

Rancho Adobe Fire Protection District

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**NOTICE & AGENDA OF THE REGULAR BOARD MEETING
AUGUST 18, 2021 — 7:00 P.M.
COTATI FIRE STATION - #1 EAST COTATI AVE.
COTATI, CALIFORNIA**

I. CALL TO ORDER / ROLL CALL / PLEDGE OF ALLEGIANCE

President, Mark Hemmendinger, called the Regular Board Meeting to order at 7:00 p.m. The agenda for this meeting was posted on August 13, 2021.

Roll Call:

Directors Present: Mark Hemmendinger, Brian Proteau, Michael Gadoua, Ray Peterson, Carla Grube, Bret Herman, and Leslie Cozad (arrived at 7:05 p.m.)

Minutes Conducted by: Jennifer Bechtold

II. ORAL AND WRITTEN COMMUNICATIONS

A. Citizen Business/Public Comments on Items not appearing on Agenda

There was no public comment.

B. Correspondence and/or Presentations

There was one item, the FSWG request, in packets, which will be reviewed later in the meeting.

III. APPROVAL OF MINUTES

A. Regular Meeting of July 21, 2021

Motion moved by Mr. Herman and seconded by Mrs. Grube.
Motion Carried: Aye 6 No 0 Abstain 0 Absent 1

VI. CONSENT CALENDAR

A. Ratification of Claims and Journal Vouchers

Motion moved by Mr. Proteau and seconded by Mr. Gadoua.
Motion Carried: Aye 6 No 0 Abstain 0 Absent 1

V. ADMINISTRATIVE COMMUNICATIONS

A. Chief's Report

Chief Thompson reported the following items:

- 1.) Total responses: 201, EMS 108 (53.73%)
- 2.) Chief Weihman reported that recent inspections for weed abatement indicate compliance from the first round of warning letters. Second notices will be sent out with the intent to fine properties not in compliance.
- 3.) Chief Weihman has had conversations with County Roads about the possibility of getting enhanced roadside cutting done. He has been told they are willing to do this for a select set of high priority roads.
- 4.) Job announcements have been posted for the full-time Firefighter Paramedic as well as part-time BLS and firefighter.
- 5.) Deployment to recent fires have affected the Captains assessment, but still on schedule for November testing.
- 6.) Chassis for 9132 has been ordered but we have no ETA due to chip shortage.
- 7.) BC-91 truck has been received and we are awaiting the light package.
- 8.) Engine company standards continue to be developed and trained on with PFD.
- 9.) 9162 is on its third crew swap and has been on the Dixie fire for over three weeks.
- 10.) All staff members have been vaccinated with the exception of one and we are adhering to masking requirements inside our facilities.
- 11.) Chief and Mr. Hemmendinger delivered their requests to the FSWG committee earlier in the month. The committee will review financial requests.

B. Director Reports

Mr. Hemmendinger reported on the FSWG correspondence in packets. Our request centers on bringing salaries into par neighboring departments so we can compete for personnel. This will also assist with staff sharing with PFD, which we hope will lead to consolidation down the road. Funding is also needed to expand our paramedic services, add a part-time administrative employee and assist with much-needed infrastructure improvements. This information was presented to the FSWG earlier in August. Mr. Herman asked who made up the group receiving the presentation. Mr. Hemmendinger replied these are representatives chosen by County Supervisors and included members from various fire departments in the County. Mr. Hemmendinger noted at this time, the only additional funding we receive from the County is casino funds. All other revenues come from our parcel tax, ad velorum taxes and strike teams.

C. Committee Reports

a. Finance/Budget

Mr. Hemmendinger commented the final budget report for 6/30/21 as well as the July budget report are in packets. He noted we received about a half million dollars in teeter funds late July, which gave us \$1.1 million to roll over.

b. Negotiations

No report filed.

c. Equipment

No report filed.

d. Legislative

No report filed.

e. Chief's Evaluation

No report filed.

f. Long Range Planning

No report filed.

g. Capital Improvements

Mr. Proteau commented the HVAC replacement plans have been sent out to three contractors for bids. We also need to meet with the design team to get these plans sent to the County, depending on how we go to bid. Mr. Proteau also reported that staff has had the opportunity to provide input on the design at station 2. BC Wandel noted they would soon have a meeting with the designer to finalize this plan.

D. Firefighters' Association Report

No report filed.

E. Firefighter's Union Report

Captain Gromala thanked Mr. Hemmendinger for his work on the FSWG request.

VI. UNFINISHED BUSINESS

A. Discussion and Approval of Rate Term for Pension Obligation Bonds

Mr. Hemmendinger introduced Dmitry Semenov California Municipal Advisors. Mr. Semenov explained the graphs and charts that were in Board packets and handed out this evening.

Mr. Proteau asked if we have an interest rate for the new Type 1 engine and Mr. Hemmendinger said we could secure a 2.45% rate through the vendor. He added that Mr. Semenov might also have bank contacts that can offer a better rate. The difference between a five and 10-year loan is about \$50K.

During his presentation, Mr. Semenov pointed out the 15-year payoff is very aggressive versus the fact our revenue stream is not very aggressive. We have a gradually increasing revenue that is a static resource. Further, Mr. Hemmendinger pointed out, that with a \$50K differential per year between 15-year payoff and 20-year payoff, this is roughly 1% of salary. This amount of money is very important to our labor groups and we need to look at other uses of this money. By choosing the 20-year payoff, or "no negative savings" option, we have a potential cash flow savings. The total savings versus total CalPERS costs is just a number and we will not end up with a windfall at the end of payout, we are just saving this amount over the years to pay for other things. We really cannot count on the sales tax at this time – there has been no movement on this in many ways.

