of the Rodeo-Hercules Fire Protection District (the "District") in the amount of \$216 per parcel per year; and

WHEREAS, more than two-thirds of the votes cast on Measure O were in favor of issuing the Parcel Tax; and

WHEREAS, Section 4 of Ordinance 2016-001 declares that the Board of Directors shall form and appoint members to an independent 2016 Special Tax Funding Replacement Measure (Parcel Tax) Independent Oversight Committee who shall receive, review, and advise the Board on the Annual Report.

WHEREAS, the Board desires to authorize the establishment of an independent citizens oversight committee as required by Measure O at this time in order to ensure an orderly process for the selection of committee members.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Rodeo-Hercules Fire Protection District, as follows:

Section 1. An Independent Citizens' Oversight Committee (the "Committee") is hereby established in compliance with Measure O for the general purpose of providing oversight as to the expenditure of Measure O parcel tax revenues.

Section 2. The Independent Citizens' Oversight Committee Bylaws (the "Bylaws"), a copy of which is attached hereto as Exhibit A, are hereby approved.

Section 3. The Committee shall have the specific purposes and be operated in the manner required by the Bylaws, and such Bylaws may be amended from time to time in

accordance with their terms. The initial appointment of Committee member shall be undertaken in accordance with the Bylaws.

Section 4. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED THIS 13th day of March 2019, by the following vote:

AYES: Gabriel, Thorpe, Hill, Covington

NOES: Prather

ABSENT: None

ABSTENTIONS: None

BOARD OF DIRECTORS OF THE
RODEO-HERCULES FIRE PROTECTION DISTRICT

By:



Chairman of the Rodeo-Hercules Fire Protection District

Attest:



Clerk of the Board of the
Rodeo-Hercules Fire Protection District

CLERK'S CERTIFICATE

I, Kimberly Corcoran, Clerk of the Board of Directors of the Rodeo-Hercules Fire Protection District, hereby certify as follows:

The foregoing is a full, true, and correct copy of a resolution duly adopted at a regular meeting of the Board of Directors of said District duly and regularly and legally held at the regular meeting place thereof on March 13, ~~2017~~, 2019, of which meeting all of the members of the Board of said District had due notice and at which a quorum was present.

I have carefully compared the same with the original minute of said meeting on file and of record in my office and the foregoing is a full, true, and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified, or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: March 13, 2019

Kimberly Corcoran
Clerk of the Board of the
Rodeo-Hercules Fire Protection District

EXHIBIT A

MEASURE O CITIZEN'S OVERSIGHT COMMITTEE BYLAWS

SECTION I COMMITTEE ESTABLISHED

The Rodeo-Hercules Fire Protection District (the "District") was successful at the election conducted on November 6, 2016, on Measure O, obtaining authorization from the District's voters to impose a special tax in the amount of \$216 per parcel annually, pursuant to a two-thirds majority vote.

Pursuant to Resolution No. 2016-04, the District is obligated to establish a Citizens' Oversight Committee in order to satisfy the accountability requirements of Measure O. In a resolution adopted on MARCH 13, 2019, the Board of Directors of the Rodeo-Hercules Fire Protection District ("Board") established the Measure O Citizens' Oversight Committee which shall have the duties and rights set forth in these Bylaws.

SECTION II COMMITTEE'S MISSION

The mission of the Measure O Citizen's Oversight Committee is to independently review and inform the public and the Board concerning the expenditure of parcel tax revenues and to ensure that such revenues are expended in accordance with the intention of the voters.

SECTION III NAME AND LOCATION

- 3.01 The name of the Committee will be the Measure O Citizens' Oversight Committee (the "Committee").
- 3.02 The office of the Committee shall be located at the Rodeo-Hercules Fire Protection District, located at 1680 Refugio Valley Road, Hercules, CA 94547.

**SECTION IV
PURPOSE**

- 4.01 The purpose of the Committee is to provide oversight and to inform the public and the Board concerning the expenditure of Measure O revenues.

The Committee shall actively review and report on the proper expenditure of the taxpayers' monies in accordance with the stated purposes of the Measure O Parcel Tax:

The proceeds of the special tax funding replacement measure imposed by this ordinance shall be placed in a special account or fund to be used solely for any lawful purpose permissible to Fire Districts pursuant to California Health and Safety Code §13800 et seq., including but not limited to enhancing the level of fire prevention, emergency fire protection and paramedic response services through increasing staffing levels to operate and maintain the District's fire stations, maintaining and when necessary replacing fire protection and lifesaving equipment and apparatus to optimal levels of function and performance, and to fund capital improvements.

- 4.02 The Committee shall convene to provide oversight for the following:
1. Ensuring that Measure O revenues are deposited into a separate account created by the District.
 2. Ensuring that measure O revenue are expended only for the purposes described in section 4.01 above.

**SECTION V
COMMITTEE ACTIVITIES**

- 5.01 The Committee shall engage in any of the following activities in furtherance of its purpose:
1. Actively review and report on the proper expenditure of Measure O revenue.
 2. Advise the Board as to whether the District is in compliance with the requirements of Measure O.
 3. Conduct all business in accordance with the provisions of the Ralph M. Brown Act ("the Brown Act") of the State of California which shall include the posting of notices and agendas of the Committee meetings on the District's website.

4. Provide for communication with and from the community on all issues related to Measure O.
 - a. The Committee shall issue an Annual Report of its activities to the Board. Each Annual Report shall concern the events of the preceding fiscal year and shall include a summary of the Committee's proceedings and a statement indicating whether the District's Measure O expenditures were in accordance with the stated purpose. Each report shall be presented to the Board within 100 days of the end of the reporting period (July 1 to June 30) to which it pertains.
 - b. In addition, the Committee may prepare, approve, and distribute other progress reports of its activities, findings, and recommendations to the Fire Chief, the Board, and the public. If in conducting its duties and activities, the Committee finds it necessary to report to the Board on any item it deems to be of immediate concern, the Committee may request that the Board call a special Board meeting in accordance with the provisions of the Brown Act.
 - c. The Committee reports shall be posted on the District's website.
5. All documents received and reports issued by the Committee shall be made available for public viewing on the District's website.

5.02 In furtherance of its purpose, the Committee may engage in any of the following activities:

1. Receive and review copies of the District's required annual, independent financial audits.
2. Receive and review copies of the District's annual and interim budget reports and presentations.

5.03 The Committee may review any documents related to the expenditure of Measure O proceeds and make recommendations in accordance with its Purpose and Activities, as stated in Sections IV and V of these bylaws, and Measure O. However, the Board, in its sole discretion, may act on any recommendations as it deems appropriate.

5.04 In recognition of the fact that the Committee is charged only with overseeing the expenditure of Measure O proceeds, the Board has not charged the Committee with the following, all of which shall be determined in the Board's sole discretion:

1. The establishment of District goals and priorities.
2. The selection of personnel to support the Committee.
3. The approval of an annual budget for the Committee that is sufficient to carry out the activities set forth in its bylaws.
4. The appointment or reappointment of qualified applicants to serve on the Committee based on criteria adopted by the Board.

**SECTION VI
DISTRICT DUTIES AND SUPPORT**

- 6.01 Either the Board or Fire Chief, as the Board shall determine, shall have the following duties reserved to it, and the Committee shall have no jurisdiction over the following types of activities:
1. Approval of contracts and purchases
 2. Handling of all legal matters
 3. Approval of personnel assignments
 4. Approval of the parcel tax assessments
 5. Approval of agreements related to parcel tax assessments
- 6.02 The District commits to support the oversight process through cooperation with the Committee, by providing the Committee with access to information and with sufficient logistical support so that the Committee may effectively perform its oversight function. Further, the District will insure that with regard to the Committee, all District personnel are committed to open communication, the timely sharing of information, and teamwork.
- 6.03 The District shall provide necessary administrative and technical support to the Committee as shall be consistent with the Committee's purpose, including but not limited to:
1. Preparation of and posting of public notices as required by the Brown Act, ensuring that all notices to the public are provided in the same manner as notices regarding meetings of the Board.
 2. Provision of a meeting room, including any necessary audio/visual equipment.
 3. Preparation and copies of any document or meeting materials, such as agendas and reports.
 4. Retention of all Committee records.

**SECTION VII
MEMBERSHIP**

- 7.01 The Committee shall be composed of a minimum of three (3) and a maximum of five (5) members appointed by the Board after an open and public recruitment process. The Board, at its sole discretion, may appoint more than five (5) members

provided that any appointments beyond five (5) result in an odd number of active members serving at any one time. Members of the Oversight Committee shall be residents or property owners within the District and registered to vote. Employees, officials, vendors, contractors, or consultants of the District are not eligible for voting or active membership on the Committee. The number of Committee members shall be a balance of property owners that reside in the City of Hercules, and the Town of Rodeo located within the County of Contra Costa. Dependent on the number of members on the Committee, a majority shall constitute a quorum of the Committee. Members selected to the Committee shall have a two-year term from time of appointment, unless sooner terminated by the Board. Committee members shall serve until their successor is appointed by the Board. Committee members may be re-appointed by the Board.

7.02 The Committee shall include at least:

1. One member who is a resident of Hercules.
2. One member who is a resident of Rodeo.

7.03 A single individual may be appointed as a representative of more than one of the above categories if applicable.

7.04 A Committee member who no longer serves the group s/he was appointed to represent shall be allowed to complete his/her current term. However, that Committee member shall not be entitled to serve a subsequent term as a representative of that group.

7.05 Committee members may not hold any incompatible office or position during their term of membership, as those terms are defined in Article 4.7 of Division 4, of Title I (commencing with section 1125) of the Government Code, and shall abide by the conflict of interest prohibitions contained in Article 4 of Division 4, of Title I (commencing with section 1090) of the Government Code and with the Ethics Policy attached as Appendix I hereto. Any member shall disclose immediately any possible or potential conflict of interest to the Committee. A Committee member's failure to disclose any possible or potential conflict of interest when known will result in the member's removal from the Committee.

7.06 Committee members are not eligible to apply for contracts with the District until two (2) years after leaving the Committee.

7.07 The Fire Chief, one representative from IAFF Local 1230, one representative from RHPFO, and one Board member may serve as ex-officio members of the Committee. These ex-officio members shall have no voting rights as members of the Committee.

7.08 Committee members shall receive no compensation for their services on the Committee.

**SECTION VIII
TERMS OF
OFFICE**

- 8.01 Committee members are appointed by the Board for a term of two (2) years, except as provided in Section 8.02 or as otherwise provided herein. No member may serve more than three (3) consecutive terms or a maximum of six (6) consecutive years, whichever is less. The terms shall be staggered as set forth in Section 8.02 below. Should a member resign his/her position before his/her term matures, the Board will appoint a new member to complete the term. At the discretion of the Board, members serving partial terms may be reappointed to serve three complete terms at the conclusion of the partial term.
- 8.02 At the Committee's first meeting, members will draw lots in order to stagger the starting initial terms as follows:
1. *One or Two of the members will serve an initial two-year (2) term, and,
 2. *Two or Three of the members will serve an initial three-year (3) term.
- *These numbers are dependent on the total number of Committee members.*
- 8.03 The members serving the initial three (3) year term will be eligible for reappointment to no more than one additional two (2) year term at the discretion of the Board.
- 8.04 Should the Board increase the number of members on the Committee, the Committee will make the necessary adjustments to terms in order to once again have one-half of the members' terms maturing each year.
- 8.05 Following an absence of one year, any Committee member whose term has expired due to statutory term limits shall be eligible to serve again.

**SECTION IX
REMOVAL FROM OFFICE**

9.01 The Board may remove any Committee member, for cause, including failure to attend without reason acceptable to the Committee, three (3) consecutive Committee meetings or for failure to comply with the District's or Committee's Ethics Policy. Upon a member's removal, his/her seat shall be declared vacant. The Board, in accordance with the established appointment process, shall fill any vacancies on the Committee as soon as practicable.

