



BOARD OF DIRECTORS REGULAR MEETING AGENDA

**Wednesday December 13, 2023
4 p.m.**

Council Chambers, Hillsborough Town Hall, 1600 Floribunda Ave., Hillsborough, CA 94010

Consistent with Government Code Section 54953, Central County Fire Department Board meetings are held in person. Members of the public may observe/participate in the meeting in person or via Zoom (link provided below).

To Attend the Meeting in Person:

Location: Council Chambers, Hillsborough Town Hall, 1600 Floribunda Ave., Hillsborough, CA 94010

Masking is not required but in accordance with the California Department of Public Health guidelines, people at higher risk for severe illness should consider masking. To help maintain public health and safety, we respectfully request that people not attend in-person if they are experiencing symptoms associated with COVID-19 or are otherwise ill and likely contagious.

To Observe the Meeting via Zoom:

To access the meeting by computer:

Go to www.zoom.us/join

Meeting ID: 831 9675 4461

Passcode: 389207

To Access the Meeting by Phone:

+1 669 900 6833

Meeting ID: 831 9675 4461

Passcode: 389207

To Provide Public Comment in Person:

Members of the public wishing to speak will be asked to fill out a "Request to Speak" card located on the table by the door and then hand it to staff. The provision of a name, address, or other identifying information is optional. Speakers are limited to three minutes each, however, the Board Chair may adjust the time in light of the number of anticipated speakers.

To Provide Public Comment via Zoom:

During the meeting, public comment may be made by members of the public joining the meeting via Zoom. Zoom access information is provided above. Use the "Raise Hand" feature (for those joining by phone, press "9" to "Raise Hand") during the public comment period for the agenda item you wish to address. The Zoom host will call on people to speak by name provided or the last four digits of the phone number for dial-in attendees. Speakers are limited to three minutes each, however, the Board Chair may adjust the time in light of the number of anticipated speakers.

**1. CALL TO ORDER****2. PLEDGE OF ALLEGIANCE****3. ROLL CALL****4. PUBLIC COMMENTS – NON-AGENDA**

The Ralph M. Brown Act (the State local agency open meeting law) prohibits the Board from acting on any matter which is not on the agenda. It is the policy of the Board to refer such matters to staff for investigation and/or action. For purposes of this meeting, members of the public may provide written comments by email to publiccomment@ccfd.org. Emailed comments should include the specific agenda item on which you are commenting or note that your comment concerns an item that is not on the agenda. The length of the emailed comment should be commensurate with the three minutes allowed for verbal comments, which is approximately 250-300 words. To ensure your comment is received and read to the Board of Directors for the appropriate agenda item, please submit your email no later than 3 p.m. on December 13, 2023.

5. APPROVAL OF MINUTES

- a. Minutes from November 8th, regular meeting

6. CONSENT CALENDAR

- a. Central County Fire Department Quarterly Financial Report for Q1, Fiscal Year 2023-24

7. PRESENTATIONS

- a. Commendation for Fire Captain Scott Stacey, Firefighter Michael McWhirter, and Firefighter Colin Kelly

8. STAFF REPORTS

- a. Pension Update
- b. Resolution to Accept the Annual Comprehensive Financial Report (ACFR) for the Central County Fire Department

9. BOARD OF DIRECTORS' COMMENTS**10. ADJOURNMENT**

NOTICE: Any members of the public wishing accommodation for disabilities please contact the Secretary at (650) 558-7600 at least 24 hours before the meeting. A copy of the agenda packet is available for public review at the Fire Administration Offices, 1399 Rollins Road, Burlingame from 8:00 a.m. to 4:00 p.m. and on the CCFD website at www.ccfid.org.



BOARD OF DIRECTORS MEETING MINUTES *(Unapproved)*
Regular Meeting | November 8, 2023

1. CALL TO ORDER

Meeting called to order at 4:03 p.m.

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

All Board Members were present.

4. PUBLIC COMMENTS – NON-AGENDA

There were no public comments.

5. APPROVAL OF MINUTES

- a. Minutes from October 11th, regular meeting

Board Member Ortiz motioned to approve the minutes. Board Member Stevenson seconded the motion. Approved 4-0-0.

6. CONSENT CALENDAR

- a. Central County Fire Department Quarterly Financial Report for Q4, Fiscal Year 2022-23
- b. Resolution Authorizing the Chief Administrative Officer to Execute an Amendment to the Agreement with Its Personnel Consulting, for Human Resources Administration and Consulting Services.

Board Member Ortiz motioned to approve the consent calendar. Board Member Stevenson seconded the motion. Approved 4-0-0.

7. PRESENTATIONS

- a. Commendation for Fire Chief Bruce Barron
- b. Commendation for Fire Marshal Christine Reed

Chair Chuang together with the Board presented newly retired Chief Bruce Barron and Fire Marshal Christine Reed with commendatory resolutions recognizing their outstanding accomplishments and contributions over the years.

8. STAFF REPORTS

- a. Interim Fire Chief's Update (Oral Report)

Interim Fire Chief Giacotto reported that the following interim positions are in place:

- Interim Fire Chief, Ken Giacotto
- Interim Deputy Fire Chief, Tim Louis
- Interim Fire Marshal, Patty Koch

Interim Fire Chief Giacotto stated that the provisional appointments allow for the department to continue to provide a high level of service.

9. NEW BUSINESS

a. Discussion on time and schedule of future Board meetings

CAO Goldman opened a discussion on the time and schedule of Board meetings to determine if there is any interest in modifying the current schedule of meeting every other month at 4:00 p.m. Board Member Stevenson inquired about the potential impact(s) on staff if meetings are moved to a different timeframe. CAO Goldman stated that impact(s) would vary across the board as there are exempt and non-exempt employees on staff. A discussion ensued around the idea of morning meetings. CAO Goldman suggested that Board members give it some thought and proposed that Administration check calendars for a collective morning meeting time and revisit the topic in early 2024.

10. BOARD OF DIRECTORS' COMMENTS

Chair Chuang thanked CCFD staff for their participation in the annual Town-wide drill held October 22nd.

11. ADJOURNMENT

Meeting adjourned at 4:32 p.m.



AGENDA ITEM: 6a


STAFF REPORT

MTG. DATE: 12/13/2023

TO: Board of Directors

DATE: December 13, 2023

FROM: Ken Giacotto, Interim Fire Chief
Jan Cooke, Finance Director

APPROVED BY: 
Lisa K. Goldman, CAO

SUBJECT: Central County Fire Department Quarterly Financial Report (Unaudited) for Q1
Fiscal Year 2023-24

Recommendation:

Staff recommends the Board receive the Central County Fire Department Quarterly Financial Report (Unaudited) for Q1 Fiscal Year 2023-24.

Background:

The Quarterly Financial Report is provided to the Central County Fire Department's Board for Q1 Fiscal Year 2023-24. The financial report summarizes the activities of the Central County Fire Department's General Fund for the fiscal quarter from July 1, 2023, to September 30, 2023. The General Fund is the primary fund of the Department and accounts for most operating activities.

Overall, revenues and expenditures are on track with the annual adopted budget. The quarter ended with net excess revenue due to the timing of certain revenues and expenditures. Results are being monitored for approximately \$500k in expenditures approved for FY 2023-24 after the adopted budget, primarily for a compensation increase in the Memorandum of Understanding for the Firefighter's Union, Chief Officers, and Management, as well as the purchase of ballistics equipment to replace old equipment per the recommendation of the National Fire Protection Association. If the actuals remain above budget, additional City contributions may be considered.

Fiscal Impact:

There is no fiscal impact associated with this agenda item.

Attachments:

1. Central County Fire Department Quarterly Financial Report (Unaudited) for Q1 FY 2023-24.



CENTRAL COUNTY FIRE DEPARTMENT

2023-24 Quarterly Financial Report (Unaudited)

First Quarter Ending September 30, 2023

This financial report summarizes the activities of the Central County Fire Department's General Fund for the fiscal quarter from July 1, 2023, to September 30, 2023. The General Fund is the primary fund of the Department and accounts for most operating activities.

GENERAL FUND

The General Fund shows a net deficit (expenditure greater than revenue) of \$33k for Q1 2023-24 and an ending fund balance of \$1.57 million on September 30, 2023. Results are being monitored for approximately \$500k in expenditures approved for FY 2023-24 after the adopted budget, primarily for a compensation increase in the Memorandum of Understanding for the firefighter's union, chief officers, and management, as well as a ballistics equipment purchase recommended for replacement by the National Fire Protection Association. If the actuals remain above budget, an additional contribution from the cities may be considered.

GENERAL FUND	FISCAL YEAR 2023-24			FISCAL YEAR 2022-23		
	Annual Budget	YTD Actual to 09/30/23	YTD %	YTD Actual to 09/30/22	\$ Variance CY vs. PY	% Variance CY vs. PY
Revenue	\$34,499,747	\$11,559,805	34%	\$11,275,117	\$284,688	3%
Expenditures	33,199,747	11,292,773	34%	10,700,357	592,416	6%
Capital Transfer	1,300,000	300,000	23%	268,750	(31,250)	-12%
EXCESS (DEFICIT)	-	(32,969)		306,010	338,979	
Beginning Fund Balance	1,602,951	1,602,951		771,885		
Ending Fund Balance	\$1,602,951	\$1,569,982	98%	\$1,077,895	\$492,087	

GENERAL FUND REVENUE

General Fund revenues for the first quarter are 34% of the budget and are 3% higher compared to the last fiscal year. The increase from last year is primarily due to the increased city contributions. Permitting and license revenue is 14% of the budget, and 34% decreased from the same period last year. Permitting activity timing varies throughout the year. Wildland Urban Interface (WUI) revenue is at 20% of the budget due to the timing of property reviews. Charges for Services revenues are 13% of the budget, primarily due to lower inspection revenue as compared to the budget.

GENERAL FUND REVENUE	FISCAL YEAR 2023-24			FISCAL YEAR 2022-23		
	Annual Budget	YTD Actual to 09/30/23	YTD %	YTD Actual to 09/30/22	\$ Variance CY vs. PY	% Variance CY vs. PY
Permits and Licenses	\$340,000	\$47,668	14%	\$71,881	(\$24,213)	-34%
Intergovernmental Revenues	33,618,480	11,413,302	34%	11,099,112	314,190	3%
Charges for Services	335,966	45,293	13%	55,783	(10,490)	-19%
Others	205,301	53,542	26%	48,340	5,202	11%
TOTAL	\$34,499,747	\$11,559,805	34%	\$11,275,117	\$284,688	3%



CENTRAL COUNTY FIRE DEPARTMENT 2023-24 Quarterly Financial Report (Unaudited) First Quarter Ending September 30, 2023

GENERAL FUND EXPENDITURES

General Fund expenditures are at 34% of the budget for the first quarter and 6% higher than the prior year. Salaries and benefits are 35% of the budget and 3% higher than last year. Salaries and benefits in Q1 include the lump sum annual required UAL contribution to CalPERS. Overtime is at 42% of the budget and is attributable to strike team participation in statewide fires (reimbursable) and coverage for vacation leave. Materials and services are 27% of the budget due to the timing of spending, primarily in insurance and contract services.

GENERAL FUND EXPENDITURES	FISCAL YEAR 2023-24			FISCAL YEAR 2022-23		
	Annual Budget	YTD Actual to 09/30/23	YTD %	YTD Actual to 09/30/22	\$ Variance CY vs. PY	% Variance CY vs. PY
Salaries & Benefits	\$30,922,049	\$10,681,034	35%	\$10,367,458	\$313,576	3%
Materials and Services	2,277,698	611,739	27%	332,898	278,841	84%
Capital Outlay/Reserve	1,300,000	300,000	23%	268,750	31,250	12%
TOTAL	\$34,499,747	\$11,592,773	34%	\$10,969,107	\$623,666	6%



CENTRAL COUNTY FIRE DEPARTMENT

2023-24 Quarterly Financial Report (Unaudited)

First Quarter Ending September 30, 2023

DETAILED TABLES: The following table shows the detailed line items of General Fund revenue and expenditures.

