

**KENSINGTON FIRE PROTECTION DISTRICT
NOTICE OF A MEETING OF A STANDING COMMITTEE**

FINANCE COMMITTEE

Date of Meeting: January 21, 2014
Time of Meeting: 4:00 p.m.
Place of Meeting: Kensington Public Safety Building
Conference Room
217 Arlington Avenue, Kensington, CA 94707

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Office Administrator, 510/527-8395. Notification 48 hours prior to the meeting will enable the Kensington Fire Protection District to make reasonable arrangements to ensure accessibility to this meeting (28 CFR 35.102-35.104 ADA Title 1).

Finance Committee Members: Janice Kosel and Helmut Blaschczyk
Staff: Brenda Navellier, Deborah Russell

AGENDA

1. Call To Order
2. Public Comment
3. Approval of May 29, 2013 Committee Minutes
4. Mid-Year Budget vs. Actual Review
5. Review District Investments
6. Adjourn

For time and date of the next meeting of the Kensington Fire Protection District Finance Committee, contact the District office, 217 Arlington Avenue, Kensington, CA 94707, 510/527-8395.

**MINUTES OF THE MAY 29, 2013 FINANCE COMMITTEE MEETING
OF THE KENSINGTON FIRE PROTECTION DISTRICT**

PRESENT: **Directors:** Janice Kosel and Helmut Blaschczyk
 Staff: Chief Lance Maples, Manager Brenda Navellier, CPA Deborah Russell
 Guest: Scott Hanin, El Cerrito City Manager

CALL TO ORDER:

Director Kosel called the meeting to order at 10:30 a.m. and noted those present.

ORAL COMMUNICATIONS:

None.

APPROVAL OF JANUARY 23, 2013 COMMITTEE MINUTES:

The Committee agreed to approve the minutes by consensus as presented.

EL CERRITO CONTRACT FEE PROPOSAL FOR FY13-14:

El Cerrito City Manager gave an overview of the financial state of El Cerrito. Property taxes have been flat or negative for the past couple of years. The City has a balanced budget which is largely due to position vacancies and attrition. Eighteen people chose an early retirement option last year. The City is reorganizing some divisions and leaving positions open. The City Council has a long-standing policy of paying median. Fire department financial adjustments for the coming year are essentially flat. Challenges the City is facing include the cost of medical benefits—Kaiser rates are up over 13%. The City has no retiree medical costs. The fire department labor group is happy. City sales tax revenue is stable. The City's focus is on the new Strategic Plan. The new budget document will include Strategic Plan goals and how the budget applies. The El Cerrito-Kensington contract provides a lot of value for El Cerrito and the relationship works seamlessly.

Chief Maples gave an overview of the Fire Department. The department is still budgeted and staffed at 37 positions. Three new hires will be starting next month. Overtime has not been an issue. Accomplishments include the designation of Kensington as a Heartsafe Community, a Captain's exam, a Battalion Chief's exam, a new tracking system for narcotics, and recruitment of three new firefighters (two paramedics and one EMT). In addition, the department has received a regional portable radio grant. El Cerrito is the regional host. There is a lot of administrative work for Fire and Finance related to the grant. The emergency response workload is consistent and there are no problems meeting the workload. An upswing in good intent calls is welcome by the department. This is a chance to assist the citizens. The Training Division has been very active, the Prevention Division has remained consistent with a large part of their work being vegetation management, and Public Education has seen an increase in contact with preschool/young elementary school classrooms.

The proposed contract fee for FY13-14 is a decrease of .20%. Maples reviewed the budget document and noted the line items where there were adjustments from the previous year.

Director Kosel asked that the contract comparison and costs per fire station documents be included in the June Board packet. She reported that KFPD is in healthy financial shape. The budget is fairly flat but for the water system improvements. The District has a one-year contract fee set aside. A new Type I engine is included in the FY14-15 planning budget.

Maples reported that the department has two Fire Act grants pending. One is for a new ladder truck which is a \$975,000 grant with a 10% cost share. KFPD would pay 1/3 of the cost share. The second is for Lucas compression machines for all engines. This is a \$70,000 grant with a 10% cost share. Again, KFPD would pay 1/3 of the cost share.

The Finance Committee stated they are pleased and supportive of the contract. The contract fee will be on the Board of Director's June agenda.

Accountant Deborah Russell arrived at 11:15 a.m. City Manager Scott Hanin departed at 11:20 a.m.

FY12-13 AUDITOR PROPOSALS/RECOMMENDATIONS:

Proposals from four auditors were included in the Committee packet – Blomberg & Griffin, Fechter & Co., Charles Fedak & Co., and Lamorena & Chang. Kosel commented that the past auditor's report is very user friendly. She asked Navellier to get sample reports from the three other firms proposing in addition to their proposals and fees that were submitted. The end product is important to consider, not just the price. Navellier passed out the sample reports which were not in the Committee packet. The Committee took a few minutes to review the samples. Russell explained that the first year of a new auditor involves a lot more work for the auditor and the client. Russell is confident that Lamorena & Chang is thoroughly knowledgeable in government accounting but it is good practice to consider switching every now and then. The Committee narrowed their choice to Blomberg & Fechter. The Committee deferred their recommendation to Navellier & Russell to report back to the Committee after further review of the sample audits. In the past it had been difficult to find auditors that were interested in performing the District's audit which was one of the reasons to stay with Lamorena & Chang for several years.