SECTION X

COMMITTEE RULES & PROCEDURES

- 10.01 The Committee shall meet at least twice per year and as often as the Committee deems necessary to conduct its business on dates to be determined by the Committee at its organizational meeting. The date upon which, and the hour and place at which, each such regular meeting shall be held shall be fixed by the Committee and posted on the District's website. To the extent permitted by the Brown Act, such meetings may be held by teleconference.
- 10.02 Special meetings and established subcommittee meetings may be called in accordance with the provisions of the Brown Act, as amended or supplemented from time to time. To the extent permitted by the Brown Act, such meetings may be held by teleconference.
- 10.03 All meetings of the Committee shall be called, noticed, held and conducted subject to the provisions of the Brown Act. The Committee shall cause minutes of all meetings to be kept and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to District staff for posting on the District's website.
- 10.04 Any person wishing to speak during the Public Comments section of the Committee's agenda, at the beginning and/or end of each meeting, shall first complete a speaker request card and submit the card to the Committee Secretary prior to the public comments section of the agenda.
1. Individual speakers before the Committee shall have a three-minute time limit per item. The Chairman may increase this time limit by no more than ten minutes.
 2. The Chairman shall ensure that all persons addressing the Committee confine the subject matter of their remarks to the particular matter before the Committee.
 3. If a member of the audience has addressed the Committee on matters which are not on the posted agenda for that meeting, members shall refrain from discussing such matters. If the non-agenda matter raised by a member of the public concerns an issue that is within the subject matter jurisdiction of the Committee, any member may request that the Committee vote to place that matter on a future agenda.

4. Persons addressing the Committee shall address the Committee as a whole and shall not direct comments to individual members of the Committee or to members of the audience.
- 10.05 In the event of disorderly conduct by members of the public, the Committee may order the meeting room cleared pursuant to California Government Code §54957.9.
- 10.06 A majority of active members of the Committee shall constitute a quorum for the transaction of business, except that less than a quorum may convene from time to time.

- 10.07 Each member of the Committee shall be entitled to one vote to be entered in person. Members may not vote by absentee or proxy. No action shall be taken by members present and voting, unless a quorum is present. Recommendations to the Board to approve or disapprove a project must be approved by a majority of the active members of the Committee.
- 10.08 Members are expected to attend all meetings.
- 10.09 Committee members shall complete and submit to the Fire Chief a California Fair Political Practices Commission Form 700 upon appointment, and annually thereafter. Committee meetings shall be held in accordance with the Brown Act (California Government Code section 54950 *et seq.*) Committee members shall be held to the District's and Committee's Ethics policy and shall attend AB 1234 Ethics training.

SECTION XI.

COMMITTEE OFFICERS

- 11.01 The officers of the Committee shall be a Chairman, a Vice Chairman and a Secretary. The Chairman shall chair the Committee meetings. The Vice Chairman shall act as Chairman only when the Chairman is absent.
- 11.02 The Chairman and Vice Chairman must be members of the Committee, and shall be elected by a majority of the Committee at the organizational meeting each year. The Chairman and Vice Chairman shall serve for no more than four (4) years in their respective offices. The Secretary shall be appointed by the Committee and need not be a member of the Committee.
- 11.03 The duties of the Chairman are to:
1. Preside at meetings of the Committee.
 2. Appear before the Board and other bodies to present and discuss the official actions of the Committee.
- 11.04 The duties of the Vice Chairman are to:
- I. Preside at Committee meetings in the absence of the Chairman.
 2. Appear before the Board and other bodies to present and discuss the official actions of the Committee in the absence of the Chairman.
- 11.05 The duties of the Secretary are to:
1. Record and maintain minutes of all meetings of the Committees.
 2. Distribute minutes of all meetings of the Committee to all Committee members, to the Board, and to District staff for posting on the District's website.

3. Distribute Committee meeting agendas to all Committee members, to all other persons requesting copies of the agenda so that provisions of the Brown Act are followed, and to District staff for posting on the District's website.
4. Distribute all Committee reports to all Committee members, to the Board and to District staff for posting on the District's website.
5. Keep all documents officially received by the Committee in the course of its business, and to forward copies of all such documents to the District staff.
6. Prepare all necessary correspondence of the Committee.
7. Arrange and coordinate meeting locations and teleconferences of the Committee

SECTION XII

AMENDMENTS

- 12.01 These Bylaws shall become effective upon approval of the Board of Directors.
- 12.02 These Bylaws may be amended, changed, added to, or repealed by the Board, as deemed necessary. Additional or supplemental operational guidelines or procedures may be adopted by the Committee by a majority vote of all the members of the Committee, providing such additional or supplemental operational guidelines or procedures are not in conflict with these Bylaws, any Resolution or Ordinance of the Board, or any state law, including but not limited to the provisions of the Brown Act and the California Health & Safety Code.

SECTION XIII

TERMINATION

- 13.01 The Committee shall initiate procedures to terminate and disband at the earlier of the date:
1. All Measure O proceeds have been expended, or
 2. All Measure O revenues have been collected.
- 13.02 Once the District informs the Committee that either of the conditions described in 13.01 has occurred, the Committee shall prepare a final report of findings and recommendations to be presented and received by the Board at a regularly scheduled Board meeting.

13.03 Once the final report of findings and recommendations is presented to the Board, the Committee shall automatically terminate and disband. In no event shall the final report be presented to the Board more than 90 days after the Committee has been informed of the occurrence of either of the conditions set forth in section 13.01.

APPENDIX I

RODEO-HERCULES FIRE PROTECTION DISTRICT MEASURE O CITIZENS' OVERSIGHT COMMITTEE

ETHICS POLICY STATEMENT

This Ethics Policy Statement provides general guidelines for committee members to follow in carrying out their roles. Not all ethical issues that committee members face are covered in this statement. However, this statement captures some of the critical areas that help define ethical and professional conduct for committee members. The provisions of this statement were developed from existing laws, rules, policies and procedures as well as from concepts that define generally accepted good business practices. Committee members are expected to strictly adhere to the provisions of this Ethics Policy, as well as the District's ethics policy, and any Board Policies and Procedures.

POLICY

CONFLICT OF INTEREST A committee member shall not attempt to influence a District decision related to: (1) any contract funded by Measure O proceeds or (2) any District project that will benefit the Committee member's outside employment, business, or personal finances or benefit an immediate family member, such as a spouse, child or parent.

OUTSIDE EMPLOYMENT A Committee member shall not influence a District decision related to any District project involving the interests of a person with whom the member has an agreement concerning current or future employment, or remuneration of any kind.

COMMITMENT TO UPHOLD LAW A Committee member shall uphold the federal and California Constitutions, the laws and regulations of the United States and the State of California (particularly the Education Code) and all other applicable government entities, and the policies, procedures, rules and regulations of the Rodeo-Hercules Fire Protection District.

COMMITMENT TO DISTRICT A Committee member shall place the interests of the District above any personal or business interests of the member.

craig@rhfd.org

From: Pio Roda, Richard <rpioroda@meyersnave.com>
Sent: Monday, May 06, 2019 8:36 PM
To: craig@rhfd.org
Subject: Fwd: CHANGE IN FIRST OUT RESPONSE VEHICLE/APPARATUS

Chief Craig -

This is the first of two emails from Director Prather that he'd like to distribute to the remainder of the Board. I think you may consider what he sent Board correspondence. He can ask to add these items to a future agenda, or discuss with the Chair, at his pleasure.

Please contact me if you have any questions.

Thank you,

- Rich

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From: William Prather <waprath@att.net>
Sent: Sunday, May 5, 2019 5:33 PM
To: waprrath@att.net; Pio Roda, Richard
Subject: Fw: CHANGE IN FIRST OUT RESPONSE VEHICLE/APPARATUS

[EXTERNAL E-MAIL]

CHANGE IN FIRST OUT RESPONSE VEHICLE/APPARATUS

I have studied the run and response information since 1962 when I was preparing for the oral interview for the Richmond Fire Department. Over the past 55 years all fire agencies have seen a dramatic decline in fires of all types and an increase in medical calls and all types of

“service” calls. The 6-month Incident Type Count Report, January 1, 2017 to June 30, 2017 should be an eye opener for not only our Directors but for anyone working in our Rodeo-Hercules Fire District and especially for our tax paying citizens. Our current response using our very expensive apparatus, Quint costing near \$1,000,000.00 and a 2000 GPM Pumper costing \$900,000.00, is out of date and certainly not in touch with the reality of our service!

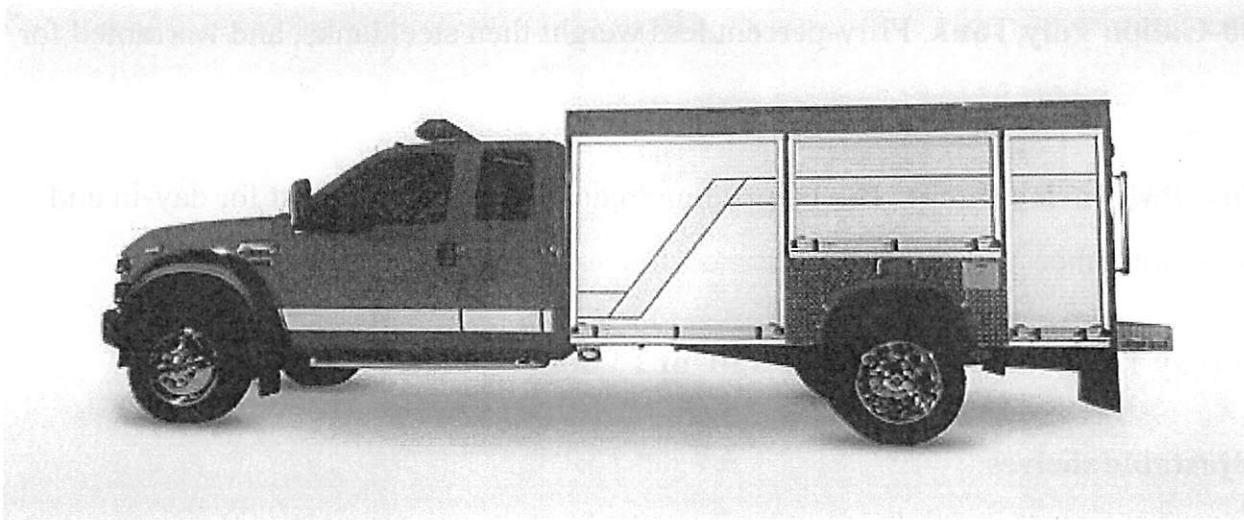
In 2000, I met with then Chief Salmi and proposed that we look at an alternative to the 2000 GPM pumper that our District wanted to purchase. I said at the time “I hoped that would be the last huge and expensive apparatus that our District would purchase. Sadly, that was not to be. We did purchase with grant funds the Quint. Again, I hoped this would be the last large response apparatus our District purchased. I offered at that time an alternative for our first out apparatus and that was a smaller Attack-Rescue vehicle that was 1/5th the cost of our Type 1 pumpers. Again, it was not to be and my suggestion to Hanley fell on deaf ears.

The Acting Chief has brought forth the need to purchase a replacement Type 1 for our District. This shows a lack of understanding regarding the change in our Mission. Reviewing our runs, it should be obvious to all, that we are no longer a “fire first” agency! The lack of understanding is very troubling to this Director and we, as Directors, need to come into the 21st Century and make the needed changes in our first out the door apparatus.

My research had led me to Fouts Bros Fire Equipment.<http://www.foutsfire.com/> The apparatus that I favor for our District is the 11 ft. Mini Pumper. Specs are:

More storage space without much of a price increase

An exceptional mini-pumper—at an exceptional Fouts Brothers price. Feel confident that your crew is well-equipped to fight brush fires and small forest fires, answer emergency calls, support tankers and handle whatever situation arises.



Standard Features:

- **Transverse Compartment** lets you store larger equipment, like generators, backboards or rollout trays.
- **Ford F-550 Regular Cab** with a GVW 17,900 provides the load capacity you need for all your tools and equipment.
- **4-Wheel Drive** so you can handle off-road fires and emergencies.
- **All terrain tires** for taking on rough countryside
- **Diesel engine and automatic transmission**
- **Ambulance Preparation Package.** Dual alternators and auxiliary idle control provide extra amperage to run ambulance electronics.
- **11-Foot Aluminum Body** keeps vehicle weight low so you can carry the equipment you need.
- **Sweep-Out Floors.** Easy to clean—and convenient for getting tools in and out.
- **Hinged or Roll-Up Doors.** Choose what works best for you.