Central County Fire Department Quarterly Financial Report Q1 FY 2023-24 (July 1, 2023 to September 30, 2023)							
<u>GL Account Number</u>	<u>Budget 2023-24</u>	<u>Actual 2023-24</u>	<u>% to Budget</u>	<u>Actual 2022-23</u>	<u>\$ Variance CY v. PY</u>	<u>% Variance CY v. PY</u>	
REVENUES:							
PERMITS & LICENSES							
Construction Permits	00.320.101	\$ 320,000	\$ 42,094	13%	\$ 65,845	(23,751)	-36%
Fire Code Permit	00.320.102	20,000	5,574	28%	6,036	(462)	-8%
Penalty Fees	00.320.150	-	-		-	-	
Total Permits & Licenses		340,000	47,668	14%	71,881	(24,213)	-34%
INTERGOVERNMENTAL REVENUES							
Burlingame	00.330.100	14,372,078	4,876,610	34%	4,693,775	182,835	4%
Hillsborough	00.330.200	9,581,385	3,251,073	34%	3,129,182	121,891	4%
Millbrae	00.330.300	9,189,553	3,214,237	35%	3,099,320	114,917	4%
Sub-total from City Contributions		33,143,016	11,341,920	34%	10,922,277	419,643	4%
Other Agencies							
ALS JPA	00.341.100	176,136	4,400	2%	44,035	(39,635)	-90%
WUI Revenue	00.341.200	165,000	33,400	20%	132,800	(99,400)	-75%
Joint Training Program	00.342.100	134,328	33,582	25%	-	33,582	
State Grants	00.334.000	-	-		-	-	
Sub-total from Other Agencies		475,464	71,382	15%	176,835	(105,453)	-60%
Total Intergovernmental Revenues		33,618,480	11,413,302	34%	11,099,112	314,190	3%
CHARGES FOR SERVICES							
Special Fire Services	00.340.100	-	-		-	-	
Fire Plan Review	00.340.200	165,000	23,739	14%	24,387	(648)	-3%
Fire Service Line Permit	00.340.201	-	-		-	-	
Inspections/Reinspections	00.340.203	120,000	18,096	15%	28,639	(10,543)	-37%
Fire Flow Inspection	00.340.205	2,881	861	30%	590	271	46%
Alternate Means of Protection	00.340.206	7,000	2,847	41%	1,841	1,006	55%
Licensed Facility Inspection	00.340.207	-	-		-	-	
Other Reimb. Revenue	00.340.220	21,000	-	0%	326	(326)	-100%
Station 34 Mechanic Shop	00.342.400	20,085	(250)	-1%	-	(250)	
Total Charges for Services		335,966	45,293	13%	55,783	(10,490)	-19%
OTHERS							
Workers Compensation Reimb	00.340.219	185,000	46,250	25%	46,250	-	0%
Strike Team Reimbursement	00.340.300	-	-		-	-	
Investment Earnings	00.361.100	301	4,563	1516%	623	3,940	633%
Donations & Other Contribution	00.363.100	-	-		-	-	
Miscellaneous	00.364.100	20,000	2,474	12%	1,468	1,007	69%
Imaging/Microfiche Services	00.364.102	-	255		-	255	
Total Others		205,301	53,542	26%	48,340	5,202	11%
TOTAL REVENUES		\$34,499,747	\$11,559,805	34%	\$11,275,117	\$ 284,688	3%



CENTRAL COUNTY FIRE DEPARTMENT

2023-24 Quarterly Financial Report (Unaudited)

First Quarter Ending September 30, 2023

Central County Fire Department Quarterly Financial Report Q1 FY 2023-24 (July 1, 2023 to September 30, 2023)							
GL Account Number	Budget 2023-24	Actual 2023-24	% to Budget	Actual 2022-23	\$ Variance CY v. PY	% Variance CY v. PY	
EXPENDITURES:							
SALARIES & BENEFITS							
Regular Salaries - Safety	00.410.100	\$ 13,417,651	\$ 3,158,666	24%	\$ 2,793,768	\$ 364,898	13%
Regular Salaries - Non Safety	00.410.200	1,520,112	287,159	19%	308,666	(21,507)	-7%
Part-time Salaries	00.420.100	57,362	9,330	16%	12,034	(2,704)	-22%
Overtime:		2,107,480	876,040	42%	998,933	(122,893)	-12%
Miscellaneous	00.430.000	318,000	108,497	34%	150,641	(42,144)	-28%
Disability Leave	00.430.100	350,000	79,918	23%	197,572	(117,655)	-60%
Vacation Leave	00.430.200	980,500	257,955	26%	256,755	1,200	0%
Sick Leave	00.430.300	212,000	55,056	26%	43,347	11,709	27%
Family Sick Leave/Bereavement	00.430.400	90,100	26,939	30%	29,376	(2,437)	-8%
Special Assignment	00.430.500	132,500	68,385	52%	86,709	(18,324)	-21%
Shop Mechanic	00.430.600	5,300	4,210	79%	3,894	316	8%
Strike Team - Reimbursable	00.430.700	-	267,677		178,880	88,798	50%
Reimbursable	00.430.850	19,080	7,403	39%	864	6,539	757%
COVID-19 (OT)	00.441.000	-	-		50,895	(50,895)	-100%
COVID-19 (family leave, etc.)	00.440.000	-	-		72,955	(72,955)	-100%
Holiday Pay	00.440.100	632,892	147,030	23%	131,378	15,653	12%
FLSA	00.440.200	316,442	73,515	23%	71,770	1,745	2%
Uniform Allowance	00.440.300	74,115	16,359	22%	10,447	5,912	57%
Medicare/FICA	00.440.400	232,244	65,918	28%	62,234	3,684	6%
PERS Retirement	00.440.500	6,997,158	4,719,706	67%	4,693,045	26,661	1%
Health Insurance	00.440.600	1,785,815	471,084	26%	449,074	22,009	5%
Dental Insurance	00.440.700	151,019	31,029	21%	22,294	8,735	39%
Vision	00.440.800	28,265	4,986	18%	4,766	219	5%
Life Insurance	00.440.900	18,960	3,377	18%	4,702	(1,325)	-28%
Long-term Disability Insurance	00.441.100	7,036	1,673	24%	1,861	(188)	-10%
Deferred Compensation	00.441.200	10,500	5,250	50%	4,250	1,000	24%
Retirement Health Savings	00.441.300	231,804	60,461	26%	51,524	8,936	17%
Technology & Wellness Benefit	00.441.320	-	-		2,000	(2,000)	-100%
Health Insurance - Retirees	00.441.350	1,016,888	195,965	19%	187,769	8,195	4%
Workers' Compensation	00.441.500	1,900,000	475,000	25%	475,000	-	0%
Vacation Leave Buyout	00.451.100	61,605	-	0%	6,522	(6,522)	-100%
Sick Leave Buyout	00.451.200	29,495	-	0%	-	-	
Leave Payout upon Retirement	00.451.300	280,801	77,087	27%	1,067	76,020	7126%
Other Payroll Charges	00.451.400	3,000	1,400	47%	1,400	-	0%
Admin Leave Buyout	00.451.500	41,405	-	0%	-	-	
Total Salaries & Benefits		30,922,049	10,681,034	35%	10,367,458	313,576	3%



CENTRAL COUNTY FIRE DEPARTMENT

2023-24 Quarterly Financial Report (Unaudited)

First Quarter Ending September 30, 2023

Central County Fire Department Quarterly Financial Report Q1 FY 2023-24 (July 1, 2023 to September 30, 2023)							
GL Account Number	Budget 2023-24	Actual 2023-24	% to Budget	Actual 2022-23	\$ Variance CY v. PY	% Variance CY v. PY	
MATERIALS & SERVICES:							
Office Expense	00.510.100	\$ 20,730	\$ 2,321	11%	\$ 2,187	\$ 134	6%
Expendable Supplies	00.510.400	37,492	5,924	16%	6,447	(523)	-8%
Postage Expense	00.510.600	4,096	944	23%	1,131	(188)	-17%
EMS Supplies	00.510.800	16,391	2,766	17%	1,368	1,398	102%
Respiratory Equipment Expense	00.511.100	31,509	-	0%	542	(542)	-100%
Small Tools	00.511.500	93,194	7,408	8%	10,907	(3,499)	-32%
Public Education	00.511.900	10,300	3,320	32%	121	3,199	2644%
Safety Equipment	00.512.300	123,064	15,411	13%	12,454	2,956	24%
Unifrom Supplies	00.512.400	11,753	694	6%	4,075	(3,381)	-83%
Communications	00.512.600	69,510	20,619	30%	15,210	5,408	36%
Utilities	00.513.000	110,477	23,894	22%	18,757	5,137	27%
Building/Grounds/Facilities Maint	00.514.100	160,680	14,407	9%	12,998	1,409	11%
Gas, Diesel, Oil	00.514.800	126,889	23,829	19%	43,563	(19,734)	-45%
Apparatus Maintenance (CCFD)	00.515.500	124,800	34,183	27%	49,116	(14,933)	-30%
Hose and Nozzles	00.515.700	26,780	(841)	-3%	173	(1,013)	-587%
Radio Maintenance	00.515.900	16,444	258	2%	-	258	
Contractual Services	00.516.300	482,013	101,493	21%	89,177	12,316	14%
Legal Services	00.516.350	31,364	2,940	9%	2,016	924	46%
Auditing	00.516.500	12,600	-	0%	10,800	(10,800)	-100%
Mechanic Shop Service Agreement	00.516.600	22,000	675	3%	841	(166)	-20%
Mechanic Shop- Inventory/Stock	00.516.700	12,854	3,844	30%	1,485	2,358	159%
WUI Expenses	00.516.800	40,000	1,741	4%	473	1,268	268%
USAR Program	00.516.900	10,712	91	1%	4,418	(4,327)	-98%
Dues & Subscriptions	00.517.000	15,000	3,386	23%	4,140	(754)	-18%
Travel, Conferences & Meetings	00.517.400	18,000	3,261	18%	218	3,043	1396%
HR (Hiring etc.)	00.517.420	28,189	15,128	54%	2,491	12,637	507%
Training & Safety	00.517.800	108,150	7,347	7%	8,220	(873)	-11%
Training/EMS	00.517.850	52,000	11,681	22%	1,840	9,841	535%
OPS Training	00.517.875	41,600	16,173	39%	2,053	14,120	688%
Emergency Preparedness	00.517.900	26,000	1,613	6%	1,382	231	17%
CERT Program Expense	00.517.950	-	-		-	-	
Wellness & Safety	00.518.200	75,000	12,500	17%	13,349	(849)	-6%
Weed Abatement	00.518.500	-	-		-	-	
Liability, Property, Other Ins	00.518.900	244,332	273,419	112%	-	273,419	
Computer, Telephone & Other IT	00.519.300	53,045	700	1%	7,992	(7,292)	-91%
Mobile Technology	00.519.400	5,305	-	0%	908	(908)	-100%
Miscellaneous	00.520.400	15,425	611	4%	2,044	(1,433)	-70%
COVID Expense	00.520.401	-	-		-	-	
Total Materials and Services		2,277,698	611,739	27%	332,898	278,841	84%
TOTAL OPERATIONS COST		33,199,747	11,292,773	34%	10,700,357	592,416	6%



CENTRAL COUNTY FIRE DEPARTMENT **2023-24 Quarterly Financial Report (Unaudited)** **First Quarter Ending September 30, 2023**

Central County Fire Department Quarterly Financial Report Q1 FY 2023-24 (July 1, 2023 to September 30, 2023)							
	<u>GL Account Number</u>	<u>Budget 2023-24</u>	<u>Actual 2023-24</u>	<u>% to Budget</u>	<u>Actual 2022-23</u>	<u>\$ Variance CY v. PY</u>	<u>% Variance CY v. PY</u>
CAPITAL TRANSFERS:							
Transfer to Capital Project	00.710.100	\$ 100,000	\$ -		\$ -	-	
Transfer to Vehicle Replacement	00.710.200	1,200,000	300,000	25%	268,750	31,250	12%
Total Capital Outlay/Reserve		1,300,000	300,000	23%	268,750	31,250	
TOTAL INCLUDING CAPITAL		\$ 34,499,747	\$ 11,592,773	34%	\$ 10,969,107	\$ 623,666	6%



AGENDA ITEM: 8a

STAFF REPORT

MTG. DATE: December 13, 2023

TO: Board of Directors

DATE: December 13, 2023

FROM: Jan Cooke, Finance Director
Ken Giacotto, Interim Fire Chief

APPROVED BY: 
Lisa K. Goldman, CAO

SUBJECT: Pension Update

Recommendation:

For information only; no action required.

Background:

Summary

The Finance Director and actuary will provide an informational update on the Central County Fire Department's (CCFD) CalPERS pension obligation.

CCFD's Safety Classic pension plan is approximately 67.9% funded as of the latest available actuarial valuation. Safety Classic is the largest of the four plans in CCFD.

Based on the actuarial pension disclosure in CCFD's Annual Comprehensive Financial Report on June 30, 2023 (agenda item for adoption in this Board agenda), a 1% change in discount rate equates to a difference of approximately \$23 to \$28 million to the pension liability. Because approximately 65% of the annual pension funding comes from investment earnings, any change in investment return has a significant impact on the pension liability. In addition, CalPERS policies amortize material investment gains and losses, thereby smoothing the impact on the liability over time. (Note: The table below includes the discount rate of 6.8% plus a .1% CalPERS management fee, for a total of 6.9%.)

	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
Net Pension Liability	\$86,308,502	\$58,610,256	\$35,970,243

CalPERS

CalPERS is taking steps to improve the funded status of the plan and mitigate risk. Focus areas for the pension plan include reporting on the funded status of the system, identifying and quantifying investment risks, examining other system risks, such as near-term high inflation, and discussing risk-mitigating activities for the system and employers.

After the 2021 Asset Liability Management (ALM) process, the CalPERS board voted to keep the discount rate at 6.8% and selected a new asset allocation for the fund's investment portfolio for the next four years. Additionally, the board adopted new economic and demographic actuarial assumptions.

In addition, the CalPERS portfolio achieved an investment gain of 21.3% in FY 2020-21, an investment loss of 6.1% in FY 2021-22, and a 5.8% investment gain in 2022-23, which was below the expectation of 6.8%. Investment income is a significant portion of how the annual pension amount is funded. Member agencies will see year-to-year increases or decreases in required contributions due to yearly fluctuations in investment returns that vary from the discount rate (expected return). The CalPERS board periodically reviews the need for changes to the discount rate, which estimates the long-term expected rate of return rather than the one-year performance of the portfolio.

Annual Pension Cost Affordability

CCFD benefits from the hiring of PEPRAs formula employees, with nearly 40% of employees on PEPRAs. In addition, Safety Classic plan employees pay 4% of payroll toward the employer contribution.

Staff worked with the actuary to prepare a projection of CCFD's annual required contribution amounts over the next several years. Based on the projection, amounts will nearly double over the next ten years. Contributions then start to move downward due to the higher number of employees/retirees in the lower-cost PEPRAs pension formula, as well as other policy changes.