Mrs. Cozad said our debt service ratio is very important to see and the great news is we have already made the right decision to go down this road and we have saved a lot of money for the District. She has been more in favor of the 15-year loan but she feels the 20-year, "no negative savings" loan, is a better bet for us. Mr. Peterson

Unfinished Business Continued:

asked what the average life expectancy is of equipment. BC Wandel said this number fluctuates over time and that 20 years is a reasonable expectation. This also depends on how much the area grows along with our call volume. A type 3 engine would be about the same but with our fire seasons these past years, it might be less due to the amount of time this equipment is out on fire lines. Chief Thompson noted that NFFPA recommends 10 years front line service and five years in reserve, though we have been able to stretch out this timeline.

Mr. Peterson feels there is no question in keeping our retirement within CalPERS. His concern is referring to these savings as “revenue” when in fact it is reducing expenses. Spending this money on pay increases he questions if this is sustainable over time. Mr. Hemmendinger Agreed noting a reduction in expense is a better description.

Mr. Semenov commented that once we do the refunding, we should understand that actions would need to be taken down the road to save for future UALs. A 20-year option gives us more flexibility and we can save more money along the way. We could also make some additional payments in the middle of this term towards our future UAL. Mr. Hemmendinger noted that there is an item on the agenda tonight to start discussing a future for reserves for purposes like this.

Mr. Gadoua said he likes the idea of something more flexible like the 20-year, “no negative savings” option. Mr. Proteau also feels the green line is best for us for these same reasons. Mr. Semenov noted that we are not committed to anything at this time. We have to go out for the credit rating presentation and then this will be brought back to the Board for final approval.

Motion moved by Mr. Herman to accept a 20-year “no negative savings” option and seconded by Mr. Proteau.

Motion Carried: Aye 7 No 0 Abstain 0 Absent 0

Public Hearing was opened at 8:03 p.m.

VII. PUBLIC HEARING

A. Presentation and Discussion on Final Budget FY 2021/2022 (2nd Reading)

Mr. Hemmendinger commented that from last year’s rollover, we have taken \$562K and rolled forward to this fiscal year for unfinished projects and \$133K to balance budget. In reserve balances, we are likely to have \$3.5 million with the money rolled in from last fiscal year. Our reserve numbers are essentially mistating our reserves and the district require about 50% of our reserves for operations the first six months of the fiscal year. We have in this budget a down payment of \$150K for the new Type 1. If we finance the whole thing, this amount rolls into our reserves.

Public Hearing was adjourned at 8:09 p.m.

VIII. NEW BUSINESS

A. Discussion on Reserve Policy

Mr. Hemmendinger noted that we have no written reserve policy. For example, if we spent money out of reserves for pay the new engine, we would run out money sometime in November. Historically, in 2020 we spent 54.2% of our expenses in the first six months. In 2019, we used 49.9% and 52% in 2018. Years we spent more than 50% were typically due to high strike team participation. This money is not reimbursed in time before we start to run out of money in December, prior to our tax revenue deposit. Mr. Hemmendinger calculated that we need about \$3 + million

in the bank on July 1st.
New Business Continued:

Mr. Hemmendinger would like to bring a written policy to the Board's attention, and change the reserve notations to two accounts only; Operating Reserves and Capital Reserves. We need to build these accounts for real emergencies and other needs. Mr. Hemmendinger suggests building our reserves to about 52-54% of our yearly expenditures.

B. Discussion on Weed Abatement, Funding and Liability Issues

BC Weihman reported that the Board asked him to look at options after failing to get a grant for fuels reduction. He looked at hiring contractors and that did not look to good because they are so busy right now. Contractors are reluctant or unwilling to do work on land we do not own, such as County roadways. BC Weihman then turned to County Roads and they are willing to do some focused work on our highest priority roads. He is looking at access corridors or limited access roads. He is also reaching out to a group in Sonoma who are working on fire mitigation on Grove St. They have been able to secure funding and BC Weihman hopes to learn how they came about these funds. He also hopes to be in a better position next year when funding and grants become available. Mr. Hemmendinger noted that he suggests BC Weihman also speak to Marshall Tuberville about how North County Fire District has secured funding for fuels reduction.

C. Discussion on Purchase of New Type 1 Fire Engine (Staff Report by BC Wandel)

BC Wandel commented that we are on schedule to replace the Type 1 engine. Multiple vendors were looked at and several engines were brought in to view and test-drive. Most agencies are now using cooperative purchasing agreements, so it is becoming more difficult to get specs and bids from vendors. Currently, our vendor, Ferrara, is looking at 6-8% price increases, with more on the horizon. The current pricing is around \$675K. When we spoke to Rosenbauer, their spec was over \$700K and did not include many of the options we have with Ferrara.

Mr. Hemmendinger noted that we have been a decent interest rate through Rev Fire Group but we will look at other financing options sometime in January.

Motion moved by Mr. Proteau to accept bid from Ferrara for \$630,871.00 plus \$45,000 contingency funding and seconded by Mr. Peterson.

Motion Carried: Aye 7 No 0 Abstain 0 Absent 0

IX. DIRECTION ON FUTURE AGENDA ITEMS

- Discussion on How to Conduct Future Board Meetings
- 1st Reading of Reserve Policy

X. ADJOURNMENT

With no further business to discuss, the Regular Board meeting was adjourned at 8:59 p.m.

Motion moved by Mr. Herman and seconded by Mrs. Cozad.

Motion Carried: Aye 7 No 0 Abstain 0 Absent 0

Date Approved: 9/15/2021