- **300-Gallon Poly Tank.** Fifty-percent less weight than steel tanks, and warranted for life.
- **370 GPM Darley Pump.** The pumps hundreds of departments trust for day-in and day-out performance.
- **Hannay Electric Booster reel w/ 150' of 1" hose included**
- **Adjustable shelves**
- **Whelen LED Lighting and Siren Package**
- **1 1/2" Pre-Connected Hose Lay**
- **Primer for drafting**

Customize your 11-Foot Mini-Pumper with the following options:

- Extended Cab
- Four Door Crew Cab
- SCBA Seating
- Winch/Brush Guard
- Inverter/(2) Pole Light Package
- Slide out / Tip Down Trays, Tool Boards
- 400-Gallon Poly Tank
- Diesel Driven Pump
- Foam System

- Front Turret Nozzle
- Odin CAFS System

Tank Sizes:

- 300 Gallon (Standard)
- 150 Gallon
- 225 Gallon
- 400 Gallon

Body Material:

- Aluminum (Standard)- 10-year warranty
- Poly- Lifetime Warranty

Pumps Available:

- Darley (Standard)
- Hale
- Waterous

Chassis Available:

- Ford F-550 (Standard)
- Dodge 5500

This apparatus can be purchased for approximately \$115,000.00 This vehicle would easily handle nearly 97% of our out the door calls. The basic hose load can be a set up for the

following “Heavy Apparatus” and would certainly be much more efficient and less costly than running our very expensive apparatus into the ground. Our Quint and most recent Pumper can be spared the unnecessary runs on mostly medical & service calls that now make up most of our responses.

I do realize that most fire employee’s want to ride the BIG RIG and also, they want to be Firefighters. Those days are long gone. We are in the place where we are due to past and present Fire Chief’s wanting all the bells and whistles and any new change in apparatus, needed or not. I have been active in fire service or following trends in the fire service for over 55 years. Some may see me as a dinosaur but looks are deceiving. I am a “realist” who had followed closely the many changes in the Emergency Service. Not all change is in the best interest of our citizens & tax payers.

In 1996, I had been an elected member of the RHFD for two years. Then Chief Jimenez asked the Fire Board to consider the need for a Hazmat vehicle. I do not recall the estimate cost but I knew that the Richmond Fire Department had recently put their Hazmat rig in service. I called and asked the number of calls per month for a Hazmat response. The numbers were 12-16 but most were not justified responses! I led the opposition to a RHFD Hazmat apparatus and said if needed, we could easily call for mutual aid from RFD. Fortunately for our taxpayers we did not move forward with the purchase of an unneeded piece of equipment.

I am asking all Directors and members of our RHFD to give thought to this change in type of apparatus. This is not etched in stone, but can be a starting place for a dialogue that hopefully will lead to change and a more efficient use of our tax dollars. Think of the most used equipment and a type of apparatus that would be more efficient, not only in response time but also cost, that could be outfitted for early fire attack, rescue and medical assistance. After weighing all concerns, our recent run activity, I would be disappointed if anyone chose our existing choice of the 2000 GPM pumper or the Quint.

I am asking that this matter be placed on the agenda for the August Board meeting so we can have a discussion on our future. Our future is in our hands at this time. I have seen many

opportunities missed these past 55 years. I hope and pray we do not miss this opportunity for real and efficient change.

Respectfully,

Director William "Bill" Prather

Rodeo-Hercules Fire District



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craig@rhfd.org

From: Pio Roda, Richard <rpioroda@meyersnave.com>
Sent: Monday, May 06, 2019 8:37 PM
To: craig@rhfd.org
Subject: Fwd: Reducing Overtime and becoming more efficient with Fire Service

Hi Chief -

Second of the two emails from Director Prather.

Please contact me if you have any questions.

Thank you,

- Rich

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From: William Prather <waprath@att.net>
Sent: Sunday, May 5, 2019 5:43 PM
To: William Prather; Pio Roda, Richard
Subject: Fw: Reducing Overtime and becoming more efficient with Fire Service

[EXTERNAL E-MAIL]

FIREFIGHTER TEMP AGENCY

**OBJECTIVE: TO REDUCE OVERTIME COSTS AND ENHANCE
EMERGENCY SERVICE!**

Reviewing the past 20 years activity will show the many changes in Fire Departments emergency calls and the significant reduction in fire calls. The reduction of fire calls can be attributed to many things. The number of people smoking has declined significantly, the use of smoke detectors means early warning and cell phones mean that fires are reported quicker while in their incipient stage, no longer delayed alarms that allow a small fire to become a serious blaze. Stricter building codes and the redevelopment of slum areas and old fire hazards took away the old burnable buildings. While fire calls have declined medical and

service calls have increased to a level not anticipated by many in the Fire business.

We have now become an Emergency Service Provider, responding to medicals, auto & vehicle accidents and many other "emergencies" using the 9-1-1 reporting system. Most Fire agencies are responding to 90+% medical or service and fewer than 10% actual fire calls of all types. Unfortunately our Doctrine of Response has not kept up with the times. The current philosophy of staffing and Doctrine of Response utilizing a 2000 GPM pumper with a crew of three, Captain, Engineer, Firefighter (A Para Medic may be one of the ranks) has passed its time of efficiency. Considering the current work load a new model needs to be embraced by all in Emergency Service. Today the Engineer rank, the driver and pump operator is more a chauffeur. A more efficient model for today's work load would be a smaller, more versatile apparatus that could be staffed with a well trained crew of two, one being an officer, Captain or Lieutenant, and a Para Medic/ Firefighter. Ideally both the officer ranks would be Para Medics. On emergency calls today we have an automatic response by the ambulance company staffed with a Para Medic and an EMT. This would have 4 people on scene and if additional support is needed the radio makes for easy communication for help!

Computers make gathering information of our service calls and where and when most calls occur & this information should be a great help in determining where our Stations should be located and staffed. Our citizens do not deserve to be deprived of our most often called need for assistance due to a staffing doctrine driven by MOU or out of date bargaining arguments. Today in our financial crisis in all fire agencies leadership must come into the 21st century and adopt measures that will enhance public safety with the tax dollars available. It is management that has brought us to this unsatisfactory situation and sadly management looks to the already overburdened tax payer to foot the bill. Overtime costs are a cancer in any organization's budget and it has become a cottage industry in the Fire Service. The tax payers are unhappy with the very poor utilization of their tax dollars with this massive overtime spending. The taxpayers deserve better and this proposal will be well received by both taxpayer and citizen who will receive enhanced service in a more efficient manner.

DEVELOPING THE "TEMP AGENCY

Battalion 7 is the ideal size of an organization to create the Emergency Service Temp Agency.

In 1968 I had the privilege to ride with FDNY Battalion 44. I was introduced to a Deputy Chief who asked how big the department where I worked. I said 7 Engine and 2 Truck companies. He said that is the perfect size organization to make change readily. He told me that if I entered the FDNY and on day one & had an idea that would make for a very positive change in the FDNY efficiency, it would still be in the pipeline 20 years later when one reached the retirement date!

Change is hard but can be accomplished with cooperation & necessity. How do we create our "Interns" for the Temp Agency? We have taken a few baby steps for the development with the Training Area behind RHF D Station 76. If you build it, they will come. Many young men and women desire to become firefighters and they have pursued this Nobel calling by going to school, paying their tuition and graduating often as Firefighter I, EMT, Wild Land Fire Training and often Para Medic Certifications, only to find the job market has shrunk due to agency layoffs due to budget shortfalls. This reduction in our personnel is dangerous to both the citizen and the firefighter.

Battalion 7 operating as a Training Battalion can offer continuing education and classes to those individuals who want to persevere in their desire to become our future firefighters. Offering a two year course of study that will include ALL aspects of a career in Emergency Service to include Firefighting, Physical Conditioning, Truck Company Operations, Heavy Rescue, Fire Inspection, Hazardous Materials, Leadership Skills, Management & Budget, Officer Training, Fire Ground Operations, Para Medic skills, Apparatus Operator and any other class or course of study that will prepare our future fire fighters to become the **SEAL TEAM of PUBLIC SAFETY!**

WHY WOULD ANYONE UNDER TAKE SUCH A COURSE OF STUDY?

THE OPPORTUNITY FOR AN INTERNSHIP!

During the course of study these preparing students can become part of a Reserve Program that will allow them to gain practical experience with fire companies. These Reserves would be very well qualified and would NOT put the paid personnel at risk as they would have a sound resume and be very well prepared. Hopefully the paid personnel would look upon the reserve force as an asset enhancing both Citizen Safety and Firefighter safety. The top graduates of this Academy would qualify as "Interns" and would be paid a stipend to be determined. These TOP QUALIFIED INTERNS would become our Temp Agency employee's and be available to fill any overtime slot in the entire County! The Public, the tax payer and the Citizen who may need service from our fire agencies will appreciate that the Interns will be TOP qualified to deliver any service required. Only the very top, the elite of the academy, will be in the internship program. This program will provide a hiring place for any agency, anywhere that needs to hire Firefighters. Battalion 7 will become a place to get the cream of the emergency service crop! Battalion 7 will become the hiring Mecca of the Emergency Service!

THE BENEFIT FOR CURRENT EMPLOYEES

The opportunity for the employee's in this reconstituted Battalion 7 will be for increased rank and salary not available in today's District. If one becomes a "Training Officer" that deserves an increase in pay as our Para Medic's earn today due to their enhanced abilities. I have always supported pay increases based on PERFORMANCE!

The current model is that after 3 years in service, all members earn the same dollar amount regardless of their ability to perform. The employee's in this District will not only have greater opportunities for earning additional performance pay they will also be able to take great pride in being part of the best organization in this area!

The ideal time to make change is when a Department has turn over putting the old guard out to pasture and hiring those who will be spending the next 30 years plying their trade. We have this opportunity now in Battalion 7 and if we miss the boat then our citizens, taxpayers

and those simply traveling through our District when fate takes a hand and they need Emergency Service will be justified in taking action to make change on their own! The best change comes when an organization can read the mood of the people and make change from within. We have that opportunity today to think outside the box and do our citizens and taxpayers what they want, real change that benefits all not just a few!

This is what I consider a Leggo approach to solving our problems in this County. These ideas can be improved, added to and make for even better changes in our Emergency Services. If you try to denigrate these ideas you don't belong in a management position. Think outside the box, think inside the box but think in a way that will make a positive difference in these trying times. The status Quo will not work!



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***CAL FIRE* Contra Costa County Pre-Season Meeting**

Agenda

May 14, 2019 1000 hours

- **Welcome and Self-Introductions, Chief Bryan Giambrone, CAL FIRE**
- **Report from Chief Mike Marcucci, CAL FIRE**
- **Review of SCU Operations, Chief Bryan Giambrone**
- **Safety Briefing on weather and fuels, Chief Bryan Giambrone**
- **Pre-Season Packet Review, Chief Bryan Giambrone**
- **Report on Sonoma AAB Captain Nick Welch**
- **Report from LNU and Delta Camp Chief Chris Waters**
- **Report from Marin Co. FD Chief Mark Brown**
- **Report from XAL Op Area, Chief Lewis Broschard, Con Fire**
- **Report from State Parks, Monte Rowan**
- **Report from East Bay IMT**
- **Good of the order by Department**
- **Questions/comments**
- **Dismissal**

Date: 6/13/2019
 From: Measure O Oversight Committee
 To: RHFD Fire Chief Bryan Craig
 Re: Request for Measure O Funds Transactional Data

Chief Craig, this is a formal request from the Measure O Oversight Committee to receive detailed transactional data concerning the disposition of all Measure O revenue and expenses from July 1, 2017 until present. This request is in two parts, the first regarding Measure O revenue funds and the second concerning Measure O revenue and expense transactions. This data will be used to validate use of Measure O funds per the ballot language.

1. Measure O Revenue, please complete the following table with the specified data:

| | Actual | | Est. Actual | | Budget | |
|--------------------------|------------|-----------|-------------|-----------|------------|-----------|
| | FY 2017-18 | | FY 2018-19 | | FY 2019-20 | |
| | # | \$ | # | \$ | # | \$ |
| Parcels in District | | | | | | |
| Supplemental Tax | | | | | | |
| Senior Exemptions | | | | | | |
| County Collection Fees | | | | | | |
| Other | | | | | | |
| Measure O Revenue | | 2,429,756 | | 2,405,916 | | 2,472,636 |

2. Measure O Expenses, please provide a detail listing of all Measure O transactions from inception, including General Ledger journal entries with the following data points:

- Date of entry
- GL Account Code debited from
- GL Account Description debited from
- Debit Amount
- GL Account Code credited to
- GL Account Description credited to
- Credit Amount
- Memo or reference

Please include all adjusting entries (e.g., reimbursements). Hopefully, this request can be presented to the Measure O Oversight Committee in electronic format in the form of a spreadsheet (e.g., Excel) reminiscent of the following table, which includes example entries merely to illustrate:

| Entry Date | GL Code | GL Desc | Debit Amt | GL Code | GL Desc | Credit Amt | Memo |
|------------|---------|--------------|-----------|---------|--------------|------------|--------------|
| 07/05/2017 | 9066 | Meas. O Fund | 191,536 | 1011 | Perm. Salary | 191,536 | July Payroll |
| 10/31/217 | | | | 9066 | Meas. O Fund | 2,429,756 | Meas. O Dep |
| 12/06/2017 | 9066 | Meas. O Fund | 137,732 | 1044-02 | UAAL | 137,732 | Dec. UAAL |
| | | | | | | | |

Thank you in advance for facilitating this request.