Improving Funded Status/Cost Savings

Pension pre-funding strategies range from paying the liability faster to establishing a Section 115 Pension Trust. There are significant savings by paying down the liability early as the interest rate (discount rate) is 6.8%. Any pre-funding strategy requires additional contributions from the cities, which would increase their annual budget contribution.

Fiscal Impact: There is no fiscal impact associated with this agenda item.

Attachment:

1. PowerPoint

Pension Update

Central County Fire Department, CA

December 13, 2023



Understanding Pension Funding



Pension Basics



Changes Since the Last Valuation and the Impact of those Changes



How Does the Department Compare to Other Agencies?

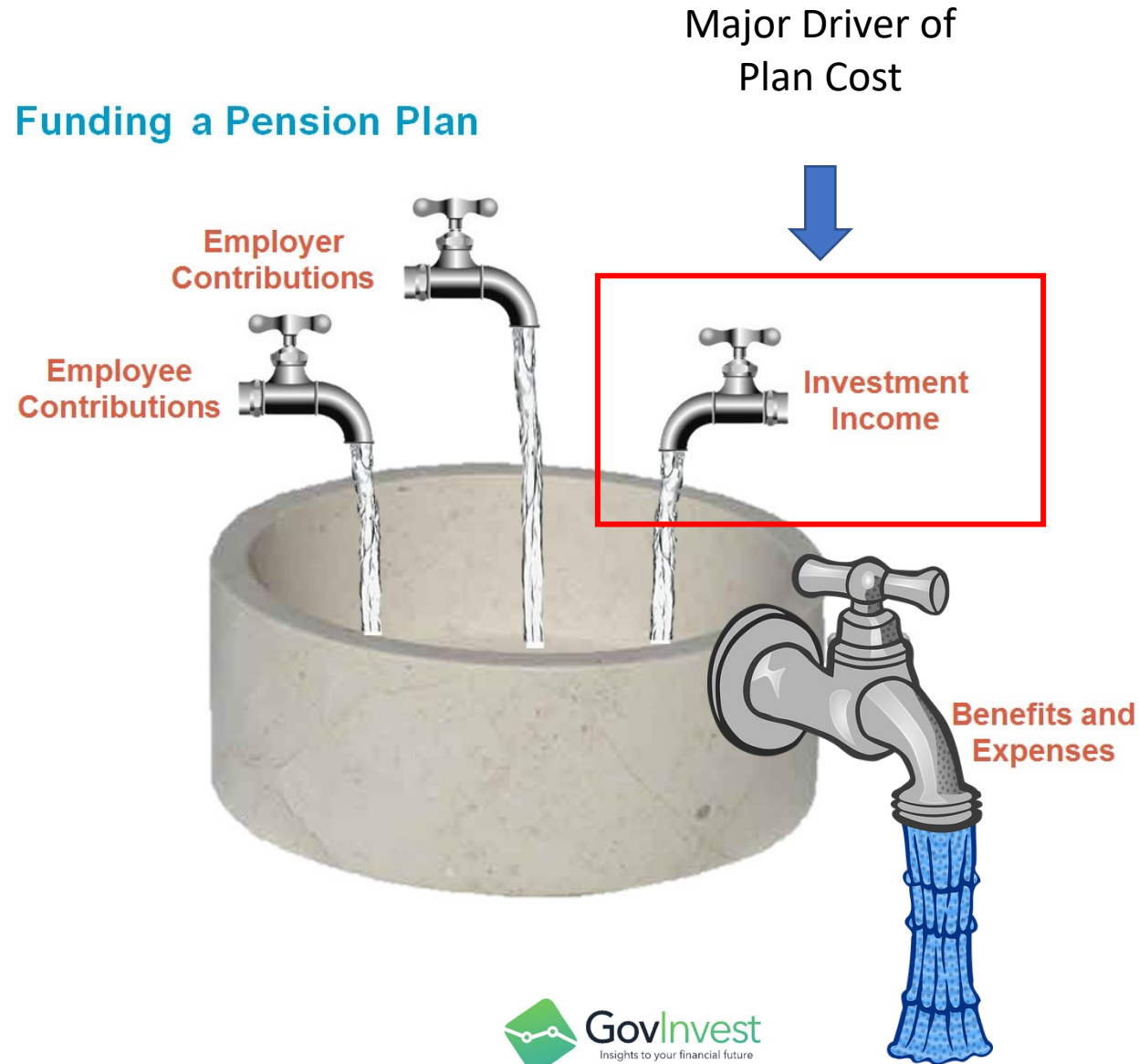


Addressing UAL

CalPERS Pension Basics

Money Going into CalPERS is Equal to the Money Coming Out of CalPERS

Funding a Pension Plan

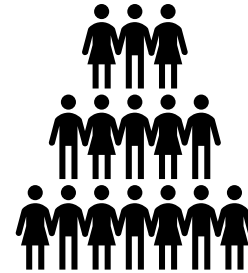


CalPERS Projects Future Benefit Payments Using a Series of Assumptions



Economic

- Inflation
- Investment Return
- Salary Growth



Demographic

- Retirement
- Disability
- Death
- Termination

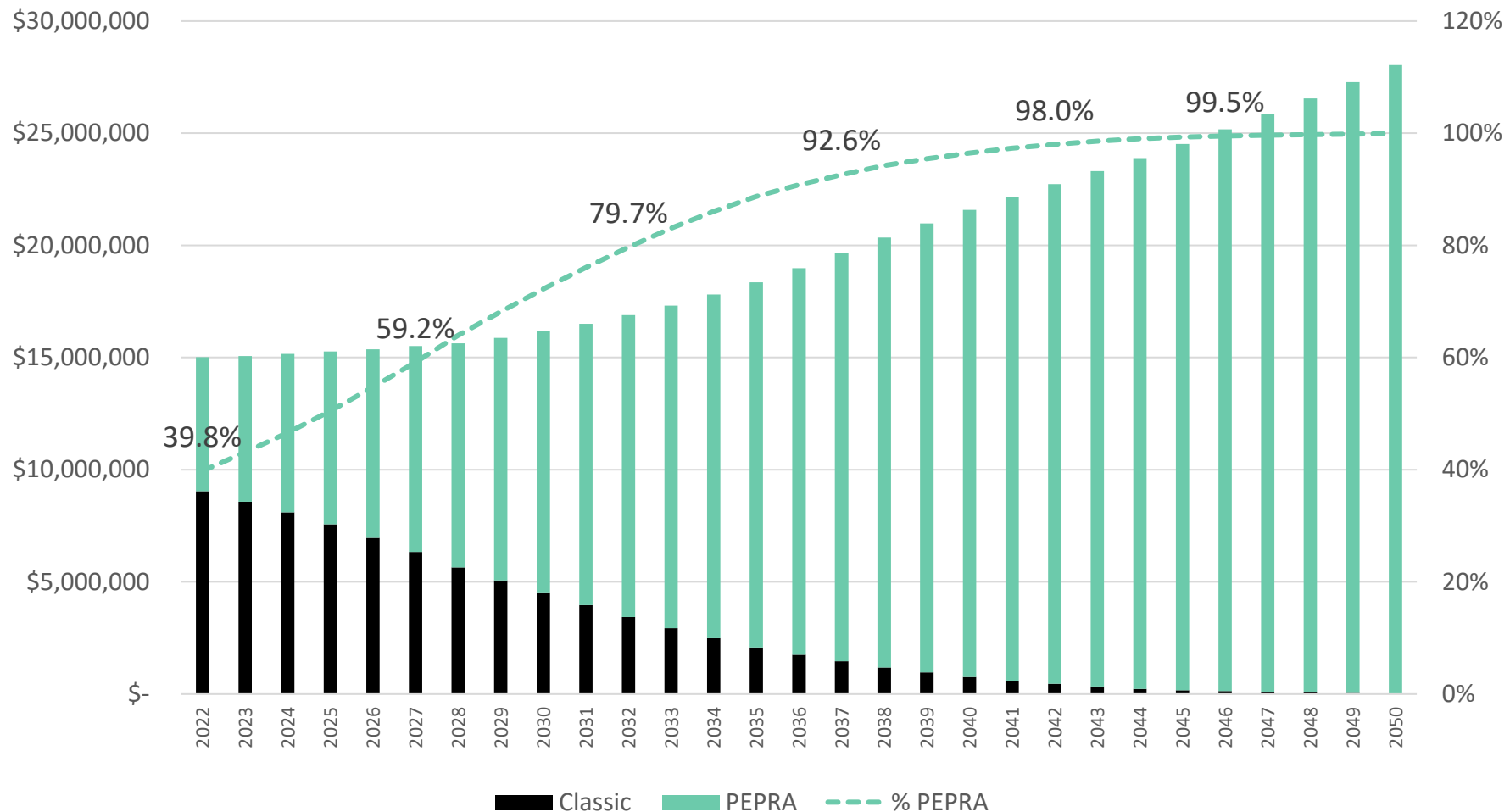
The Department has 2 Miscellaneous Benefit Structures within CalPERS

	<i>Classic Miscellaneous</i>	<i>PEPRA Miscellaneous</i>
<i>Hire Date</i>	On or Before 12/31/12	On or After 1/1/13
<i>Formula</i>	2.5% @ 55	2% @ 62
<i>Final Pay Period</i>	12 months	36 months
<i>COLA</i>	2% per year	2% per year
<i>Employee Contributions</i>	8% of pay	8% of Pay (50% of Normal Cost)

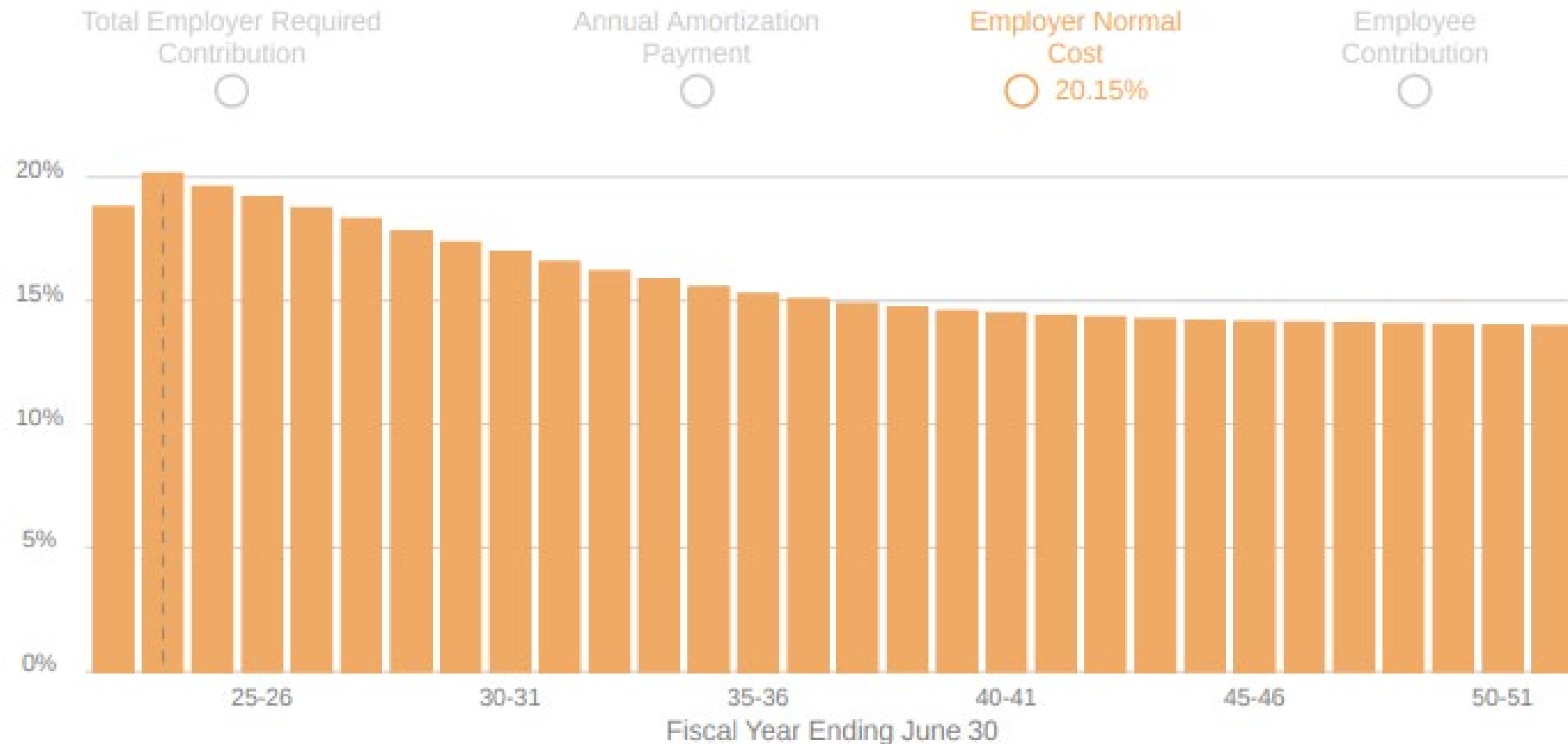
The Department has 2 Safety Benefit Structures within CalPERS

	<i>Classic Safety Fire</i>	<i>PEPRA Safety Fire</i>
<i>Hire Date</i>	On or Before 12/31/12	On or After 1/1/13
<i>Formula</i>	3% @ 55	2.7% @ 57
<i>Final Pay Period</i>	12 months	36 months
<i>COLA</i>	2% per year	2% per year
<i>Employee Contributions</i>	9% of pay (plus 4% of employer contribution)	14.5% of Pay (50% of Normal Cost)

