

CHINO VALLEY INDEPENDENT FIRE DISTRICT
Special Meeting - Standing Committee Meeting
Finance Committee

Administrative Headquarters
14011 City Center Drive
Chino Hills, CA 91709

Thursday, January 31, 2019
4:00 p.m. Committee Meeting

MINUTES

ROLL CALL

President John DeMonaco
Vice President Harvey Luth
Fire Chief Tim Shackelford
Deputy Chief Scott Atkinson
Deputy Chief Kyle Collins
Deputy Chief Mike Faherty
Battalion Chief Tyler Johnson
Finance Director Steve Heide
Clerk of the Board Sandra Heney
Administrative Secretary Ariana Cisneros

FLAG SALUTE

President DeMonaco

INVOCATION

Deputy Chief Collins

PUBLIC COMMUNICATIONS

None.

MINUTES

1. Minutes – November 29, 2018 Meeting

The Committee agreed to file the minutes, as presented.

OLD BUSINESS

None.

NEW BUSINESS

2. DISPOSITION OF SURPLUS PROPERTY – VEHICLES

Purpose is to review the proposed disposition of Fire District surplus vehicles.

Deputy Chief Faherty reported that District personnel have conducted a property survey and identified several vehicles that no longer meet the needs of the District

Deputy Chief Faherty stated that the vehicles recommended for surplus are:

Year	Make	Model	CHO	Mileage	VIN #	Assignment
2002	Toyota	Prius	95	69300	JT2BK12U520063857	Chaplain – previous
2006	Ford	Crown Vic	104	126900	2FAHP71W06X123985	Chaplain – previous
2008	Chevrolet	2500 P/U	111	137820	1GCHK29KX8E210343	SWR boats- Station #63

Deputy Chief Faherty reported that if approved by the Board, the District’s surplus vehicles will be disposed of in accordance with current policy as set forth in District Policy #207, Disposition of Surplus Property.

Deputy Chief Faherty stated that it is anticipated that these items will be consigned to a commercial auction house for sale.

Deputy Chief Faherty reported that the fiscal impact is unknown, as the disposition will generate an indeterminate amount of revenue to the District.

Discussion was held regarding the disposition of the Fire District’s surplus vehicles.

The Finance Committee agreed to move this item to the full Board for approval as a part of the Consent Calendar.

3. SURPLUS OF 1994 SIMON DUPLEX/LTI TRACTOD DRAWN AERIAL LADDER TRUCK (CHO-60)

Purpose is for the Finance Committee to review the proposed surplus of a 1994 Simon Duplex-LTI Tractor Drawn Aerial Ladder (TDA).

Deputy Chief Faherty reported that the Fire District currently owns three Tractor Drawn Aerial (TDA) ladder trucks, a 2016 Rosenbauer, a 2004 American LaFrance (ALF), and a 1994 Simon Duplex/LTI.

Deputy Chief Faherty reported that in June of 2018, the Board of Directors approved a refurbishment project of the 2004 ALF with the goal of gaining ten additional years of reserve service. This project was completed by South Coast/EVS in December of 2018 and the 2004 ALF has returned to reserve status.

Deputy Chief Faherty reported that the oldest of the three ladder trucks is the 1994 Simon Duplex/LTI. He also reported that it currently had 165,000 miles and had accumulated only 7,000 miles in the last 5 years. Deputy Chief Faherty reported that following the refurbishment of the 2004 ALF, this unit will likely see little, if any, reserve service use.

Deputy Chief Faherty reported that per NFPA and DMV requirements, the 1994 Simon Duplex/LTI still required the same maintenance as a frontline apparatus which includes an annual pump test, DOT inspections, fluid changes and maintenance of wear/deterioration items such belts, hoses and tires. Deputy Chief Faherty reported that the Simon Duplex/LTI has become a fiscal liability to the District with little to no benefit.

Deputy Chief Faherty reported that a value assessment was conducted using various government, apparatus and auction sites. Asking prices for this type of apparatus range from \$10,000 to \$20,000.

Deputy Chief Faherty stated that if the Finance Committee is desirous of moving this item to the full Board for additional discussion, there are several options for the disposition of this unit. Options include:

- Consignment for auction through a reputable auction service.
- Transfer of ownership to Fire ETC for a yet-to-be determined credit.
- Donation to a yet-to-be determined beneficiary.
- Sale directly through District advertisement.

Discussion was held on the proposed disposition of the 1994 Simon Duplex/ LTI.

The Finance Committee agreed to move this item to the full Board for approval as a part of the Consent Calendar.