Sincerely,
 Paul Freese, Measure O Oversight Committee Chair

RODEO-HERCULES FIRE DISTRICT



ADOPTED BUDGET FISCAL YEAR 2017-18

I. MISSION STATEMENT**Rodeo-Hercules Fire District****Mission Statement**

It is the mission of this organization to provide the highest level of service to the community; to mitigate the devastating effects of fires and other disasters; to deliver emergency medical services; to educate the public and maintain a constant state of readiness.

Core Values

To that end we value:
Service to the Community
Public Trust
Professionalism
Educated Work Force
Compassion
Team Work
Safety, Health & Welfare of the Organization

Board of Directors

The Board of Directors is the elected policy-making body for the Rodeo-Hercules Fire District. The Directors provide financial oversight and strategic policy direction to maximize the public value of District services

Ernie Wheeler, Chair
Andrew Gabriel, Secretary
William Prather
Raemona Williams
Marc Thorpe

Interim Fire Chief

Bryan Craig

The Fire Chief is the Chief Executive Officer of the District. In collaboration with the Board of Directors and in partnership with all members of the organization, the Fire Chief provides direction, protection and order to the District

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II. Executive Summary

A. Transmittal Letter

July 5, 2017

Board of Directors
Rodeo-Hercules Fire District
1680 Refugio Valley Rd, Hercules, CA 94547

Members of the Board:

The Approved Fiscal Year 2017-18 Budget for the Rodeo-Hercules Fire District is attached. This Budget is the result of input provided by the Board during the FY 2016-17 mid-year budget review and an inclusive staff review process. Additional input and review was also provided by the Board Budget Subcommittee and the Board which conducted a special budget review workshop on May 17th. This Proposed Budget was reviewed by the Board on June 14th and approved on June 21st.

With the formulation of this Budget the District adopted new accounting principles as mandated by the Board after the completion of FY 2016-17. This is the first year the District has utilized a full budget narrative with supporting documentation. Details regarding the Proposed Budget's projected revenues, expenditures and operations are all fully explained in this document.

During FY 2016-17 the Board of Directors engaged a consultant to assist the District in assessing its financial condition. The Financial Analysis and Stabilization Report, presented to the Board in August 2016 outlined the following issues faced by the District:

- The impacts of the pending termination of a Federal Emergency Management Agency (FEMA) Staffing for Adequate Fire & Emergency Response (SAFER) grant in May 2017.
- The effects of revenue losses resulting from the termination of the District's 2014 Benefit Assessment District; sequestered Redevelopment Agency pass-through funds and the growing liabilities represented by the unfunded portions of the District's retirement and "other post-employment benefit" ("OPEB") medical insurance coverage for retirees.
- Projected revenues and expenditures for the District which would ultimately cause the District to move to a one station configuration within a year, and the challenge to maintain even one station over the five-year projection period prepared by the consultant.

Following receipt of the consultants Financial Analysis and Stabilization Report, the Board moved quickly to implement a strategy designed to replace the lost revenues and allow the

District to continue to operate as a two-station organization. The Board took the following actions to help stabilize District revenues:

- The Board engaged assistance in assessing the Community's support for a replacement ballot measure designed to restore earlier levels of District funding;
- The Board developed a ballot measure for the November 2016 ballot designed to provide the Community with the opportunity to address the revenue shortfalls;
- The Board placed the measure on the ballot for the November 8th election. Measure O, a \$216 parcel tax levied on properties in the District, was approved by 78% of the voting community.
- Measure O is estimated to provide significant additional revenue to the District to help offset earlier revenue losses.

I am very pleased to report that, with all the above efforts and dedication of this Board, the Proposed Budget for FY 2017-18 is balanced and maintains the District's two Fire Station configuration with full staffing.

The Proposed Budget does not contain increases in expenditures for staff costs (other than mandated benefit cost increases), replacement vehicles or capital expenditures other than those required to maintain the facilities and necessary operational and support activities. We estimate that the General Fund will have an operating reserve of \$186,030 at the beginning of FY 2017-18. Revenues and Expenditures are projected to provide a modest June 30, 2018 year-end General Fund operating reserve of \$316,882. The General Fund operating reserve will be used to offset any unforeseen expenses during the fiscal year.

The Proposed Budget also establishes a new strategy for replacing the District's rolling stock by creating a Vehicle Replacement Reserve Fund, with an initial contribution of \$197,108 to that fund. This reserve, as it grows in the future, will provide the District a dedicated source of funds and flexibility in acquiring replacement vehicles and provide a resource in the event of a major unexpected financial issue.

It has been a pleasure to work with the District Board and the Community to move the District to a more secure financial condition and to provide a Proposed Budget with complete financial transparency. The addition of the Measure O funds will provide a revenue stream to replace the earlier revenue reductions. This revenue, combined with continued fiscal prudence, are the reason the District has a balanced budget and is able to maintain its full two station configuration for the community. We believe the Proposed Budget represents a significant step forward in the District's efforts to maintain a consistent and professional level of service to the Rodeo Hercules Community.

I would again like to thank this Board for their continued leadership and support of the District.

Bryan Craig
Interim Fire Chief

B. Budget Overview and Summary

Budget Goals for Fiscal Year 2017-18

As the Board and Community are aware, the District has struggled to maintain a solid financial condition in light of major revenue losses over the past 5 years. The additional revenues from Measure O will significantly improve the District's finances for the foreseeable future, providing a financial resource for the District. In preparing the Proposed Budget, District staff has worked closely with Municipal Resource Group (MRG) to develop a Proposed Budget that recognizes the District's current obligations and provides accurate information on the fiscal realities faced by the District.

Fiscal Year 2017-18 Projected Revenues

The FY 2017-18 Proposed Budget projects total revenue of \$7,344,511 which includes \$4,968,511 in General Fund revenues, \$2,346,000 Measure O revenue and \$30,000 Fire Impact Fee revenue.

Measure O collections begin in July 2017 and will be applied to all affected (non-exempt) properties for the full fiscal year. Measure O revenues will only be used for District operations and fully expended to provide emergency services during the Budget year. We anticipate some minor reductions in the potential total Measure O revenues due to the provision for exclusions for senior owned properties. The initial revenue projections indicated that approximately \$2.5 million could be generated in FY 2017-18; we have conservatively reduced that amount to \$2,346,000 to ensure the Budget does not expend more than is potentially available. The District Board will designate that any year-end available General Fund revenues be placed in a Board designated restricted operating reserve.

Fiscal Year 2017-18 Projected Expenditures

The Proposed Budget expenditures include returning the District to full staffing for two stations, replacing the SAFER funded positions with District staff. During FY 2016-17, several SAFER employees transitioned to the District on a permanent basis and several vacant positions are being filled through recruitments and promotions. We anticipate a full staffing compliment for FY 2017-18 including:

- One Chief
- One Battalion Chief
- Six Captains
- Six Engineers
- Six Firefighters
- One Administrative Assistant

Achieving full staffing will reduce the District's overtime costs significantly, while providing permanent employees to staff the full two station configuration.

The Proposed Budget includes the following assumptions and significant items:

- No salary increase (See Appendix A-Employee Compensation Calculations for details).
- No new or modified benefits.
- Increases in retirement costs for normal contributions (\$81,359) and UAAL (unamortized) contributions (\$70,711).
- Increases in medical benefits costs (\$142,910).
- Budgeting current vehicle lease costs in the General Fund (\$80,401), which were previously paid out of the Capital Fund and were partially offset by Phillips 66 as part of an earlier service expansion agreement.
- The establishment of a Vehicle Replacement Reserve with an initial General Fund contribution of \$197,108 to that reserve.
- Decreases in Professional Services expenses due to elimination of one-time costs associated with the dissolved Benefit Assessment District incurred in FY 2016-17.

C. District Financial Position

Historically the District has struggled to address the significant revenue reductions imposed by outside agencies, including State reductions in subventions; sequestration of property tax through the dissolution of redevelopment agencies and the recent loss of the 2014 Benefit Assessment District revenue. Fortunately, District voters approved a significant and stable revenue source through Measure O, which was approved in November 2016. This revenue source will continue to be a resource to the District for the foreseeable future.

During the 2012-2016 period, the District was forced to reduce its services significantly by closing one of its two stations for a period of time. Through funding available from a Federal SAFER Grant, the District was able to reopen Station 75 through FY2016-17. During this period, even with the SAFER grant and the 2014 Benefit Assessment District revenue, the District was forced to use virtually all of its established reserve funds. As of June 30, 2017, the District is projected to have a General Fund balance of approximately \$186,030.

As indicated elsewhere in this document, the Board has declared its intent to build cash reserves for the District whenever possible to assure stable service provision in the event of an unexpected circumstance, and for vehicle replacement. Although the Proposed Budget for FY 2017-18 is balanced based on current revenue and expenditure projections, it leaves little additional funding available to add to District reserves.

D. District Financial Issues and Revenue Opportunities

The District's financial position has improved significantly with the additional revenue provided by Measure O. Full funding for two stations and uninterrupted service are major accomplishments for the District when one year ago the District was uncertain of its financial position and was facing major service reductions in the upcoming year. The Board engaged MRG to assist in development of an industry standard budgeting process and document and

implementation of a District based financial accounting system. Both tasks will be completed by July 2017.

Financial Issues

The majority of the financial issues faced by the District originate externally and are difficult or impossible to control. A number of these involve actions by outside agencies or result from past decisions and economic conditions outside the scope of the Board.

These issues include the following:

- Continued loss of over \$1.1 million in property tax resulting from the freeze by the State of 'pass through funding' from the City of Hercules Redevelopment Successor Agency to the District.
- Continuing development of substantially sized vacant properties in the City of Hercules located in the prior Redevelopment project areas—precluding the District from receiving property tax 'pass through' funds.
- New development throughout the City of Hercules which increases service demands without commensurate revenue, degrading the District's ability to maintain its traditionally high level of service. In addition, multi-story buildings and dense residential and commercial development projects require additional equipment and resources to protect.
- Increases in the Contra Costa County Employees Retirement Agency (CCCERA) retirement system costs for both the ongoing payments for current employees and the unfunded liabilities (UAAL) incurred for the pensions for current and retired employees. These two costs total \$2,192,928 which represents 36% of the projected FY 2017-18 personnel costs for the District's 30 employees.
- Although the District's represented personnel contribute 3.7% of their base salary toward the District's Other Pensionable Employee Benefits (OPEB), the ongoing and accruing unfunded liability for the District's retiree medical program has and will continue to rise as medical insurance costs increase over time. The District is currently not contributing to the Annual Required Contribution (ARC). If the District does not set aside additional funds for this benefit program the unfunded liability will increase significantly over time. Current Government Accounting Standards Board (GASB) accounting principles require the District to clearly state the unfunded portion of both its retirement and OPEB programs (*See Section III. Statement of Unfunded Liabilities: CCCERA UAAL and OPEB UAAL for details*).
- The District currently operates and has in its inventory 5 specialty frontline vehicles and 3 older vehicles that serve as a reserve. The frontline vehicles have an estimated current replacement value of \$3,476,000. Replacement of this equipment when it becomes unserviceable represents a significant cost factor for the District

(see Section IX. Vehicle Replacement Reserve and Appendix D for depreciation schedules and a recommended approach for the replacement of frontline vehicles).