Over the Next Few Years, More Employees will be in the PEPRA Tier



Projected Normal Cost as a Percent of Pensionable Compensation

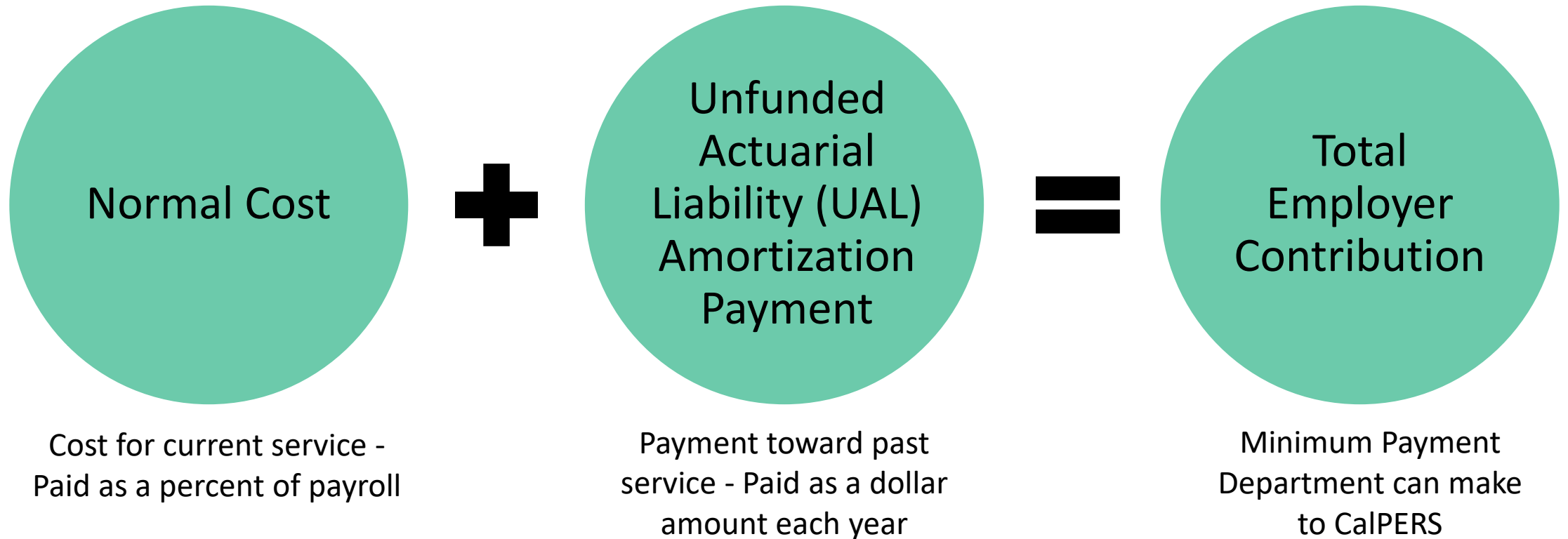


How is Central County Fire Doing Relative to Other Agencies?

Comparison Metrics

- **Funded Percentage**
 - Plan assets divided by Plan liabilities
 - Calculated as of June 30, 2022
- **Total Contribution Percentage**
 - Required contribution divided by projected pensionable compensation
 - For Fiscal Year 2024-25

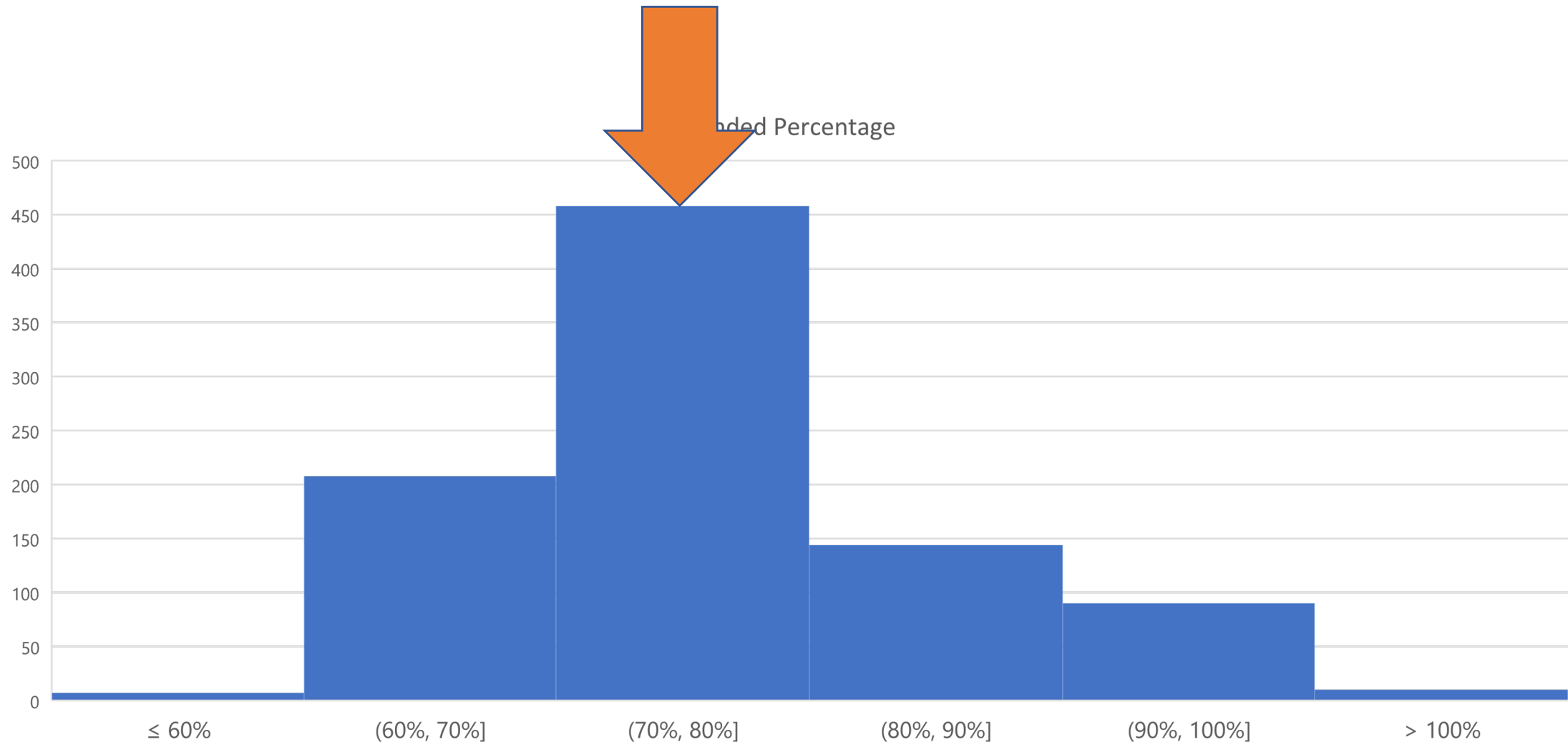
Actuarially Determined Contribution



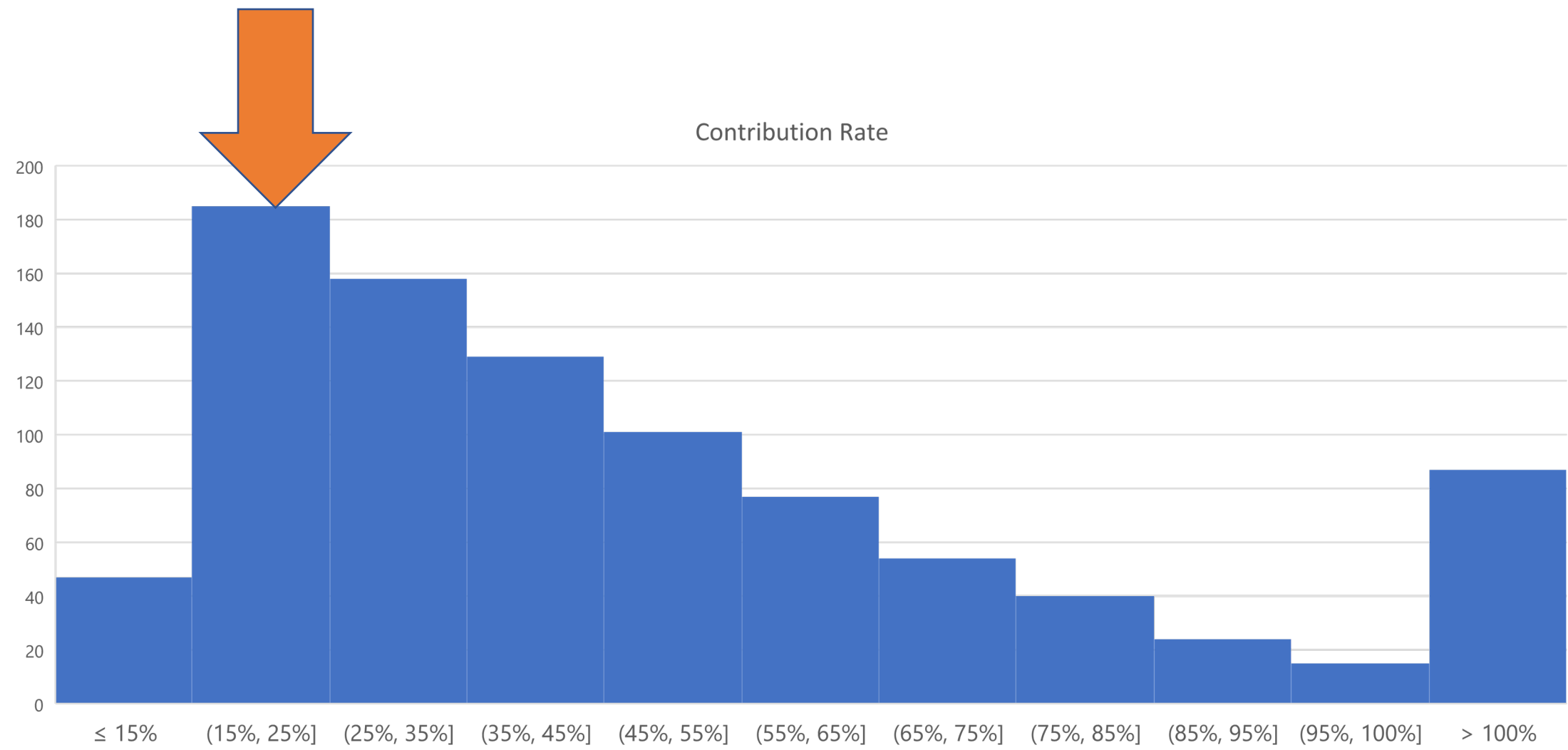
Comparison Group

- Department results are being compared against the results for all CalPERS agencies in the Risk Pool
- Comparisons are made to similar classifications:
 - Classic Miscellaneous Plan against all Classic Miscellaneous Plans
 - PEPRAs Miscellaneous Plan against all PEPRAs Miscellaneous Plans
 - Classic Safety Fire Plan against all Classic Safety Fire Plans
 - PEPRAs Safety Fire Plan against all PEPRAs Safety Fire Plans

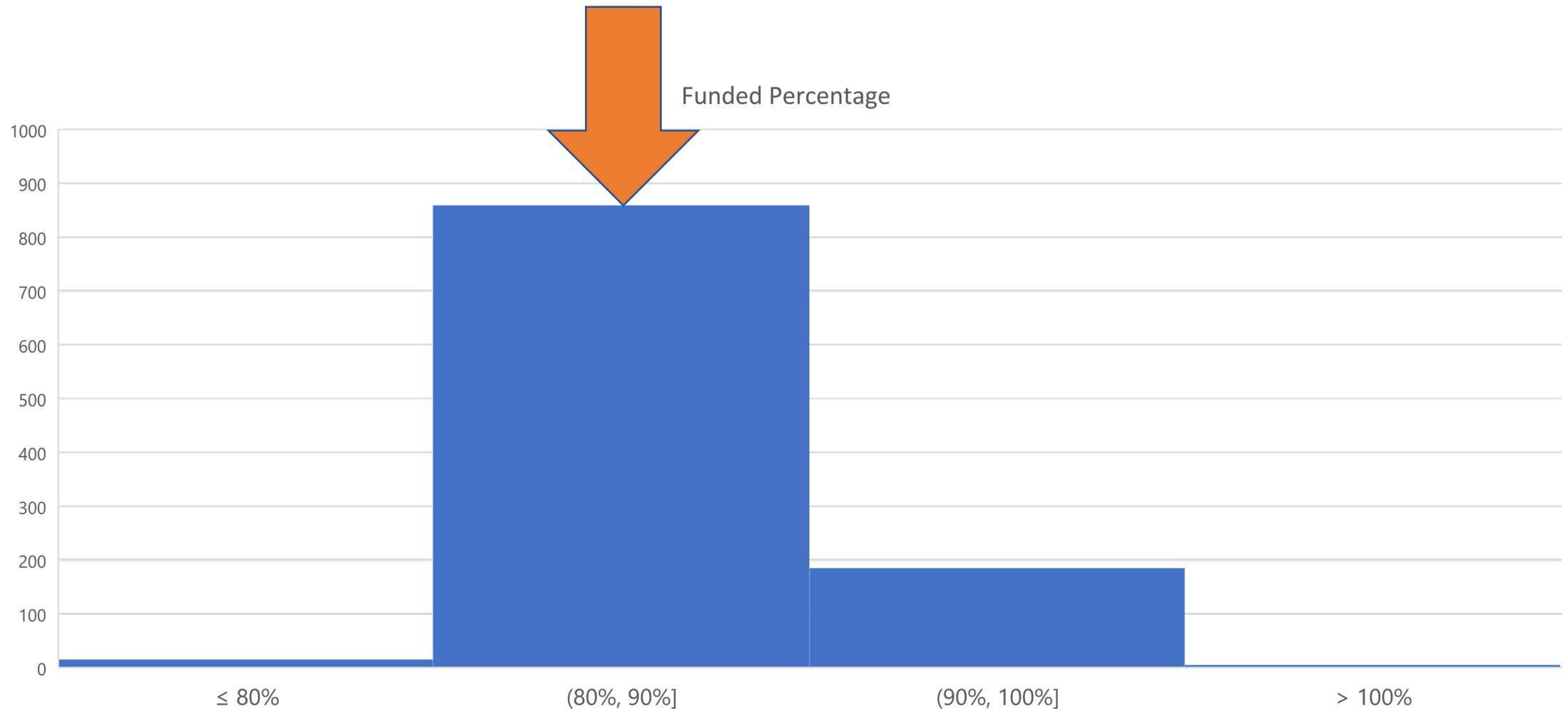
Classic Miscellaneous Plan Funded Percentage – 80.0%



