



BOARD OF DIRECTORS MEETING MINUTES
Regular Meeting | December 13, 2023

1. CALL TO ORDER

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

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

Chuang, Cole, and Ortiz present. Stevenson absent.

4. PUBLIC COMMENTS – NON-AGENDA

No public comments.

5. APPROVAL OF MINUTES

- a. Minutes from November 8th, regular meeting

Board Member Cole motioned to approve the minutes. Board Member Ortiz seconded the motion. Approved 3-0-1.

6. CONSENT CALENDAR

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

Board Member Ortiz pulled item 6a. to inquire about the Q1 expenditures for salaries and benefits. Finance Director Jan Cooke clarified that the salaries and benefits in Q1 include an annual required lump sum UAL (unfunded accrued liability) contribution made in July to CalPERS for a cost savings. Board Chair Chuang motioned to approve the consent calendar. Board Member Ortiz seconded the motion. Approved 3-0-1.

7. PRESENTATIONS

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

Board Chair Chuang pulled item 7a. and stated that it would be postponed to a later date.

8. STAFF REPORTS

- a. Pension Update

Finance Director Cooke introduced Ira Sumner, CalPERS Consultant. Mr. Sumner provided an informational update on the CCFD CalPERS pension obligation. Staff worked with an 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. Mr. Sumner shared pension pre-funding strategies that range from paying the liability faster to establishing a Section 115 Pension Trust. Mr. Sumner stated that there are significant savings by paying down the liability early as the interest rate (discount rate) is 6.8%.

Board Chair Chuang and CAO Lisa Goldman thanked Mr. Sumner for his presentation. A discussion ensued about the need to develop a healthy rainy-day fund. CAO Goldman stated that any pre-funding strategy would require additional contributions from the cities, which would increase their annual budget contribution, and thus warrant a conversation with the Councils of each city.

b. Resolution to Accept the Annual Comprehensive Financial Report (ACFR) for the Central County Fire Department for the year ended June 30, 2023

Finance Director Jan Cooke stated 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.
- 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.
- 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 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.
- Statement of Net Position – Proprietary Funds 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.

Finance Director Cooke introduced Mitesh Desai, Principal at Badawi & Associates, auditors for the Central County Fire Department.

Mr. Desai gave a brief presentation outlining the ACFR and CCFD audit. The key points addressed included:

- A risk-based audit was performed
- Three main areas of focus: revenues, pension and OPEB liabilities, and management overrides
- Auditors have issued an unmodified opinion for the CCFD audit
- Financial statements are fairly presented in all material respects
- Significant accounting policies have been consistently applied
- Estimates are reasonable
- Disclosures are properly reflected in the financial statements

Board Chair Chuang thanked Mr. Desai for his presentation. Vice-Chair Chuang motioned to approve. Board Member Ortiz seconded the motion. Approved 3-0-1.

9. BOARD OF DIRECTORS' COMMENTS

Board Member Ortiz extended holiday wishes to CCFD staff and Board Member Cole expressed her gratitude for work done by CCFD staff throughout the year.

10. ADJOURNMENT

Meeting adjourned at 5:01pm