Revenue Opportunities

- *Community Facilities District:* Property tax revenue normally due the District from the City of Hercules' development in the former redevelopment project areas will not be passed through to the District. The revenue will be retained by the Hercules Successor Agency and used to meet the debt and the other obligations of the former redevelopment agency. It is, however, possible for the City and District to work cooperatively with developers in the affected areas to create a Community Facilities District (CFD) or other funding source covering the developing property. Revenue generated from the CFD which is earmarked for the District would be remanded to the District by the County when collected with property taxes.
- The City, District staff and several developers are discussing the potential establishment of a CFD for all new developments in the City of Hercules.
- *Revision of the District's Developer Impact Fees:* The District is permitted to charge a Development Impact Fee to new development to offset the proportional costs the District will incur providing service to the development. These fees are to be used to offset the costs of facilities and equipment needed to provide the service to the new development. These fees are placed in a separate reserve fund and only used for designated purposes.
- *The Professional Services portion of the Proposed Budget contains \$37,000* to fund a consultant study updating the District's Development Impact Fees and designing a Community Facilities District for implementation in new development situations. The Development Impact Fee study will update the District's current fees and will only be used for capital improvements and equipment related to the provision of emergency services. The Community Facilities District fees will be eligible for use to support the District's ongoing operations (salaries, benefits, etc.).

These issues will be reviewed with the Board as it considers the Proposed Budget and works to develop strategies on how best to approach these challenges.

E. District Budget Control Reporting and Reserve Policies

This Proposed Budget document contains a number of Budget Management, Control and Reserve Policies (see Section IV. Budget Policies for details). These policies describe important fiscal control areas to ensure that the Board's financial decisions are implemented in a thorough and professional manner and that detailed and transparent financial reporting is provided to the Board and public on an ongoing basis.

III. STATEMENT OF UNFUNDED LIABILITIES: CCCERA & OPEB UAALS

The District provides two benefit programs to employees which require ongoing contributions to be sustainable. These are (1) the pension benefits provided through contracts with the Contra Costa County Employees Retirement Association and (2) “other post employment benefits” (medical insurance) for qualifying retirees (OPEB program). The costs of these programs are funded through two types of contributions: the current or ‘normal’ costs, and the contributions required to fund the Unfunded Actuarial Accrued Liability (UAAL) which is the difference between the actuarially stated amount needed to pay for future benefits and the current funding set aside for those benefits. The two programs treat those two components differently, as described below.

The Contra Costa County Employees Retirement Association (CCCERA) retirement program is governed by an independent Board of Directors. The CCCERA program mandates that participating employers pay into the fund for both the normal and UAAL costs on an annual basis. CCCERA utilizes regularly scheduled actuarial studies to ensure funding requirements are met and that the benefits are available to retirees when due. The normal and UAAL rates fluctuate based on numerous factors, including the return on investments for recent years, changes in assumptions regarding future return on investments, changes in assumptions regarding program participants’ longevity and other factors.

The District’s CCCERA contribution rates in FY 2017-18 for the normal costs will be 23.4% of payroll for “Legacy” employees and 17.1% for PEPRA employees (PEPRA employees are those who have been hired recently, who receive lower pension benefits than Legacy employees). The UAAL payment for FY 2017-18 is \$1,652,779. The District’s current overall unfunded liability for the CCCERA retirement system is \$14,361,583. Appendix B contains background information on the District’s CCCERA retirement program cost calculations for both the normal and the UAAL costs.

The District’s Other Post Employment Benefit (OPEB) Program funds retiree medical insurance. The District currently pays the cost of qualifying retiree’s medical insurance based on an agreement with the employees. The District is currently paying the full cost of those coverages to retirees—the ‘normal’ costs of the OPEB program. For FY 2017-18 \$315,000 is budgeted for the program.

The District is not currently paying the UAAL portion of the OPEB program. The total liability of that unaddressed obligation as estimated in the District’s most recent actuarial study is \$10,669,000. The actuarial study estimated that the District will have set aside \$1,725,000 to fund the UAAL which leaves an unfunded portion of \$8,944,000. The study indicated as of the end of FY 2016-17, the District’s UAAL was funded at a 16.2% level.

The study further estimates that the District would be required to pay an additional \$506,000 per year if it were to address the full UAAL liability. (*See Appendix C for details.*)

IV. BUDGET POLICIES

A. Policy for District Reserves and Fund Balances and Goals for Reserves and Fund Balance Maintenance

Fund Balance and Reserve Policy

A Fund Balance is defined as the District's balance sheet assets less liabilities, which equals a Fund Balance. There are varieties of defined fund balances which are based on the extent to which the District is bound to honor specific spending constraints.

The Rodeo-Hercules Fire District utilizes the following definitions for its Budgetary Practices:

Unassigned Fund Balance

An **Unassigned Fund Balance** is defined as any Fund Balance amounts not classified as a Restricted Fund Balance, Committed Fund Balance or an Assigned Fund Balance.

Assigned Fund Balance

An **Assigned Fund Balance** is intended to be used by the District for a specific purpose, however; the activity does not meet the criteria to be classified as restricted or committed.

Committed Fund Balance

A **Committed Fund Balance** is defined as funds which can only be used for a specific purpose as determined by a formal action of the District's Board of Directors.

Restricted Fund Balance

A **Restricted Fund Balance** is defined as funds that can only be spent for specific purposes for which the funds were intended. These typically include expenditures controlled by outside agencies such as the State and Federal Government, employee retirement, medical and other funds as well as funds required for surety for debt obligations.

The establishment and maintenance of the District's financial stability and sustainability is of primary importance to the Board of Directors. The Board has established the following policies for the District to implement.

General Fund Unassigned Fund Balance—the purpose of this reserve is to provide the District with the needed flexibility to provide for unanticipated changes in revenues or expenditures and to assure the provision of stable services to the District's residents and businesses. Based on this standard and the FY 2017-18 Proposed Budget, the Unassigned Fund Balance goal would be approximately \$1.2 million.

It is recommended that the Board establish the goal of having funds for two months of operations in this Unassigned Fund Balance. The Board should designate funds to be allocated for this purpose as part of its annual Budget process.

General Fund Committed Fund Balance—the purpose of this reserve is to provide the District with the opportunity to address growing unfunded liabilities in employee retirement benefits. If funds are accumulated by the District in this account they will only be used to retire the obligations for the retirement and other post-retirement benefits (medical insurance) costs the District currently provides. Using funds to ‘prepay’ these obligations will provide significant cost savings for the District over the life of the obligations.

It is recommended that the Board strive to set aside funds to address the UAAL associated with the OPEB program.

Assigned Fund Balance—included in the assigned fund balance are funds for specific program activities that benefit from a protected source of funding. These are generally specific programs that include high cost items that last for many years. Fire vehicles, equipment and buildings are examples.

Vehicles represent a substantial District funding obligation. These are high cost vehicles that typically have an extended life of 7 to 20 years. The District currently has no designated reserve funds for the purchase or lease of vehicles.

It is recommended that the Board establish a Vehicle Replacement Reserve and commit to an annual contribution to the Vehicle Replacement Reserve, designating funding for vehicles, to assist the Board in ensuring there are adequate funds to maintain the District’s fleet. The Proposed Budget contains \$197,108 in funding to establish a Vehicle Replacement Fund.

Capital Facilities (buildings and facilities) maintenance is a second major District obligation that includes higher cost periodic funding. These are expenditures that are less frequent and require planning to accomplish. The Proposed Budget does not include a capital replacement reserve, but the Board may want to consider a reserve for this purpose in the future.

Replacement of District equipment is a third major District obligation. The District owns hundreds of pieces of equipment that have a replacement cost of more than \$5,000 per unit. These are expenditures that are less frequent and require planning to accomplish. The Proposed Budget does not include an equipment replacement reserve, but the Board may want to consider a reserve for this purpose in the future.

The Board will annually review the status of the District’s reserves—including the General Fund Unassigned Fund Balance, the General Fund Committed Fund Balance, the Assigned Fund Balances for Vehicles, Capital Equipment and UAAL for the District’s Retirement and OPEB obligations. The Board will designate funding levels for each as the Board determines its priorities for the District’s short and long-term obligations. The Board will conduct its review based on the Staff’s Third Quarter Financial review which will include the estimated year-end fund balances in all the District’s Reserves.

B. Critical Funding Areas Policy

Critical Funding Areas are those costs which represent obligations the District has incurred and future expenditures that may have significant impact on the District's future Budgets.

These areas include:

- Retiree OPEB UAAL Obligations
- Retiree Pension UAAL Obligations
- Vehicle Replacement Obligations
- Capital Facilities Obligations
- Equipment Replacement Obligations
- General Fund Unassigned Fund Balance

The District is currently addressing the Retiree UAAL obligations on an ongoing basis and has budgeted funds for its Vehicle Replacement Reserve Fund.

C. District Financial Reporting Policy and Practices

The District is currently developing an accounting software program which will permit detailed revenue and expenditure reporting on an ongoing basis. The system will be updated on a regular basis and reports will be generated and circulated to staff for review and budget management purposes. The Board will receive monthly copies of these materials for review, in addition to approval of warrant lists, at the regular Board meeting.

In addition to this level of reporting, District staff will develop and present quarterly financial updates to the Board at its regularly scheduled meetings. The quarterly report will provide the following information:

- Revenues to date by category, budgeted amount, amount remaining and percentage received—by line item, in conformance with the District's Chart of Accounts;
- Expenditures to date, budgeted amount, amount remaining and percentage used—by line item in conformance with the District's Chart of Accounts;
- A description of any unusual or unanticipated expenditures with the reason for the expenditure and the impact of the expenditure on the Adopted Budget;
- A description of any unanticipated financial situations or issues, upcoming major financial expenditures or issues affecting the District.

D. District Budget Activity Management, Monitoring and Review Program and Policy

The goal of this Program is to normalize the organization's management of available resources and to ensure adequate controls on District expenditures. This Policy is designed to designate staff assignments for responsibly in managing the District's budget. This policy will assure expenditures and revenues are frequently monitored and managed by the District.

The District staff will monitor the Agency's revenue and expenditures on an ongoing basis throughout the fiscal year. This monitoring program will ensure the staff, Board and public will receive timely and accurate reporting on the District's financial position as described in the District's Financial Reporting Policy.

The monitoring program has been divided into several categories to assist the staff in managing the budget throughout the year. They are based on the need for frequency of review and confirmation of the accuracy of the expenditures.

Revenues will be tracked and recorded as received and extraordinary revenue booked as received.

The budget monitoring activities include:

Actively managed activity accounts which are reviewed on a frequent basis by the Fire Chief and administrative staff to ensure accurate data input and a thorough review of the activity. The year-to-date and budget-to-actual expenditures will be reviewed to ensure conformance with the approved budget. Any inconsistencies will be addressed.

Managed by staff accounts are created by and managed/monitored by line staff—generally Fire Captains who are responsible for development of the fiscal year expenditure programs. These identified areas are ten key programs that involve significant expenditures in areas that can potentially exceed the line item budgets significantly. Vehicle and equipment repairs and maintenance are examples of these program areas. The assigned staff will ensure the charges are allocated correctly, are needed and that the budgeted amount for the program will not be exceeded during the fiscal year.

Periodically managed activity accounts are reviewed by administrative staff on a regular basis and are normally infrequent and lower cost items.