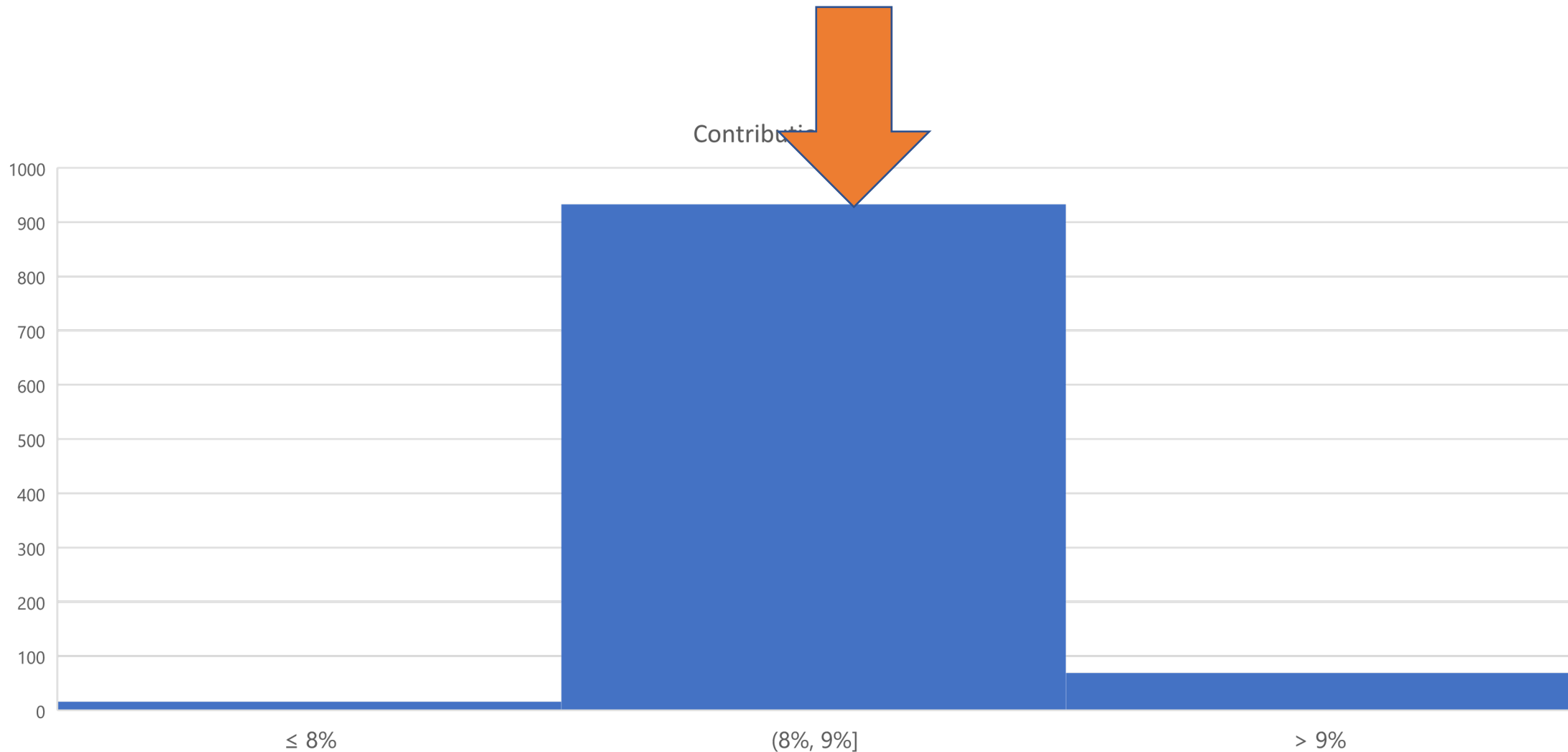
Classic Miscellaneous Contribution Percentage – 22.9%



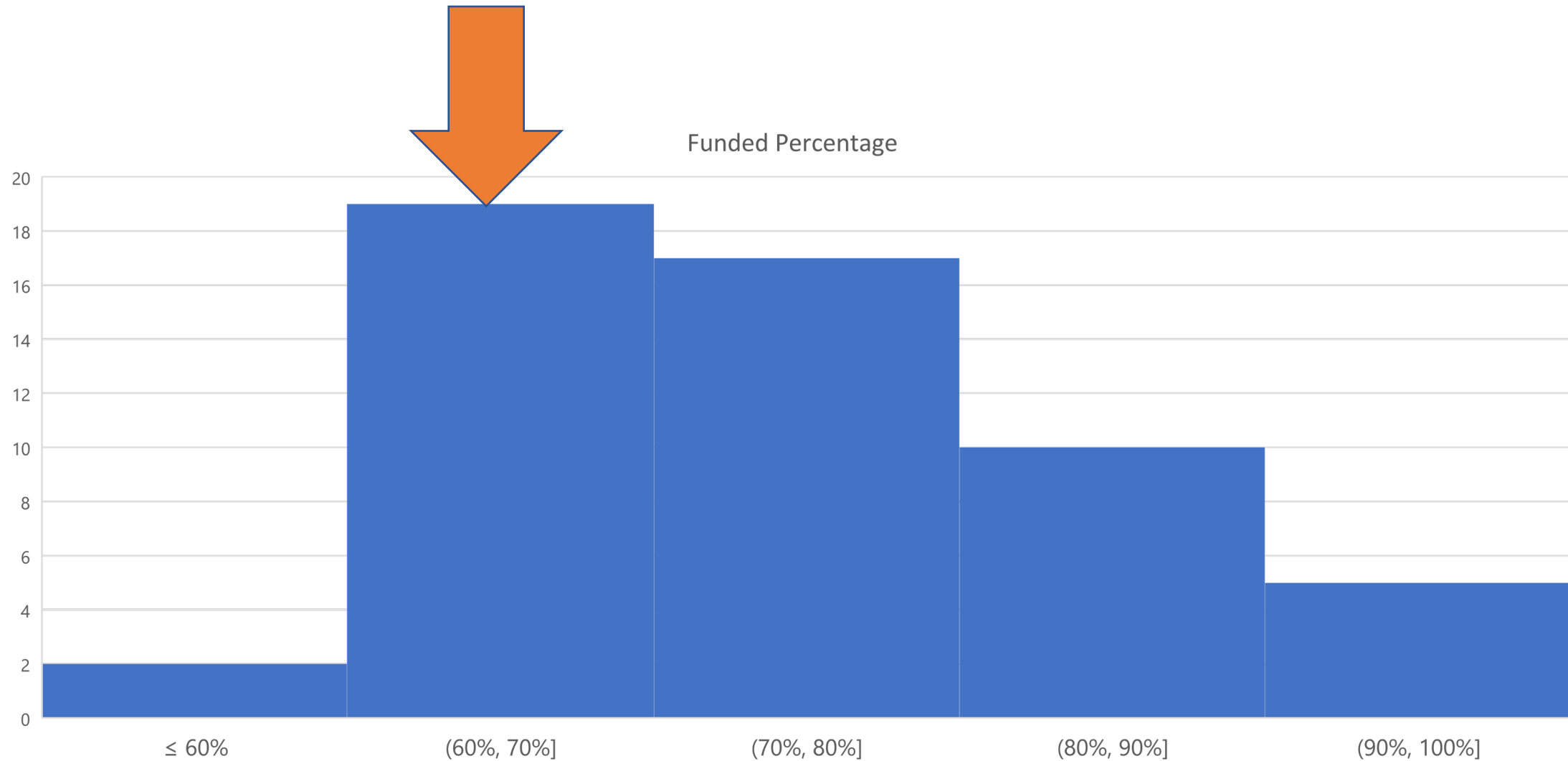
PEPRA Miscellaneous Plan Funded Percentage – 88.4%



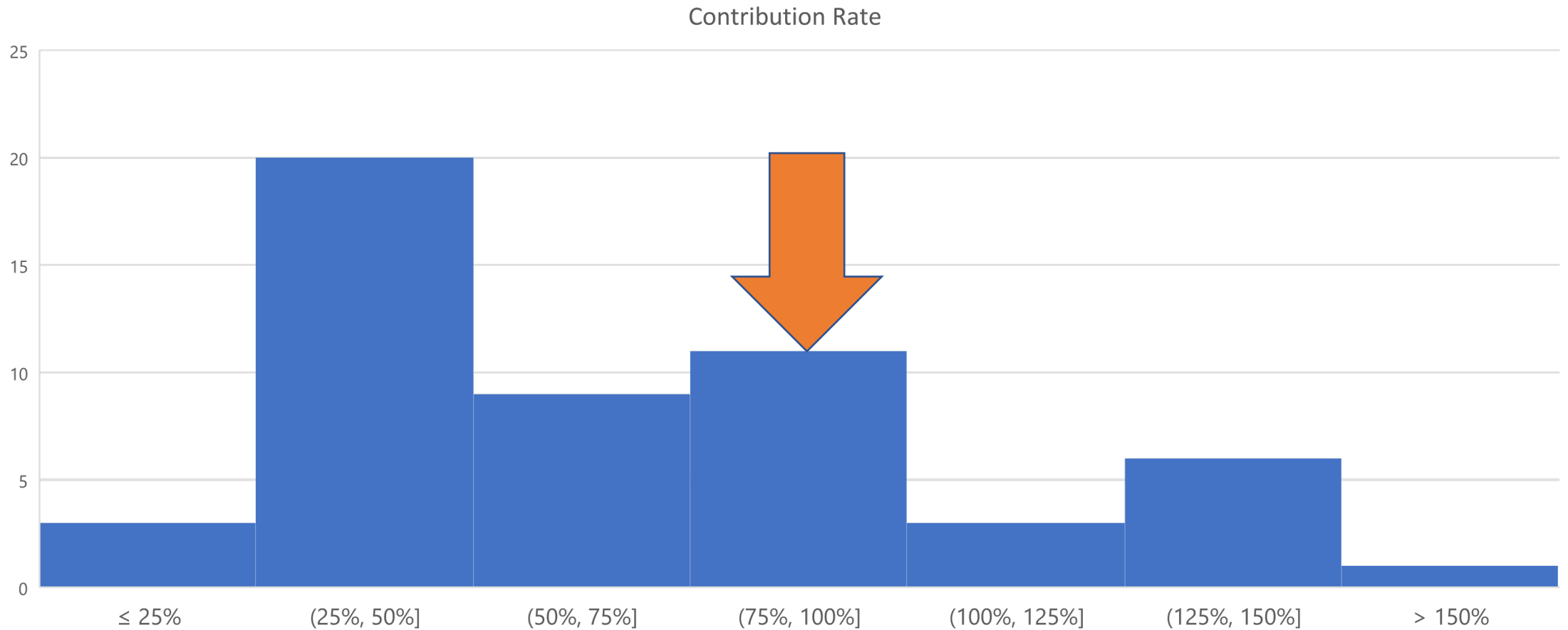
PEPRA Miscellaneous Contribution Percentage – 8.4%