4. CONFIRE DISPATCH AND MEMBERSHIP UPDATE

Purpose is to provide an update regarding Consolidated Fire Agencies (CONFIRE) Dispatch membership.

Fire Chief Shackelford provided an update to the Committee regarding the opportunity to apply for CONFIRE Dispatch membership. CONFIRE is a Joint Powers Authority (JPA). In conjunction with the District's September 2018 decision to contract with CONFIRE Dispatch for dispatch services, the agreement specified that the District would apply for JPA membership at a future date.

CONFIRE has recently provided staff with a draft resolution, which, if adopted by the Board, would be the next step in the application process to provide for a buy-in for a 5.42% equity interest in CONFIRE at a cost of \$412,423. Membership in this JPA would entitle the District to voting rights for important operational and policy decision making of the JPA.

Discussion was held regarding the District's potential CONFIRE dispatch membership.

The Finance Committee agreed to move this item to the full Board for approval as a new business item.

5. PURCHASE OF FIREFIGHTER'S PROTECTIVE CLOTHING SYSTEMS

Purpose is to review the purchase of firefighter's protective clothing systems.

Deputy Chief Atkinson stated that the District's current firefighter protective clothing systems, also known as turnouts, are recommended for replacement every five years and were last replaced in 2013. The District's Uniform and Equipment Committee has designed a specification that meets the National Fire Protection Association (NFPA) 1851 standard.

Deputy Chief Atkinson stated that the committee has worked with Municipal Emergency Services, Inc. / Honeywell to secure Los Angeles Consortium pricing through the Fire Rescue Group Purchasing Organization. LN Curtis is the authorized vendor for MES / Honeywell and would be facilitating the order. The District's purchasing policy provides that the District may obtain goods from a vendor selected in a competitive bidding procedure at least equivalent to that required by the District, provided that the pricing is the same as received by the entity conducting the bidding.

Deputy Chief Atkinson stated that District staff has selected Morning Pride manufactured turnouts, as per the attached quote and specifications, the pricing is as follows:

- Structural Coat \$1,568.96
- Structural Pant \$1,010.53

Deputy Chief Atkinson noted that delivery and tax are included in the price quoted, with an estimated 30 to 45 day turnaround time for delivery. He also reported that the District would order 91 units, at a total cost of \$252,925.44. This is under the 2018 – 2019 budgeted amount of \$275,000. Deputy Chief Atkinson that to provide a slight cushion for contingency purposes, staff would recommend a bid award not to exceed \$260,000. The amount would be expensed from account 62-7025.

Discussion was held regarding the aspects of the uniforms.

The Finance Committee agreed to move this item to the full Board for approval as a new business item.

6. SURPLUS ALLOCATION FOR REDUCTION OF PENSION LIABILITIES

Purpose if to review and discuss the proposed allocation of FY18 budget surplus funds toward reduction of pension liabilities.

Finance Director Heide stated that in FY17, the District adopted The Chino Valley Fire District 115 Retirement Trust, an irrevocable Internal Revenue Service Code Section 115 trust for accelerated pension funding. He also reported that in conjunction with the adoption of the retirement trust, a funding policy was approved which specified that up to one-third (1/3rd) of annual excess revenues, or budget surplus, shall be allocated toward the accelerated reduction of pension liabilities.

Finance Director Heide reported that the retirement funding policy specifies that fiscal year excess revenues earmarked for accelerated pension funding may be contributed to the District's retirement trust, directly to the California Public Employees Retirement System (CalPERS) on behalf of the District's employees, or in combination to these two funding vehicles. Finance Director Heide reported that the District's annual audit was completed and the related Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2018, was accepted and approved by the Board in December. He also

reported that the District's CAFR reported an annual excess revenues (budget surplus) of \$2,611,561. Finance Director Heide reported that of this amount, \$334,208 is attributable to restricted net investment earnings associated with the 115 retirement trust. Adjusted for these restricted activities, unrestricted excess revenues for FY18 amounted to \$2,273,353.

Finance Director Heide stated that of the nearly \$2.3 million FY18 unrestricted surplus, just over \$1 million is due to budget appropriations carried over to FY19, for projects and expenditures approved in last year's budget which will not be completed until this fiscal year. Finance Director Heide reported that for purposes of determining the amount to be provided toward accelerated pension funding, it is staff's recommendation that the Board consider the full nearly \$2.3 million in the one-third (1/3rd) surplus calculation, which would generate \$757,784 in additional pension funding.

Finance Director Heide reported that staff is further recommending the calculated amount be rounded to \$760,000, and be provided for from Unassigned fund balance. He also reported that staff is proposing that 50% of this amount, or \$380,000, be contributed directly to CalPERS as an additional discretionary retirement fund payment, and that the remaining \$380,000 be deposited to The Chino Valley Fire District 115 Retirement Trust. The attached Resolution No. 2019-02 would authorize the funding of these amounts as budget amendment #4.