Monitored/not managed items are reviewed by administrative staff on a regular basis and are normalized monthly expenditures (leases, rent, contract agreements) and are lower cost expenditures

| RODEO HERCULES FIRE DISTRICT | | | | |
|---|---------------------------------------|---|---------------------------|--|
| BUDGET ACTIVITY MANAGEMENT/MONITORING/REVIEW CATEGORIES | | | | |
| ACCOUNT | ACTIVITY DESCRIPTION | BUDGET MANAGEMENT CLASSIFICATION | RESPONSIBLE PARTY | |
| 1001 | Holiday Pay | 1. Actively Managed | Chief/Staff | |
| 1011 | Permanent Salaries | 1. Actively Managed | Chief/Staff | |
| 1013 | Drill/Temporary Salaries | 1. Actively Managed | Chief/Staff | |
| 1014 | Overtime | 1. Actively Managed | Chief/Staff | |
| 1015 | Deferred Compensation | 1. Actively Managed | Chief/Staff | |
| 1042 | FICA | 1. Actively Managed | Chief/Staff | |
| 1044 | Retirement | 1. Actively Managed | Chief/Staff | |
| 1060 | Group Insurance | 1. Actively Managed | Chief/Staff | |
| 1061 | Group Insurance--Retiree/ARC | 1. Actively Managed | Chief/Staff | |
| 1063 | Unemployment | 1. Actively Managed | Chief/Staff | |
| 1070 | Workers Compensation Insurance | 3. Periodically Managed | Administrative Staff | |
| 2100 | Office Expenses | 3. Periodically Managed | Administrative Staff | |
| 2102 | Books/Periodicals/Subscriptions | 3. Periodically Managed | Administrative Staff | |
| 2110 | Communications | 3. Periodically Managed | Administrative Staff | |
| 2120 | Utilities | 3. Periodically Managed | Administrative Staff | |
| 2130 | Small Tools & Equipment | 2. Managed by Staff | Captains/Program Managers | |
| 2140 | Medical Supplies | 2. Managed by Staff | Captains/Program Managers | |
| 2150 | Food | 4. Monitored/Not Managed | Administrative Staff | |
| 2160 | Clothing & Personal Supplies | 4. Monitored/Not Managed | Administrative Staff | |
| 2170 | Household Expenses | 2. Managed by Staff | Captains/Program Managers | |
| 2190 | Publications & Legal Notices | 4. Monitored/Not Managed | Administrative Staff | |
| 2200 | Memberships | 4. Monitored/Not Managed | Administrative Staff | |
| 2250 | Rents & Leases-Equipment | 4. Monitored/Not Managed | Administrative Staff | |
| 2270 | Repair & Service Equipment | 3. Periodically Managed | Administrative Staff | |
| 2271 | Vehicle Repair Services | 2. Managed by Staff | Captains/Program Managers | |
| 2272 | Gas & Oil Supplies | 2. Managed by Staff | Captains/Program Managers | |
| 2273 | Vehicle Maintenance--Tires | 2. Managed by Staff | Captains/Program Managers | |
| 2276 | Maintenance-Radio/Electronic Equip | 2. Managed by Staff | Captains/Program Managers | |
| 2281 | Maintenance-Bldg & Grounds | 2. Managed by Staff | Captains/Program Managers | |
| 2303 | Employee Travel Expenses | 4. Monitored/Not Managed | Administrative Staff | |
| 2310 | Professional/Specialized Services | 1. Actively Managed | Chief/Staff | |
| 2315 | Data Processing Services | 4. Monitored/Not Managed | Administrative Staff | |
| 2316 | Data Processing Supplies | 4. Monitored/Not Managed | Administrative Staff | |
| 2326 | Information Security | 4. Monitored/Not Managed | Administrative Staff | |
| 2360 | Insurance | 4. Monitored/Not Managed | Administrative Staff | |
| 2474 | Firefighting Supplies | 2. Managed by Staff | Captains/Program Managers | |
| 2476 | Recreation/Physical Fitness Equipment | 2. Managed by Staff | Captains/Program Managers | |
| 2477 | Educational Supplies & Courses | 3. Periodically Managed | Administrative Staff | |
| 2479 | Other Sp. Departmental Expenses | 3. Periodically Managed | Administrative Staff | |
| 3520 | Interest on Notes & Warrants | 4. Monitored/Not Managed | Administrative Staff | |
| 3530 | Taxes & Assessments | 4. Monitored/Not Managed | Administrative Staff | |
| ACTIVITY DESCRIPTIONS: | | | | |
| 1. | Actively Managed | <i>Actively Managed Activity Accounts</i> are reviewed on a frequent basis by Chief administrative staff to insure accurate data input and thorough review of the activity | | |
| 2. | Managed by Staff | <i>Managed by Staff Activity Accounts</i> are created by and managed/monitored by generally captains who are responsible for development of the fiscal year program and managing the expenses to insure they are appropriate, charged correctly and do not exceed the budgeted amounts. | | |
| 3. | Periodically Managed | <i>Periodically Managed Activity Accounts</i> are reviewed by Administrative Staff on a regular basis and are normally infrequent and low cost items | | |
| 4. | Monitored/not Managed | <i>Monitored/Not Managed Activity Accounts</i> are reviewed by Administrative staff on a periodic basis these are infrequent, lower cost or normalized expenditures | | |

V. DISTRICT REVENUES, EXPENDITURES & FUND BALANCES

A. District Revenues

The District has historically received the majority of its revenue from property taxes generated within its service boundary. There are a number of components to the property tax income, but the largest source of that category has been the District’s share of the ad valorem 1% of assessed value) property tax collected by the County and distributed to qualifying agencies.

The District historically received a “pass-through” of some of the ad valorem property tax received by the County in the Rodeo redevelopment project area and in the City of Hercules redevelopment project areas. The recent demise of redevelopment has eliminated the pass-through from the City of Hercules redevelopment Successor Agency, because of the State’s requirement that property tax collected in the former Hercules redevelopment project areas cannot be distributed to qualified agency recipients until the Hercules Successor Agency has paid off other outstanding obligations.

Two other major revenues are generated through voter approved special taxes. One is a long-standing revenue (fire benefit assessment district) and the most recent was approved in 2016. The 2016 Measure O proposal was approved in November and becomes effective on July 1, 2017. This revenue source will supplant the historic loss of property taxes and the 2014 Benefit Assessment the District received in the past.

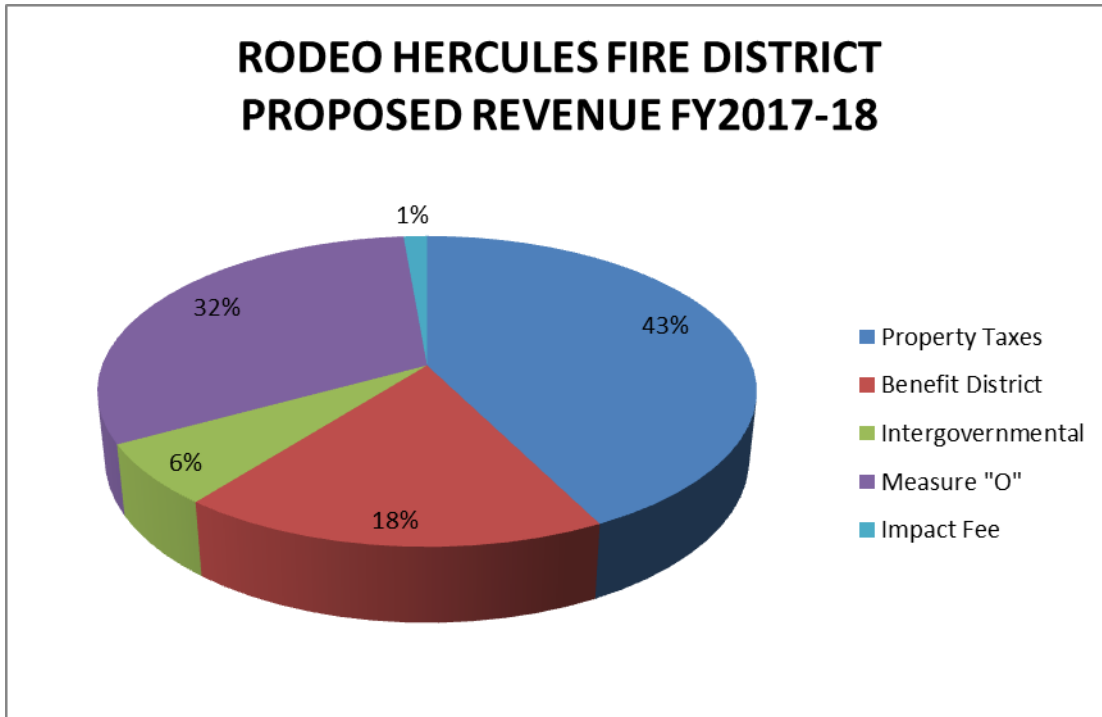
Property taxes, the District’s Benefit Assessment District and Measure O equal 93% percent of the revenues received annually, Miscellaneous/other revenues equal 7% of total revenue:

| | | |
|-------------------------------|-------------|-----------|
| • Property taxes | \$3,154,122 | 43% |
| • Benefit Assessment District | \$1,339,548 | 18% |
| • Measure O | \$2,346,000 | 32% |
| • Miscellaneous other | \$ 574,841 | <u>7%</u> |
| | | 100% |

Property tax and Benefit Assessment District revenues have been in place since the District incorporated and the Measure O funding was approved by the voters in 2016. These three sources of revenue will provide a stable long-term revenue stream for the District. While the Benefit Assessment District and Measure O revenues are based on set annual amounts, the property tax is an ad valorem based revenue. The annual revenue from property tax varies year to year depending on the general economic conditions as they affect property values.

Total projected revenues for FY 2017-18 are \$7,414,551.

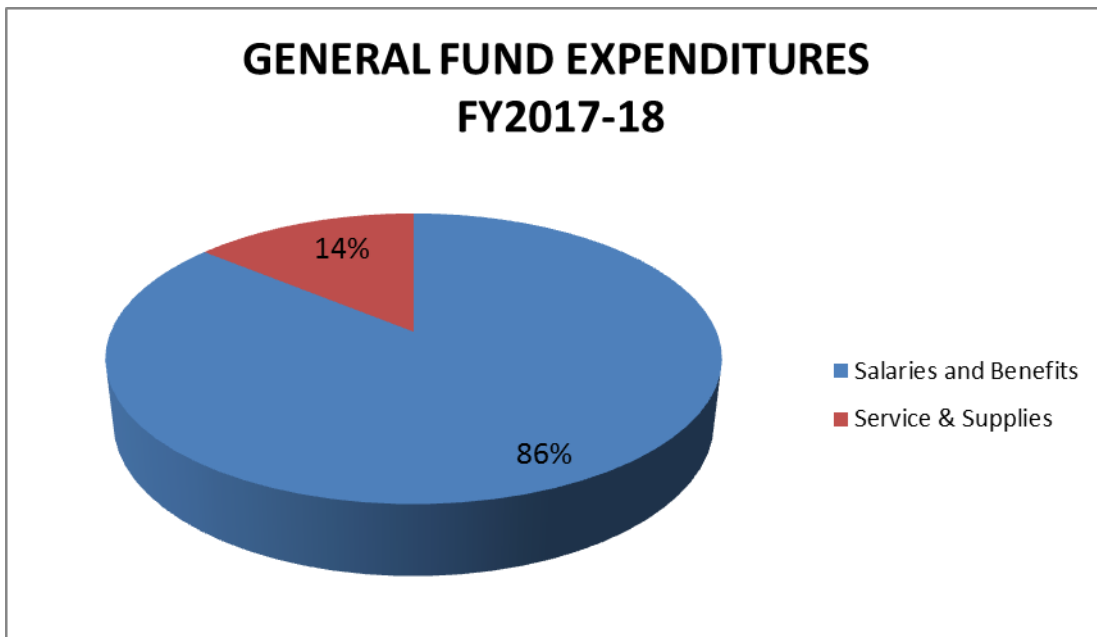
| RODEO HERCULES FIRE DISTRICT | | | | |
|--|----------------|------------------------|-----------------------------------|--------------------------------|
| REVENUE | | | | |
| FISCAL YEAR 2017/2018 | | | | |
| | | | | |
| DESCRIPTION | GL CODE | ACTUALS FY15-16 | PROJECTED ACTUALS FY 16-17 | ADOPTED BUDGET FY 17-18 |
| Prop. Taxes-Current secured | 9010 | 2,727,991 | 2,782,718 | 2,866,199 |
| Prop. Tax-Supplemental | 9011 | 92,675 | 111,474 | 114,818 |
| Prop. Tax-Unitary | 9013 | 69,317 | 71,565 | 73,711 |
| Prop. Tax-Current Unsecured | 9020 | 119,095 | 111,173 | 114,508 |
| Prop Tax-Prior-Secured | 9030 | (12,087) | (9,158) | (9,158) |
| Prop Tax-Prior-Supplemental | 9031 | (5,027) | (5,789) | (5,789) |
| Prop Tax-Prior-Unsecured | 9035 | (4,417) | (167) | (167) |
| TOTAL PROPERTY TAXES | | 2,987,547 | 3,061,816 | 3,154,122 |
| Benefit District | 9066 | 1,338,993 | 1,339,548 | 1,339,548 |
| TOTAL BENEFIT DISTRICT | | 1,338,993 | 1,339,548 | 1,339,548 |
| H/O Prop Tax Relief | 9385 | 31,032 | 30,044 | 30,945 |
| RDA NonProp-Tax Pass Thru | 9591 | 305,354 | 312,889 | 322,276 |
| Misc. Government Revenue | 9595 | - | - | - |
| Fire Prevention Plan Review | 9741 | 18,399 | 19,724 | 20,316 |
| Misc. Current Services | 9895 | 86,132 | 85,525 | 88,091 |
| Other Revenue | 9980 | 14,526 | 12,828 | 13,213 |
| | | - | - | - |
| TOTAL INTERGOVERNMENTAL | | 455,443 | 461,010 | 474,841 |
| Measure "0" | | - | - | 2,346,000 |
| Fire Assessment Fund | | 947,742 | 1,006,138 | - |
| Capital Fund | | - | 65,000 | - |
| Development Impact Fee | | - | 56,000 | 100,000 |
| SAFER Grant | | 1,015,716 | 711,427 | - |
| TOTAL OTHER REVENUE | | 1,963,458 | 1,838,565 | 2,446,000 |
| | | | | |
| TOTAL PROJECTED FY2017-2018 REVENUE | | 6,745,441 | 6,700,939 | 7,414,511 |
| | | | | |
| <small>GF Revenue Final 06 29 2012</small> | | | | |