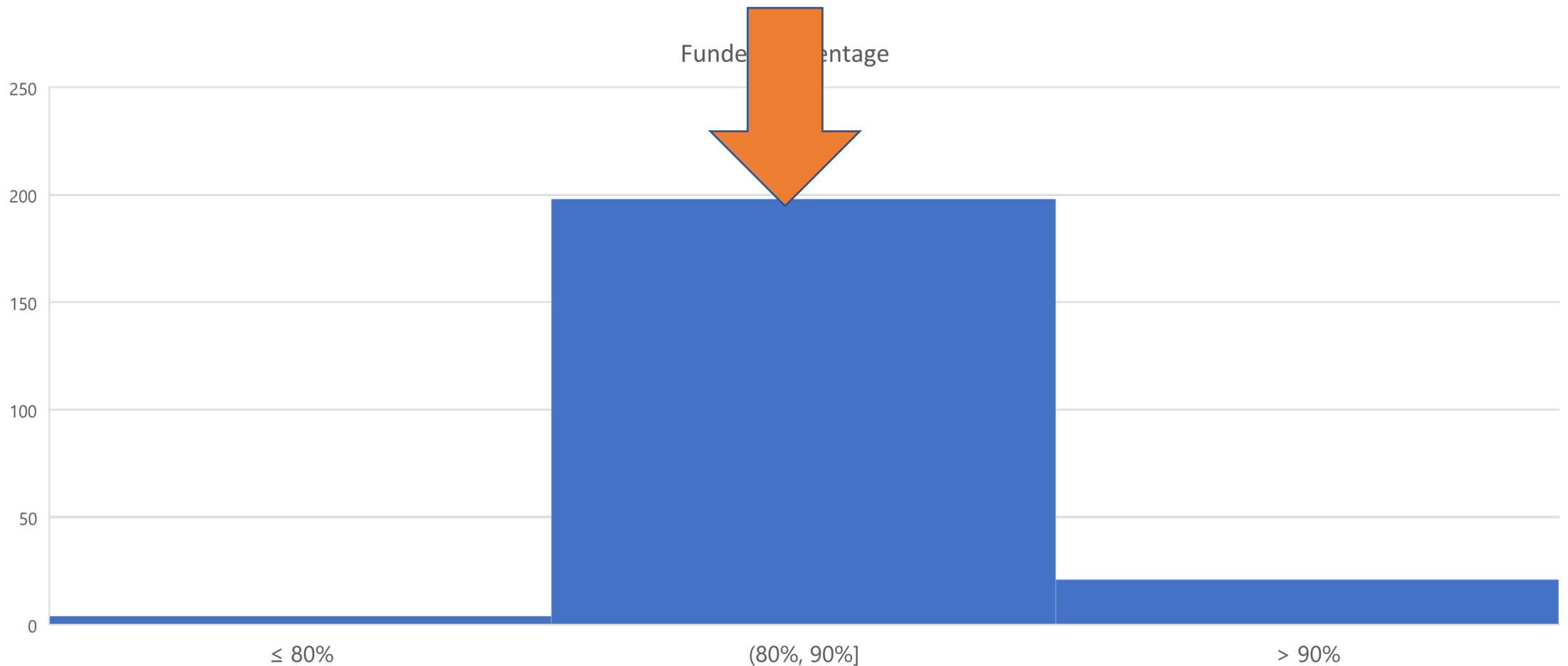
Classic Safety Fire Plan Funded Percentage – 67.9%



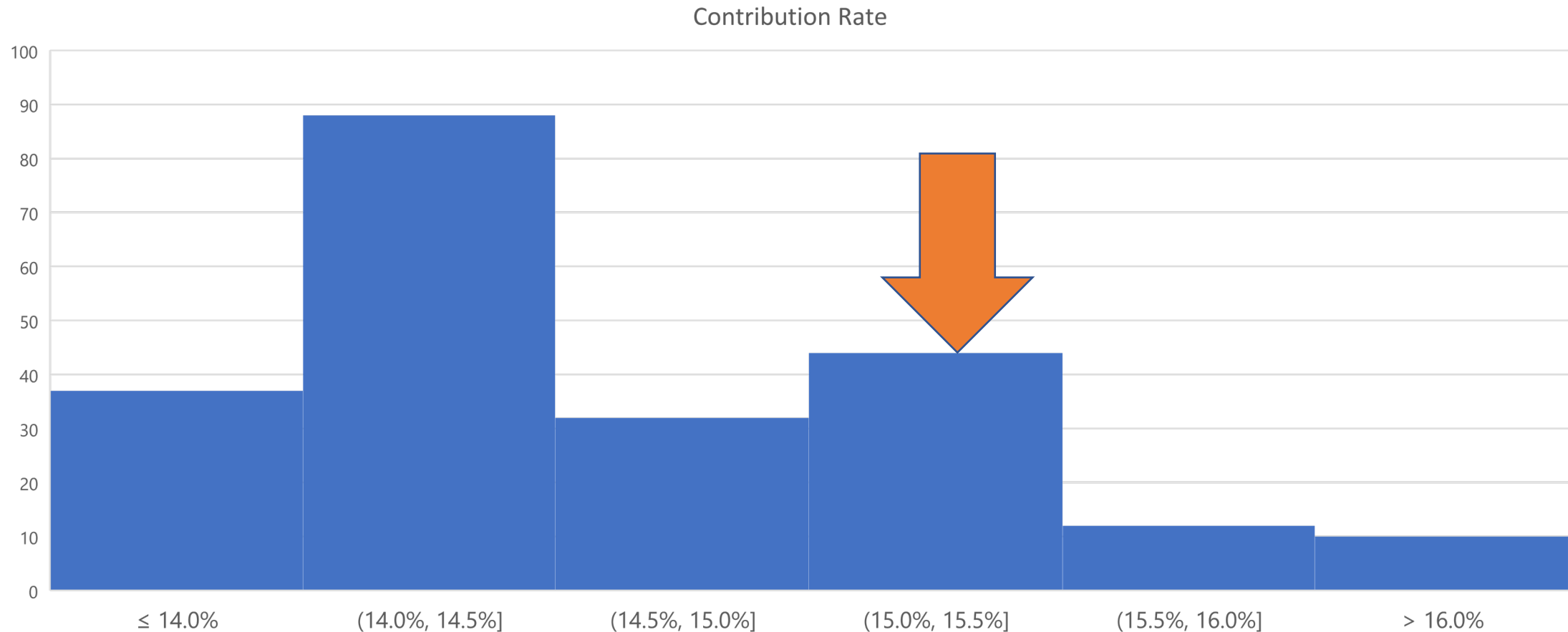
Classic Safety Fire Contribution Percentage – 96.6%



PEPRA Safety Fire Plan Funded Percentage – 86.9%



PEPRA Safety Fire Contribution Percentage – 15.1%



Changes Since Prior Valuation

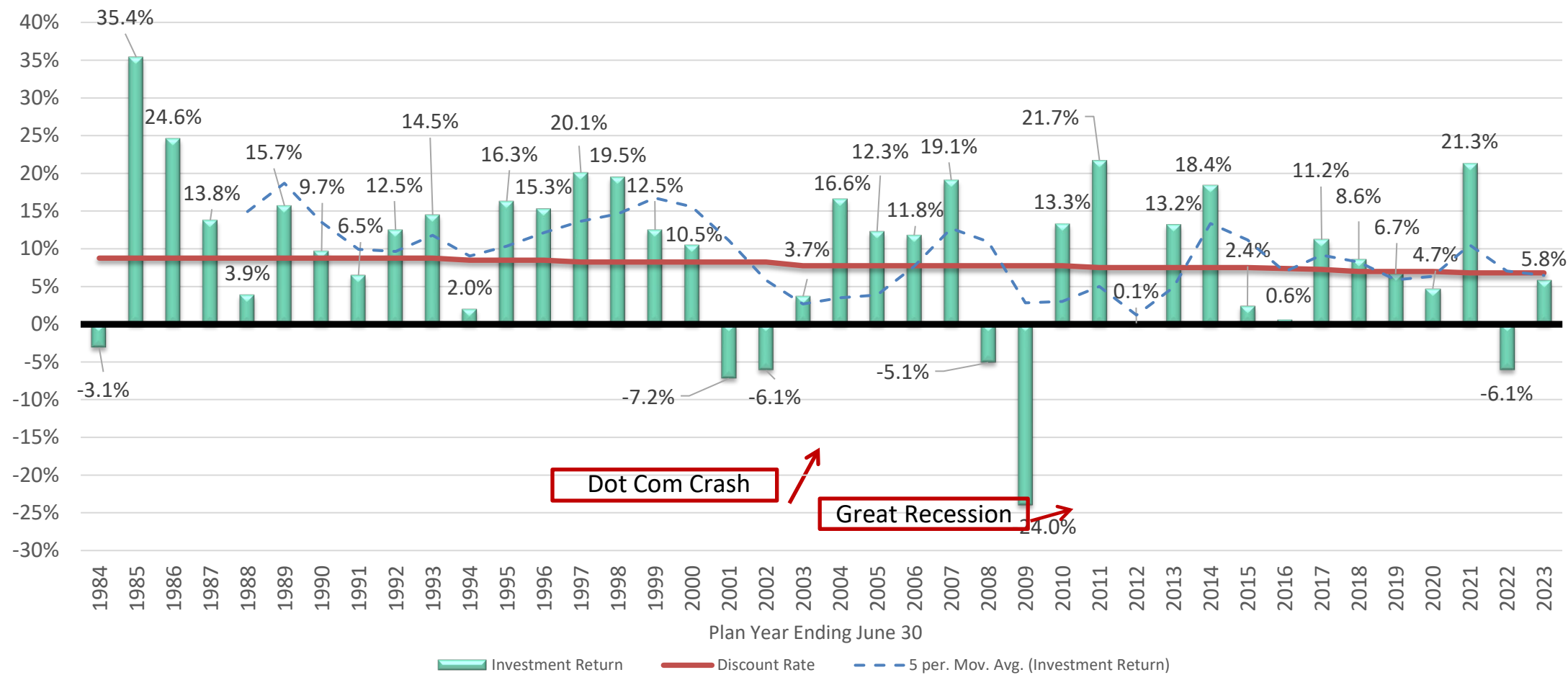
CalPERS Investment Return:

-6.1% in 2021/22

5.8% in 2022/23

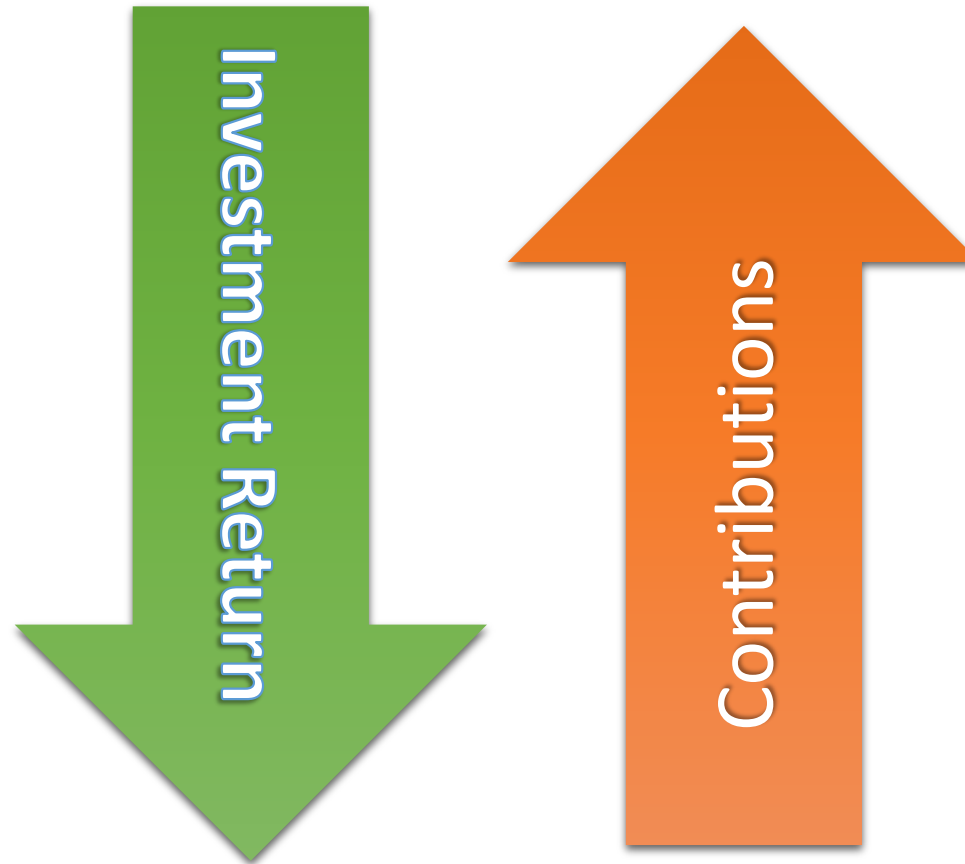
Weak return in 2021/22 followed by better return in 22/23