Finance Director Heide reported that if approved, the amounts should be able to be funded by the end of February.

Discussion was held regarding the investment strategy.

The Finance Committee agreed to move this item to the full Board for approval as a part of the Consent Calendar.

7. MID-YEAR BUDGET AND REVIEW ANALYSIS

Purpose is to conduct a mid-year budget review for discussion purposes.

Transition from Mid-Year Amended Budget

Finance Director Heide reported that in years past, the District approved a mid-year budget in the January/February timeframe. He also reported that while the mid-year budget typically included a limited number of budget amendments, it would generally be necessary to initiate additional budget amendments outside of the mid-year, including

both prior to and after the mid-year budget was approved.

Finance Director Heide reported that in conjunction with the District's continuing efforts to adopt best practices, effective this fiscal year, the District moved away from a mid-year budget amendment process to amending the budget during the course of the fiscal year when necessary to do so. He also reported that the fiscal year-to-date through the end of January, the District's Board has approved three budget amendments which were summarized in the copies of the Multi-Year Trend Thru December (Mid-Fiscal Year) Table 1 that were provided to the Board and public. . This transition to amending the budget as needed, when needed, provides for greater efficiencies and ultimately, a more accurate amended budget by the end of the fiscal year.

Mid-Year Budget Review

Beginning this fiscal year, staff has prepared a mid-year budget review and analysis, focusing on budget trends, and projections of revenues and expenditures for the balance of the fiscal year. The analysis is detailed below.

Finance Director Heide reported that as of December 31, 2018, the mid-point of the 2018-19 fiscal year, total revenues were 53% of budget, compared to a range of 49% and 51% of actuals through December 31, for the prior three fiscal years. He also reported that expenditures were at 43% of overall budget through the mid-year, compared to a range of 44% to 45% for the prior three fiscal year-to-dates through December 31. Finance Director Heide provided copies of the Multi-Year Trend Thru December (Mid-Fiscal Year) Tables for additional specifics.

Revenues

Finance Director Heide reported that the percent of budgeted revenues received this fiscal year-to-date through December 31, is generally consistent with that of recent prior years, with District revenues trending about 2% to 3% higher than originally budgeted. This is about typical of what we'd expect to see at mid-year, since revenues have historically been budgeted conservatively. If the trend holds for the balance of the fiscal year, this additional 2% to 3% in revenues will help to offset additional costs added through budget amendments as identified below.

Finance Director Heide reported that through December 31, while property tax-related revenues are trending about on budget, significant contributing factors to the favorable overall revenue trends include higher than anticipated mutual aid recoveries for

reimbursable out-of-area events, and permit and inspection fees trending higher than budgeted as well.

Expenditures

Finance Director Heide reported that although timing of certain non-labor expenditures can vary significantly from year-to-year, at 43% of budget, total expenditures through December 31 are at about where we would expect at the mid-year, trending consistently with but slightly better (1% to 2% of budget) than in the last three fiscal years to-date. He also reported that this modestly favorable budget trend is consistent with the District's mission-critical expenditure philosophy.

Finance Director Heide reported that salary and benefit expenditures for the fiscal year-to-date through December 31 are trending at levels generally consistent with that of the past three years, while services and supplies expenses are trending a bit better than expected through the first half of the fiscal year.

Finance Director Heide reported that the updated Budget Summary, Revenue History and Expenditure History reports through December 31 were also attached to the report for informational purposes. The 2019 Amended Budget columns in these reports reflect the aforementioned budget amendments through December 31.

Projected Appropriations Carryovers

Finance Director Heide reported that as a result of an updated projected delivery date for a Type 1 fire engine budgeted for replacement at Station 64, it is now anticipated that delivery of the unit will not be made until next December or January. Accordingly, the associated budgetary encumbrance in Fiscal 2018-19 for the engine and related loose equipment, at roughly \$760,000, will need to be carried over to Fiscal 2019-20.

Finance Director Heide reported that additionally, certain non-mission critical expenditures budgeted this year for various services and supplies items and smaller capital purchases, may result in appropriation carryovers to next fiscal year as well. These budget line items will be further assessed during the second half of the fiscal year, and if not expended this budget year, will be considered during the Fiscal 2019-20 budget development process.

Discussion was held regarding the mid-year budget.

The Finance Committee agreed to move this item to the full Board for approval as a part of the Consent Calendar.

ADJOURNMENT

The meeting was adjourned at 5:20 p.m.