B. District Expenditures

As discussed earlier the Proposed Budget for FY 2017-18 is based on maintaining the District’s two station configuration, is fully staffed and provides no increases in salaries or benefits. It ‘holds the line’ on expenses to the extent possible. The total projected expenditures for FY 2017-18 are \$7,078,551.

| GENERAL FUND EXPENDITURES/FISCAL YEAR 2017/2018 | | | | |
|--|----------------|-------------------------------|---------------------------|-------------------------|
| DESCRIPTION | GL CODE | ADOPTED BUDGET FY16-17 | ESTIMATED FY 16-17 | ADOPTED FY 17-18 |
| Holiday Pay | 1001 | 116,670 | 122,244 | 156,543 |
| Permanent Salaries | 1011 | 1,674,895 | 1,773,928 | 2,199,278 |
| Drill/Temporary Salaries | 1013 | 2,500 | 500 | 500 |
| Overtime | 1014 | | 810,877 | - |
| Backfill | | 221,802 | - | 376,200 |
| SAFER Backfill | | 54,230 | - | - |
| Post-SAFER Coverage | | 534,845 | - | - |
| Deferred Compensation | 1015 | 7,200 | 7,600 | 10,800 |
| FLSA | | 40,505 | 41,135 | 50,877 |
| FICA | 1042 | 23,819 | 36,818 | 31,115 |
| Retirement | 1044 | - | - | - |
| Retirement - Normal | | 430,329 | 458,790 | 540,149 |
| Retirement - UAAL | | 1,358,110 | 1,358,110 | 1,652,779 |
| Retiremnet - UAAL Prepayment | | - | - | - |
| Group Insurance | 1060 | 361,001 | 361,001 | 503,911 |
| Group Insurance - Retiree | 1061 | 294,000 | 315,000 | 315,000 |
| Group Insurance-Retiree Medicare reimbur. | - | - | - | - |
| Group Insur. OPEB/UAAL Prepayment | | - | - | - |
| Unemployment | 1063 | 1,000 | 1,000 | 1,000 |
| Workers Compensation Insurance | 1070 | 175,864 | 240,000 | 245,868 |
| TOTAL SALARIES AND BENEFITS | | 5,296,770 | 5,527,003 | 6,084,020 |
| Office Expenses | 2100 | 13,041 | 4,783 | 12,780 |
| Books/Periodicals/Subscriptions | 2102 | 1,872 | 1,872 | 2,485 |
| Communications | 2110 | 177,473 | 177,473 | 162,656 |
| Utilities | 2120 | 23,540 | 23,540 | 28,823 |
| Small Tools & Equipment | 2130 | 2,000 | 2,000 | 2,000 |
| New Vehicle Equipment | | - | - | 30,000 |
| Medical Supplies | 2140 | 8,950 | 8,950 | 7,340 |
| Food | 2150 | 2,000 | 2,000 | 1,920 |
| Clothing & Personal Supplies | 2160 | 8,580 | 7,700 | 13,200 |
| Household Expense | 2170 | 13,275 | 7,718 | 13,275 |
| Publications & Legal Notices | 2190 | 1,100 | 1,100 | 1,180 |
| Memberships | 2200 | 4,204 | 4,204 | 4,204 |
| Rents & Leases - Equipment | 2250 | 10,050 | 8,500 | 8,640 |
| Lease Payments-Vehicles | 2250 | - | - | 80,401 |
| Repairs & Service Equipment | 2270 | 20,652 | 20,652 | 35,224 |
| Central Garage Repairs | 2271 | 69,903 | 69,903 | 71,620 |
| Central Garage Gasoline/Oil | 2272 | 13,065 | 5,137 | 8,620 |
| Central Garage Tires | 2273 | 9,981 | 9,981 | 10,531 |
| Maintenance Radio - Electronic Equip | 2276 | 20,910 | 17,280 | 20,780 |
| Maintenance of Buildings | 2281 | 6,557 | 6,557 | 42,064 |
| Other Travel Expenses | 2303 | 3,172 | 701 | 3,172 |
| Professional/Specialized Services | 2310 | 382,227 | 514,389 | 314,843 |
| Data Processing Service | 2315 | 2,210 | 2,210 | 192 |
| Data Processing Supplies | 2316 | 200 | 200 | 323 |
| Information Security | 2326 | 1,518 | 1,518 | 1,020 |
| Insurance | 2360 | 34,028 | 34,028 | 34,639 |
| Fire Fighting Supplies | 2474 | 6,680 | 6,680 | 48,498 |
| Recreation/Physical Fitness Equipment | 2476 | 1,000 | 1,000 | 6,200 |
| Education Supplies & Courses | 2477 | 20,115 | 20,115 | 17,457 |
| Other Special Departmental Expenses | 2479 | 11,500 | 11,500 | 3,444 |
| Interest on Notes & Warrants | 3520 | 2,000 | 2,000 | 2,000 |
| Taxes & Assessments | 3530 | 13,000 | 13,000 | 13,000 |
| TOTAL SERVICE & SUPPLIES | | 884,803 | 986,691 | 1,002,531 |
| TOTAL OPERATING EXPENSES | | 6,181,573 | 6,513,694 | 7,086,551 |

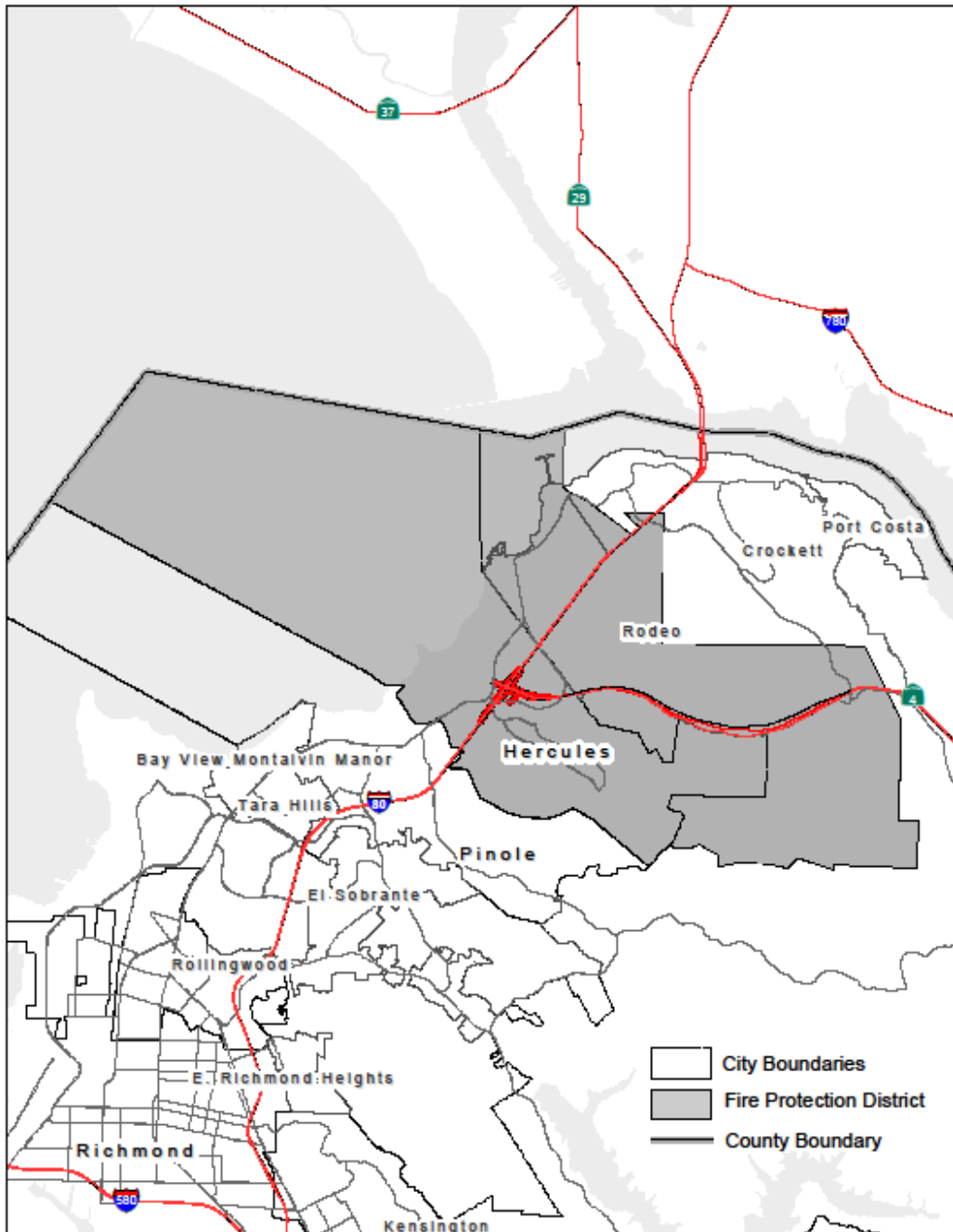


C. District Fund Balances

The FY 2017-18 Proposed Budget is balanced. After setting aside \$197,108 in the Vehicle Replacement Reserve, the District is projected to have a year-end \$316,882 General Fund balance. That amount is roughly 3.6% of the District’s total General Fund expenditures, far short of the \$1.2 million recommended uncommitted fund balance (equal to two months of operating expenses).

The District’s projected fund balances for the next five years are shown in *Appendix E. Five Year Revenue, Expenditures & Fund Balance Projections*.

Rodeo-Hercules Fire Protection District



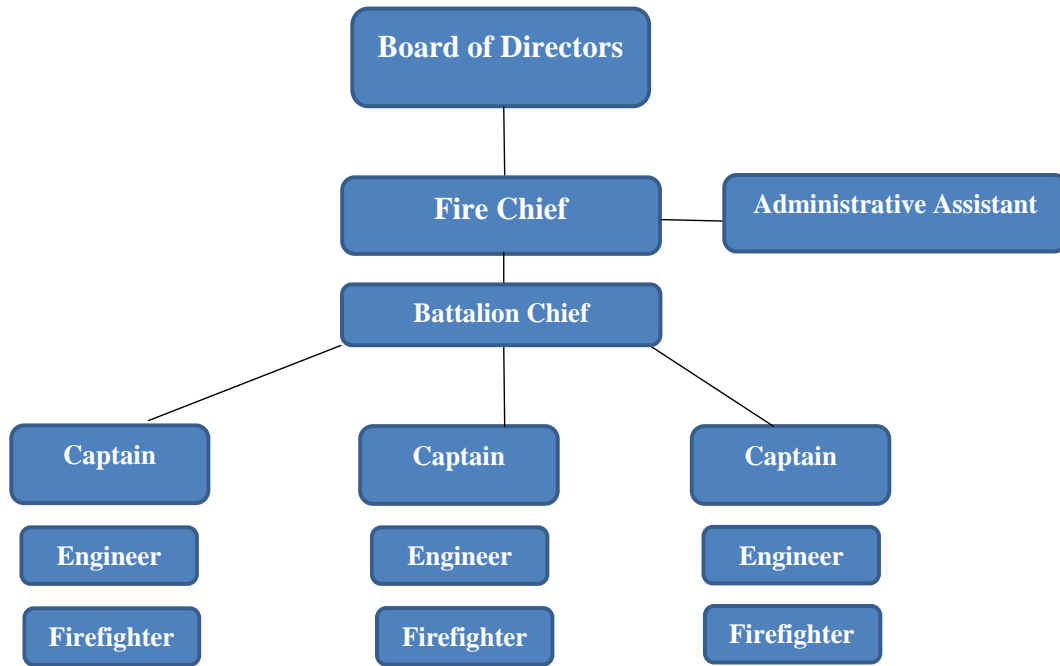
Map created 6/20/2016
by Contra Costa County Community Development GIS Group
401 Pine Street, 4th Floor North Wing, Martinez, CA 94553-0508
925.946.4800 | 925.946.3849

This map was created by the Contra Costa County Community
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ORGANIZATIONAL CHART
RODEO-HERCULES FIRE PROTECTION DISTRICT



VI. GENERAL FUND EXPENDITURES

The Proposed Budget expenditures include returning the District to full staffing, replacing the SAFER funded positions with District funded staff. During FY 2016-17, several SAFER employees transitioned to the District on a permanent basis and several vacant positions are being filled through recruitments and promotions. We anticipate a full staffing compliment for FY 2017-18 fiscal year including:

- One Fire Chief
- One Battalion Chief
- Six Captains
- Six Engineers
- Six Firefighters
- One Administrative Assistant

Achieving full staffing will reduce the District’s overtime costs significantly, while providing permanent employees to staff the two-station configuration.