CalPERS Actual Investment Returns versus Assumed Investment Return



Discount Rate = Assumed Investment Return Rate

Less Money from Investment Return Means More Money Required from Contributions



Higher than Assumed Retiree COLA in 2022

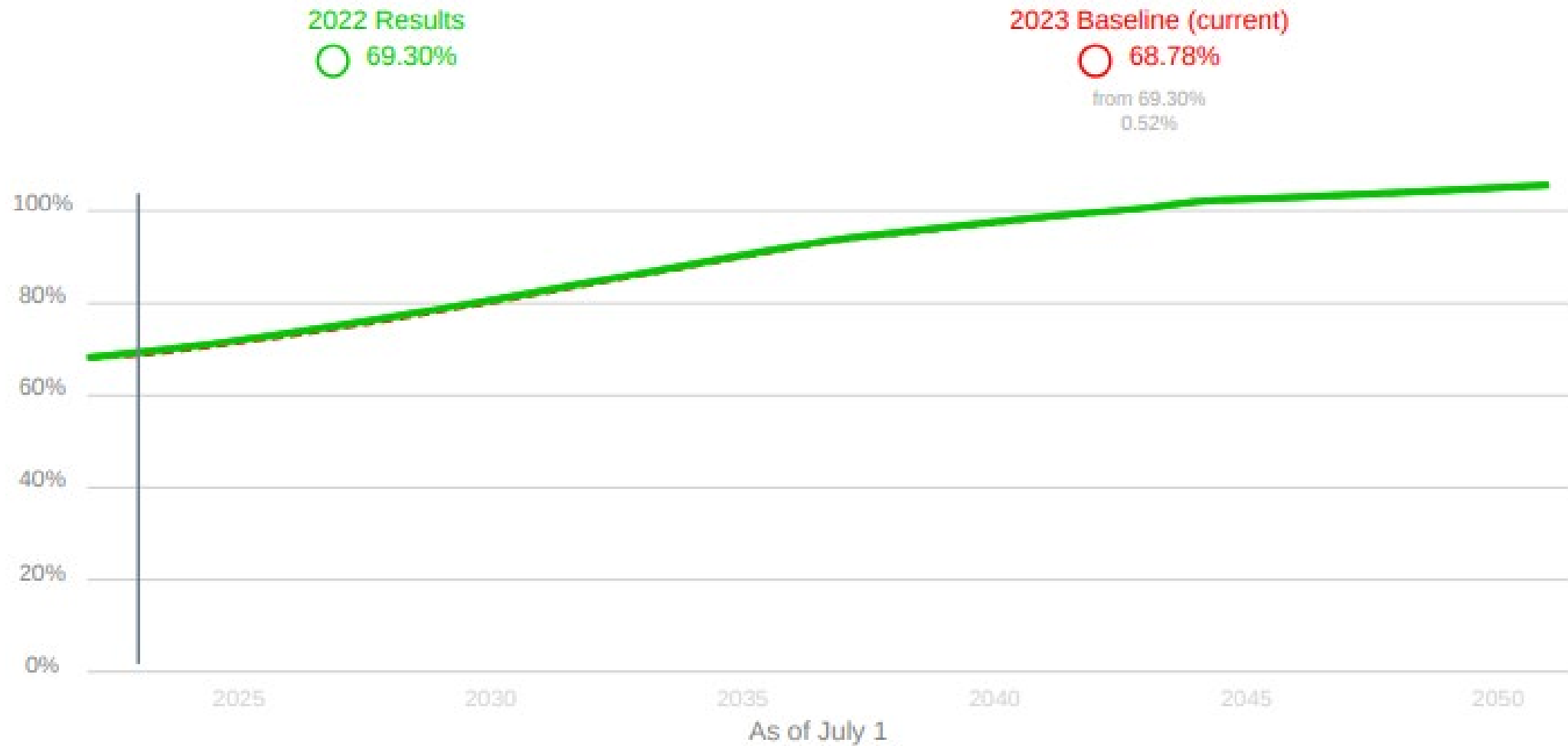
COLA Provision	Year of Retirement	% COLA Increase Effective May 1, 2022
2% COLA Provision	2003 & Earlier	2%
	2004	2.19%
	2005	3.59%
	2006-2014	4.70%
	2015	3.13%
	2016	2.39%
	2017	2.52%
	2018	2.96%
	2019	2.77%
	2020	2.00%
	2021	Not Eligible

Impact of Changes

Unfunded Accrued Liability



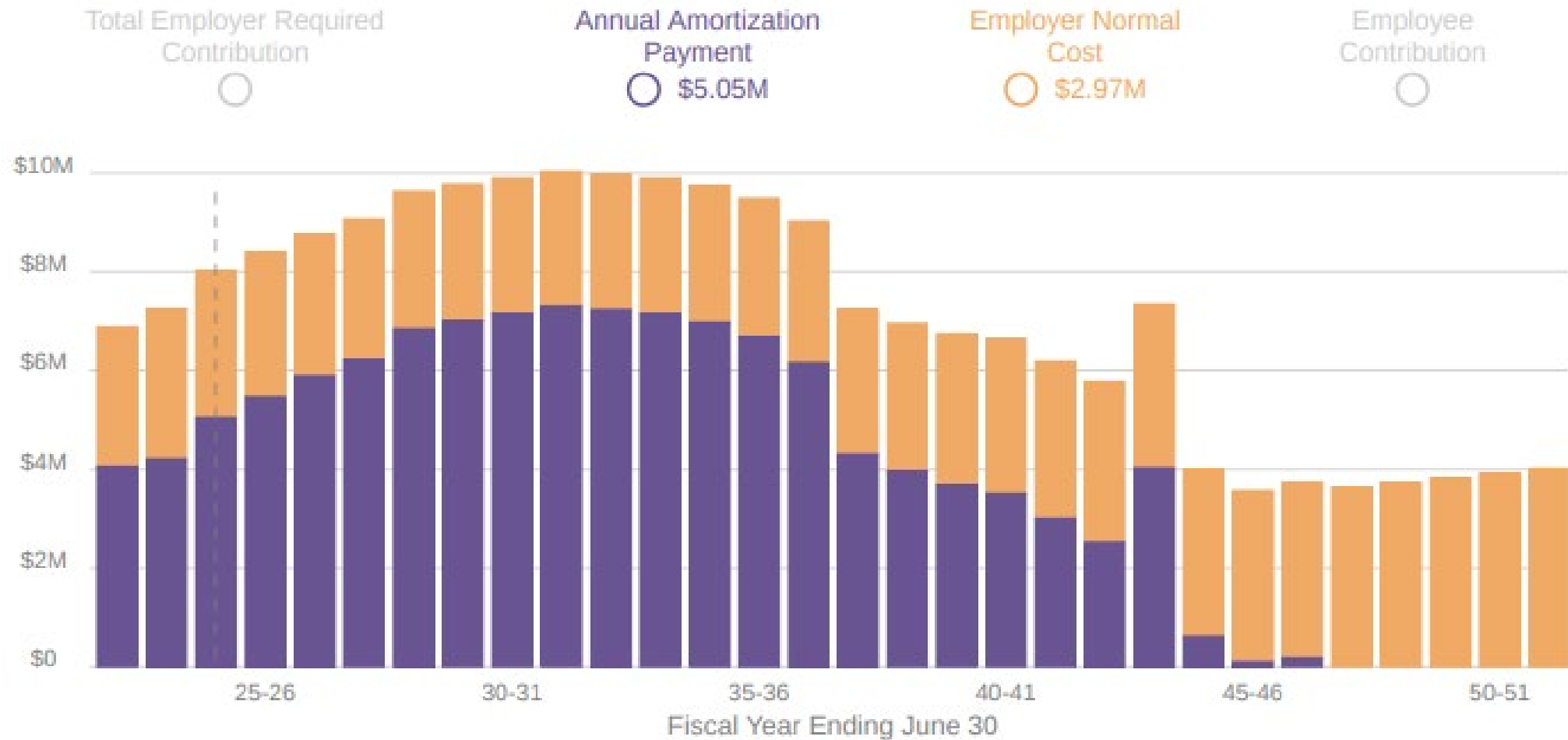
Funded Percentage



Total Required Employer Contributions



UAL Payment and Normal Cost



Addressing Unfunded Liability

Approaches the Department can take to control future Unfunded Liability

Why Address Unfunded Liability?

- Most of current Required Contribution is due to payment toward Unfunded Actuarial Liability
- Department is effectively paying interest to CalPERS for Unfunded Actuarial Liability
- Current interest rate is 6.8%

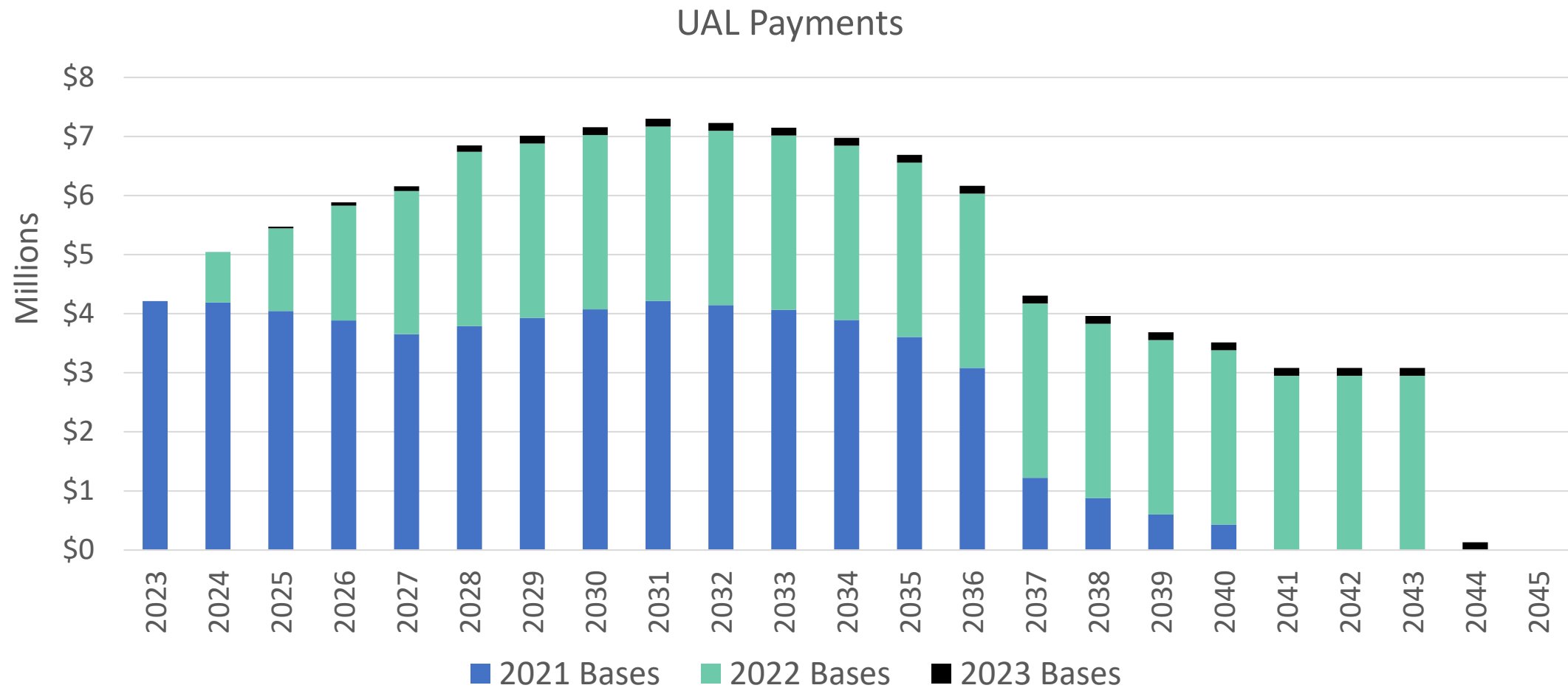
What is Unfunded Actuarial Liability?

- When actual plan experience is different than the plan's assumptions, new Unfunded Actuarial Liability (UAL) is created.
- UAL is also created when assumptions are changed.
- UAL increases when experience is worse for the plan than what was assumed, e.g., when the Investment Return assumption was lowered to 6.8%.
- UAL decreases when experience is better for the plan than what was assumed, e.g., when the Investment Return is greater than the assumed Interest Rate.
- It can also happen for salary increases, or demographic changes, such as high levels of turnover, or increasing life expectancy.

Unfunded Actuarial Liability Should be Monitored Regularly

- Paying off the current UAL does not mean there will be no Unfunded Actuarial Liability in the future.
- Each year, new Unfunded Actuarial Liability (both positive and negative) will be created based on plan assumptions and experience. These are referred to as Amortization Bases.
- Payments toward the new UAL Amortization Bases are generally amortized over a 20-year period.

New Amortization Bases Get Created Each Year and are Paid Off Over a 20-Year Period



Potential Approaches to Addressing UAL

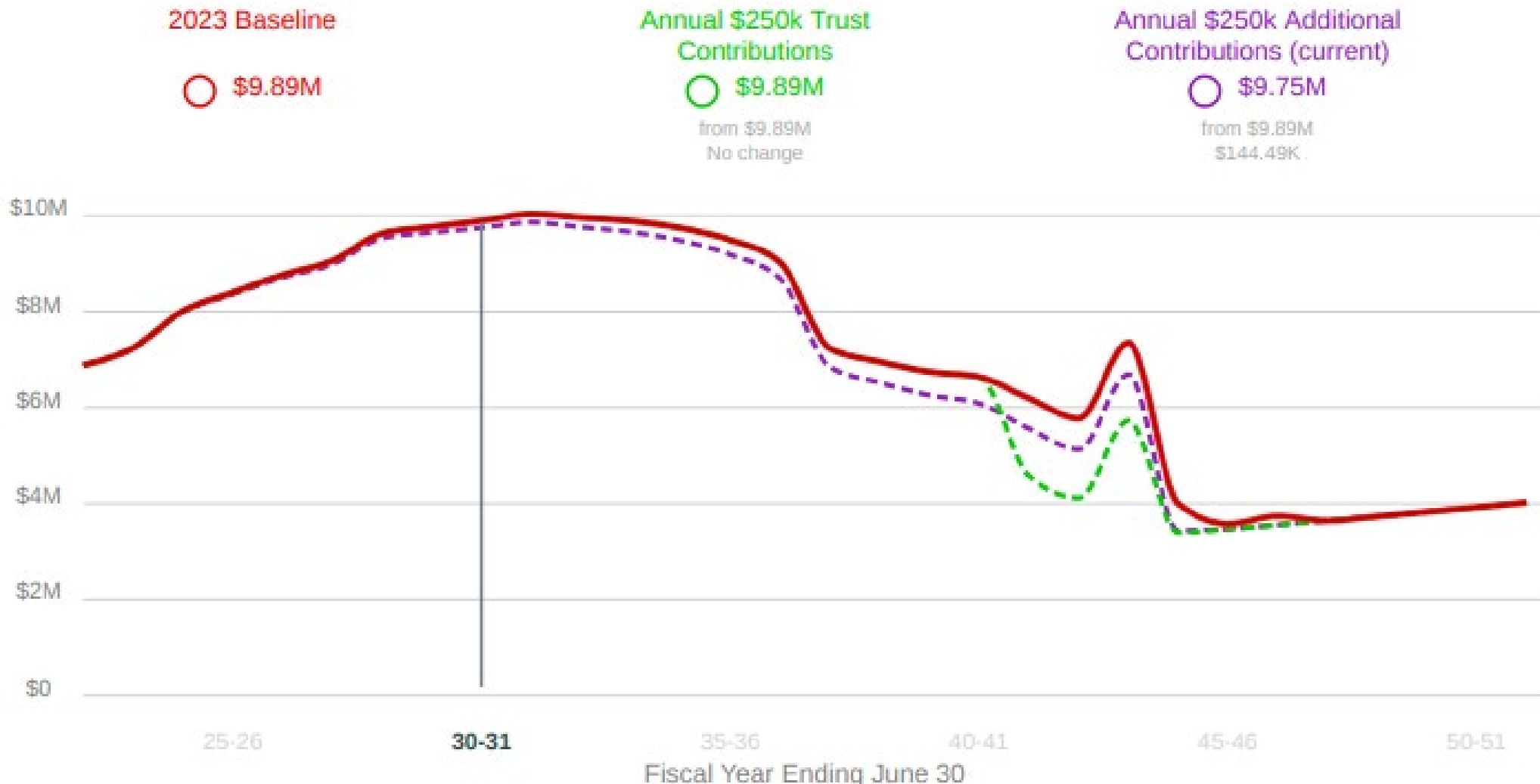
- One-time Additional Contribution
- Additional Annual Contributions
 - Budgeted
 - Based on Budget Surplus or Other Savings