Some observations regarding the proposed expenditures”

- Approximately 86% of all expenditures are employee related (salaries, benefits, retirement, etc.);

- Of the employee related expenses, salaries and retirement costs are virtually equal, retirement payments equal one \$1.00 for each \$1.00 of salary;
- The CCCERA retirement Unamortized Actuarial Accrued Liability (UAAL) payment increased by \$70,711, or approximately 4%;

The Proposed Budget includes the following significant items:

- No salary increases (See Appendix A-Employee Compensation Calculations);
- No new or modified benefits;
- Increases in retirement contributions for normal (\$81,359) and retirement UAAL (unamortized) costs (\$70,711);
- Increases in medical benefits costs (\$142,910);
- Budgeting current vehicle lease costs in the General Fund (\$80,401), which were previously paid out of the Capital Fund and were partially offset by Phillips 66 as part of an earlier service expansion agreement;
- The establishment of a Vehicle Replacement Reserve and funding utilizing General Funds and making a contribution of \$197,108 to that reserve in FY 2017-18;
- Decreases in Professional Services expenses due to elimination of one-time costs associated with the dissolved Benefit Assessment District incurred in FY 2016-17.

VII. ADMINISTRATION & PROFESSIONAL SERVICES

The Administration portion of the budget is contained in the General Fund Expenditures and contains one Administrative position responsible for a variety of administrative activities. These include managing the District’s payroll and accounting activities, authorizing vendor payments, processing personnel, conducting human resources activities and serving as Secretary to the Board of Directors.

Also included in this activity are the expenditures for Professional Services which are shown in the following table

PROFESSIONAL SERVICES BUDGET 2017-18

| | |
|----------------------------------|-------------|
| County Auditor's Office Fees | \$20,000.00 |
| IEDA, INC.—Negotiations Services | \$18,396.00 |
| Audit | \$21,730.00 |
| R.W. Scott Const. (Fire Trails) | \$12,000.00 |
| OPEB Actuarial | \$ 3,800.00 |
| Temporary Services/Data Entry | \$15,500.00 |

| | |
|---|---------------------|
| Fire Information Support—Department of Information Technology | \$ 3,000.00 |
| On Duty Medical Exams | \$ 2,000.00 |
| EMS Training Greg Kennedy | \$12,000.00 |
| EMS Quarterly Training | \$ 2,667.00 |
| Hidden Lakes Tech Support-IT Assistance | \$ 5,000.00 |
| ATS Phone System Support | \$ 250.00 |
| Fire Inspections Lellis | \$ 30,000.00 |
| Fire Inspections Pedroia | \$ 10,000.00 |
| Consulting Services: Community Facilities/Developer Impact Fees | \$ 37,000.00 |
| Meyers Nave (Regular Legal Services) | \$ 40,000.00 |
| Meyers Nave (Extra Legal Services) | \$ 40,000.00 |
| Audit/Budgeting/Financial Assistance | \$ 40,000.00 |
| QuickBooks Consulting/Software | \$ 1,500.00 |
| TOTAL | \$314,843.00 |

The items in the Professional Services Budget are largely continuations of prior expenditures updated to reflect current costs. Several of the items are new or of note. The items of note include:

- *Temporary Services Data Entry*: this line item provides for part-time assistance primarily to perform data entry for the District’s new accounting software. It is anticipated that activity will require 10+ hours per week.
- *Fire Inspection costs* are largely recovered through fees.
- *Consulting Services: Community Facilities & Development Impact Fees* is an allocation for creation of a Community Facilities District for developing areas in the City of Hercules which are currently within the former Redevelopment Agency project areas, which preclude the District from receiving the normal property tax share. Funds from the Community Facility District will provide revenue which can help offset the service costs incurred serving these newly developed areas. The Fire District’s Development Impact Fee is outdated and needs to be revised to reflect current costs for facilities, vehicles and equipment, allowing the District to recover the appropriate development impact fees for new development.
- *QuickBooks Consulting/Software* provides for fees for use of the new software system and modifications to the software if needed.

VIII. FIRE OPERATIONS

Rodeo-Hercules Fire District is an all risk department operating individual fire companies specially trained to respond to residential and commercial fires, refinery and industry related incidents, wildland fires and vehicle extrication technical rescue and hazard materials first

responder duties. Engine companies are also tasked with determining the origin and cause of fires and providing rescue and advanced life support services. The District provides a minimum of one advanced life support paramedic on duty 365 days a year in the Town of Rodeo and the City of Hercules.

Rodeo-Hercules Fire District also operates and participates in Battalion 7, a jointly operated Battalion with Pinole Fire Department and the Contra Costa County Fire Protection District. Each participating entity provides a single Battalion Chief to ensure the consistent establishment of incident command, firefighter safety and judicious resource management at emergencies. The Battalion also serves the outlying communities of Rodeo-Hercules including Pinole, Tara Hills, Bayview, Montalvan Manor, Montara Bay, East Richmond Heights, San Pablo, El Sobrante, unincorporated Contra Costa County and Martinez. Each of these areas presents unique set of complex hazards and the rapid establishment of fire ground command is essential to the successful resolution of an array of calls for service.

The District also responds automatic aid (additional unit response on a call regardless of jurisdictional boundaries) and mutual aid (request for additional resources for large incidents or due to multiple simultaneous incidents). Citizens of participating communities benefit from this sharing of resources and regionalized approach. These extended responses have included the Contra Costa County Fire Protection District, Crockett-Carquinez Fire Protection District, Pinole Fire Department, Richmond Fire Department, El Cerrito Fire Department, Moraga/Orinda Fire Protection District and Vallejo Fire Department.

Community Outreach:

When not providing emergency services the Engine Company crews participate in a variety of community outreach programs that include:

- Conducting Blood Pressure Screening for Rodeo and Hercules Senior Citizens
- Providing bicycle safety helmets to District children through donations from the Rodeo Municipal Advisory Council;
- Providing smoke detectors and carbon dioxide (CO2) detectors to District residents through RMAC funding;
- Participating with local schools in Adopt-A-Class Programs;
- Participating in the Salvation Army food and toy drive collection;
- Participating in community parades and festivals;
- Participating in the Harvest Festival and Breakfast with Santa at St. Patrick's School;
- Participating in Read Across America;
- Participating in the Hercules Senior Center Pancake Breakfast;
- Participating in Career Day at the Hercules Teen Center;
- Participating in the Boy Scout 9/11 Ceremony;
- Participating in the Rodeo baseball parade, the Hercules Fourth of July Parade, Veterans Walk of Honor, Safety and Health Fairs, Hercules Kidsfest, and
- Providing Fire Extinguisher Training for both the community and local businesses.

Fire Prevention:

Engine companies conducted fire and life safety inspections of all schools and Business within the Fire District. Engine companies also conduct inspection of public and private properties for unabated hazardous and/or combustible fuels Conduct Weed Abatement inspections and notifications.

The District employees two independent outside contractors for inspection of residential care facilities licensed daycare and adult care facilities, commercial tenant improvements, new construction and provided construction plan review of construction plans and specifications for compliance with local and state requirements, and regularly meet with developers and contractors.

Apparatus:

The District operates a variety of Fire Apparatus including:

- A 75 foot Ladder Quint Truck
- One Type 1 Rescue Pumper
- Two Type 1 Engines
- Two Type 3 Wild Land Engines

Fire apparatus are placed into category types identified in the Incident Command System as a means of organizing multiagency resources through the National Interagency Fire Center. The District maintains a variety of fire apparatus and equipment in order to meet the public safety needs of our service area that includes major highways and streets, undeveloped wildland, developed urban residential and refinery/industrial areas.

Fire Incident Calls—2016

| Incident Type | Number of Calls |
|------------------------------------|-----------------|
| Fire | 129 |
| EMS/Rescue | 1,515 |
| Hazardous Condition | 54 |
| Service Call | 146 |
| Good Intent | 469 |
| False Call | 164 |
| Other | 1 |
| Blank/Invalid* | 635 |
| TOTAL | 3,113 |
| *See Appendix G for Details | |

IX. VEHICLE REPLACEMENT RESERVE

The Budget preparation process included an extensive review of the District’s vehicle fleet. The vehicles were categorized by age, use and role in emergency response, and a replacement

program was created. The District's recent vehicle replacements have been funded by securing a line of credit and paying off the debt on the line of credit over a 10-year period.

A 20-year vehicle replacement schedule was created as the basis for the cost modeling used to calculate the costs of leasing vehicles versus setting aside funds in a vehicle replacement reserve and acquiring the vehicles with cash.

The cost models demonstrated that if the District leases its vehicles, the annual costs will be lower for the first 10 years than employing a reserve funding strategy. However, over a 20-year period, the leasing strategy results in the District paying substantial interest and having a total lease liability of \$1,020,470 at the end of the 20 years.

The District has a current line of credit obligation that requires lease payments through FY 2021-22. The District will need to replace Engine 754 (Type I Spartan) in FY 2018-19, and the cost modelling assumes that this vehicle will be funded by another 10-year lease (because funds have not been previously set aside for the acquisition of this replacement vehicle).

The proposed (Lease-set aside) approach calls for the District to continue existing leases and add one additional lease for the replacement of Engine 754 (in 2018-19), and beginning to set aside funds in a Vehicle Replacement Reserve. Using this approach the District will need to add funds to the reserve in addition to the lease costs, but in 10 years the District will then acquire all other vehicles with cash on a 'go forward' basis. Utilizing the Lease-set-aside approach, the District will accumulate \$860,383 in cash in the vehicle replacement reserve at the end of 20 years and incur no interest costs after year 10. (See *Appendix D—Vehicle Replacement Schedules*).

X. FIVE YEAR REVENUE & EXPENDITURE PROJECTIONS

Preparation of the Proposed Budget included the creation of Five Year Revenue and Expenditure Projections to provide the Board and staff with a roadmap for fiscal decisions and policy. (See *Appendix E-Five Year Revenue, Expenditure and Fund Balances*).

In summary, if the projections are sustained, the District is not projected to experience any significant financial issues. This conclusion is predicated on continued stable staffing, no benefit expansions or improvements, UAAL and other costs rising at the projected rate and no significant diminishment in revenues.

There are; however, several areas of risk worth noting:

- A significant portion of the District's revenue (almost 50%) is property tax which is based on real estate values. A disturbance in values will translate to diminished revenues.
- The projections include a limited increase of 2% per year for personnel related costs, which could be largely consumed by expenditure areas with high growth potential

including health care for employees and retirees and UAAL payments for the retirement system.

- As an important reminder, the District's OPEB medical insurance for retirees program is only partially funded. The District is not making payments into the UAAL portion of the program currently calculated as \$506,000 per year. If the District paid the full Actuarially Required Contribution (ARC) the program would be sustainable.
- Overtime is calculated on the minimum allocation per employee and major events/illnesses/activities could create additional costs.

The Proposed Budget for Fiscal Year 2017-18 is balanced and maintains the District's two Fire Station configuration with full staffing. The Budget also provides the initial payment to a reserve for replacement of Fire vehicles to provide the District a long-term plan for acquiring essential fire equipment. The current Five Year Revenue and Expenditure projections also show that the District will remain in a balanced position during that period and retain a modest fund balance.

XI. RHFD BUDGET APPENDICES

- A. Employee Cost Calculation Model**
- B. CCCERA Retirement Costs & UAAL**
- C. OPEB Contribution Costs & UAAL**
- D. Vehicle Replacement Schedules**
- E. Five Year Revenue, Expenditures & Fund Balance Projections**
- F. Budget Detail**
- G. Incident Report Detail**