Additional Contribution Examples

Example Scenarios

- How would contributions and Funded Percentage be impacted by an additional contribution of \$250,000 per year?
 - Scenario 1: Paid directly to CalPERS, paying off the longest amortization base
 - Scenario 2: Paid into a Section 115 Pension Trust earning 5% per year

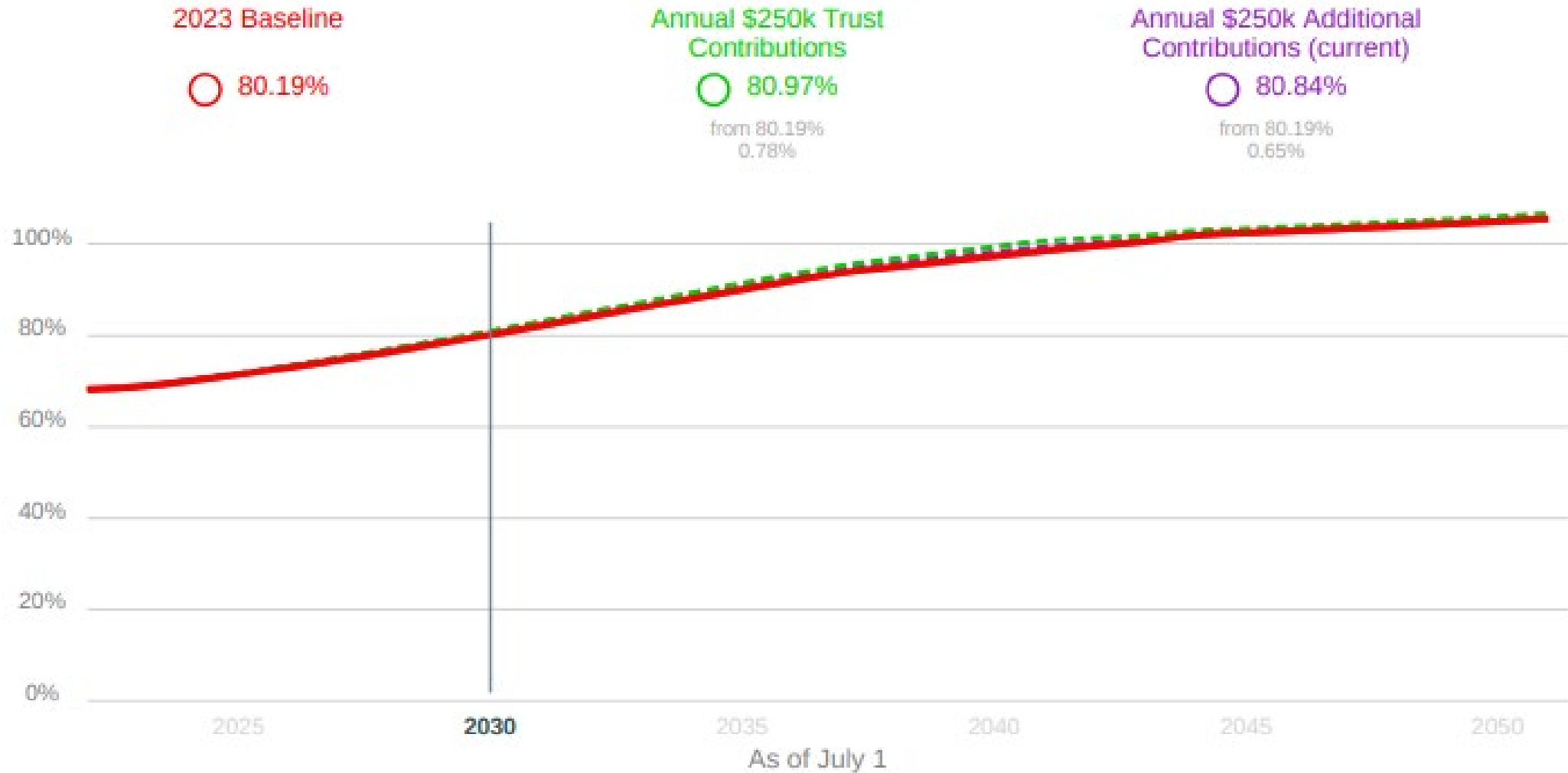
Total Employer Contributions



Unfunded Actuarial Liability



Funded Percentage



Net Savings

	2023 Baseline	Trust Contributions	Additional Payments to CalPERS
Required Contributions	\$206,237,810	\$200,448,874	\$199,535,081
Additional Contributions	\$0	\$4,500,000	\$4,500,000
Total	\$206,237,810	\$204,948,874	\$204,035,081
Savings	N/A	\$1,288,936	\$2,202,730

Questions



Disclaimer

While tested against actuarial valuation results, the software results will not necessarily match actuarial valuation results, as no two actuarial models are identical. The software offers financially sound projections and analysis; however, outputs do not guarantee compliance with standards under the Government Accounting Standards Board or Generally Accepted Accounting Principles. The software and this presentation are not prepared in accordance with standards as promulgated by the American Academy of Actuaries, nor do outputs or this presentation constitute Statements of Actuarial Opinion. GovInvest has used census data, plan provisions, and actuarial assumptions provided by Customer and/or Customer's actuary to develop the software for Customer. GovInvest has relied on this information without audit.



AGENDA ITEM: 8b

STAFF REPORT

MTG. DATE: 12/13/2023

TO: Board of Directors

DATE: December 13, 2023

FROM: Ken Giacotto, Interim Fire Chief
Jan Cooke, Finance Director

APPROVED BY: 
Lisa K. Goldman, CAO

SUBJECT: Resolution to Accept the Annual Comprehensive Financial Report for the Year Ended June 30, 2023

Recommendation:

Adopt a Resolution to accept the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023.

Background:

Pursuant to Section 16.2 (Records and Accounts) of the Joint Powers Agreement establishing the Central County Fire Department, the Department shall cause to be kept accurate and correct books of the accounts, showing capital costs (if any), special services costs, and maintenance and operation costs of the Department. The Department shall maintain accurate and correct books of the accounts showing all Department personnel costs and the costs of maintenance and operation of the fire stations and equipment, including liability, casualty and workers' compensation insurance, and a reasonable depreciation reserve for capital items. The books and records described above shall be open to inspection at all times during normal business hours of the Member Agencies. The Treasurer shall cause all financial records of the Department to be audited by an independent public accountant or certified public accountant at least once a fiscal year, and a copy of the audit shall be delivered promptly to each Member Agency.

An audited report presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by Badawi & Associates, Oakland, CA. is hereby submitted. The Department has received an unmodified opinion on the financial statements.

General Fund

The financial highlights for FY 22/23 are summarized in the Management's Discussion and Analysis (MD&A), which can be found on pages 19 through 31 of the financial report. The General Fund is the main operating account of CCFD.

The General Fund revenue is better than the budget by \$.08 million, primarily due to reimbursements for strike team participation in statewide fires. Expenditures, including transfers out, are on budget. Net revenue over expenditures is \$0.8 million and is added to reserves.

Page 26 of the report compares the General Fund expenditures and transfers between FY 22/23 and FY 21/22. Expenditures and transfers increased by \$0.9 million (3%), primarily driven by salary increases and contractual rates for annual required pension contributions, offset somewhat by lower overtime costs due to fewer strike team deployments.

The General Fund ending fund balance is \$1.6 million on June 30, 2023.

Capital asset additions of \$0.6 million in FY 22/23 included one vehicle, SCBA equipment, and personal safety equipment.

Statement of Net Position

The Statement of Net Position (page 37) as of June 30, 2023, reflects a deficit of \$37.9 million. The net position improved by \$6.1 million in FY 22/23 due to changes and timing of pension and OPEB-related liabilities. The negative net position of CCFD is primarily due to the pension, Other Post-Employment Benefits (OPEB), and workers' compensation liabilities of the Department.

The Statement of Net Position – Proprietary Funds (page 42) shows a net position of \$7.8 million on June 30, 2023. This comprises cash and capital assets in the Vehicle Replacement Fund, and cash and offsetting workers' compensation actuarial claims liability in the Self-Insurance Fund. The Self-Insurance Fund is fully funded to the required actuarial valuation level on June 30, 2023, with \$6.7 million held for claims reserves. The Vehicle Replacement Fund holds \$2.1 million in cash for future engine, vehicle, and equipment replacements.

Fiscal Impact:

There is no fiscal impact associated with this submission.

Attachments:

1. Resolution Accepting the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023
2. [Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023](#)
3. Auditors' Communication with those charged with Governance June 30, 2023

RESOLUTION NO. 23-19

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE CENTRAL COUNTY FIRE DEPARTMENT
TO ACCEPT THE ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDING
JUNE 30, 2023**

RESOLVED, by the Board of Directors of the Central County Fire Department, County of San Mateo, State of California that,

WHEREAS, the Board of Directors of the Central County Fire Department adopted the budget for Fiscal Year 2022-2023; and

WHEREAS, the Annual Comprehensive Financial Report for Fiscal Year 2022-2023 was reviewed at the December 13, 2023, regular meeting of the Board of Directors; and

WHEREAS, the Board of Directors of the Central County Fire Department accepts the Annual Comprehensive Financial Report for the year ending June 30, 2023.

NOW THEREFORE, BE IT FURTHER RESOLVED that the Board of Directors of the Central County Fire Department adopts the Resolution to Accept the Annual Comprehensive Financial Report for the Year Ending June 30, 2023.

Approved at a regular meeting of the Board of Directors this 13th day of December 2023.

Signed: _____
Marie Chuang, Chair

Attest: _____
Rubina Ellam, Secretary

I hereby certify that the foregoing is a true and correct copy of Resolution 23-19 adopted by the Board of Directors of the Central County Fire Department, San Mateo County, California, at its regular meeting held on the 13th day of December, 2023 by the following vote of the members thereof:

AYES:	Board Members:	_____
NOES:	Board Members:	_____
ABSENT:	Board Members:	_____
ABSTAIN:	Board Members:	_____

Central County Fire Department

Burlingame, California

*Auditors' Communication With Those
Charged With Governance*

For the year ended June 30, 2023



To the Board of Directors and Management
of the Central County Fire Department
Burlingame, California

We have audited the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Central County Fire Department (Department) as of and for the year ended June 30, 2023, and have issued our report thereon dated November 15, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 11, 2023, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Department solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the following significant risks:

- *Risk of management override of internal controls* – A risk of management override of internal controls exists at any entity where management can change or decide not to perform that entity's internal controls.
- *Revenue recognition risk* – Errors in revenue recognition can affect bond covenant ratios and the net position of the Department.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Department is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year ended June 30, 2023. No matters have come to our attention that would require us, under professional standards, to inform you about the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are capital asset depreciation and useful life, and the pension and OPEB plan actuarial assumptions.

Management's estimate of capital assets depreciation and useful life and the pension and OPEB plan assumptions are based on historical useful lives of such assets, and actuarial assumptions, respectively. We evaluated the key factors and assumptions used to develop the estimate of capital assets depreciation and useful life, and the pension and OPEB plan assumptions and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Departments financial statements relate to:

- Summary of Significant Accounting Policies
- Cash and Investments
- Capital Assets
- Postemployment Benefits Other Than Pension Benefits
- Employee Retirement Plan

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. Management corrected all such misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Department's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated November 15, 2023.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Department, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Department's auditors.

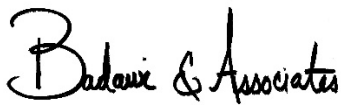
To the Board of Directors and Management
of the Central County Fire Department
Burlingame, California
Page 4

Other Information Included in the Annual Comprehensive Financial Report

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the Department's Annual Comprehensive Financial Report, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the board of directors and management of the Department and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Berkeley, California
November 20, 2023