REVIEW AND RECOMMEND DRAFT FY13-14 BUDGET:

Overall the Committee is happy with the draft budget and suggested no changes. Kosel noted that Navellier is slated for a 2% raise which is a small amount but most other agencies are flat at this time. Navellier expressed that she was very grateful for the 2%. The salary reimbursement line item from El Cerrito is listed under Revenue. The one question Kosel had was whether the District needed to purchase the Type I engine that is in the planning budget. Maples said the current Type I will have reached the end of its projected life span at that time. Blaszczyk questioned why legal fees are budgeted at \$25-30,000? FY12-13 was unusually low for legal fees, so should the budget be revised? Everyone agreed that the amount would be gone through very rapidly if any unknown legal issue comes up during the year. Russell explained the presentation for the EBRICS radios and airpack grants which differs from El Cerrito's presentation. She checked with the auditor on the presentation and believes it's the correct one for Kensington. Maples chimed in that Navellier was well worth the 2% increase and he had no problem defending that compared to other Administrators that work with fire and police chiefs. Russell agreed. Russell works in many different offices and feels Navellier is quite competent at multi-tasking on many different levels.

DISCUSS RESERVE POLICY REQUIREMENT FOR DISTRICT TRANSPARENCY CERTIFICATE:

Navellier explained that in order for KFPD to reapply for a District of Distinction, they have to first apply for a Transparency Certificate. One of the requirements for the Transparency Certificate is that the District has to have a financial reserve policy. The Committee discussed creating a policy that reflects current practice of endeavoring to set aside one-years worth of contract fee and the designated capital funds for the engines and the building. The audit report and the policy should use the same language. Navellier and Kosel will write the reserve policy and include it in the June packet for review.

The Committee discussed the planning budget for the new engine and agreed to make a change to the current presentation for the FY14-15 designated funds.

REVIEW DISTRICT INVESTMENTS:

Navellier handed out a cash flow sheet for April through September and the latest PERS Trust quarterly statement. The cash flow sheet does not include the \$200,000 that the State owes the District. Further discussion followed on the State and the cash they "borrowed" from the cities and special districts. Current LAIF investment return is .28%.

Navellier will ask the actuary to perform the 2013 study reflecting two different PERS strategies. The District may be better off in the "moderate" strategy instead of the "conservative" strategy.

ADJOURNMENT:

The meeting was adjourned at 12:05 p.m.

MINUTES PREPARED BY: Brenda J. Navellier

These minutes were approved at the Committee meeting of January 21, 2014.

Attest:

Finance Committee Member

**Kensington Fire Protection District
Revenue & Expense Budget vs. Actual**

July through December 2013

	Jul - Dec 13	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
Property Taxes	2,925,607.33	2,765,000.00	160,607.33	105.8%
Special Taxes	200,428.40	200,395.00	33.40	100.0%
Other Tax Income	148.12	0.00	148.12	100.0%
Lease Agreement	15,757.00	15,757.00	0.00	100.0%
Interest Income	1,916.82	2,000.00	-83.18	95.8%
Salary Reimbursement Agreement	24,327.52	24,327.48	0.04	100.0%
Miscellaneous Income	14,266.11	0.00	14,266.11	100.0%
Total Income	3,182,451.30	3,007,479.48	174,971.82	105.8%
Expense				
OUTSIDE PROFESSIONAL SERVICES				
LAFCO Fees	1,760.39	1,620.00	140.39	108.7%
Contra Costa County Expenses	2,684.15	2,703.00	-18.85	99.3%
EI Cerrito Contract Fee	1,180,416.98	1,180,417.02	-0.04	100.0%
Water System Improvements	0.00	10,000.00	-10,000.00	0.0%
Fire Abatement Contract	865.00	8,000.00	-7,135.00	10.8%
Risk Management Insurance	10,601.00	10,600.00	1.00	100.0%
Professional Fees				
Accounting	1,608.75	2,250.00	-641.25	71.5%
Actuarial Valuation	2,500.00	3,500.00	-1,000.00	71.4%
State Mandated Claims Consult	0.00	0.00	0.00	0.0%
Audit	12,000.00	12,000.00	0.00	100.0%
Legal Fees	1,536.30	15,000.00	-13,463.70	10.2%
Total Professional Fees	17,645.05	32,750.00	-15,104.95	53.9%
Wildland Vegetation Mgmt	3,710.00	5,000.00	-1,290.00	74.2%
Total OUTSIDE PROFESSIONAL SER...	1,217,682.57	1,251,090.02	-33,407.45	97.3%
RETIREE MEDICAL BENEFITS				
PERS Medical	29,904.60	25,632.48	4,272.12	116.7%
Delta Dental	3,279.98	3,280.02	-0.04	100.0%
Vision Care	894.98	895.02	-0.04	100.0%
Total RETIREE MEDICAL BENEFITS	34,079.56	29,807.52	4,272.04	114.3%
COMMUNITY SERVICE ACTIVITIES				
Public Education	4,101.48	6,499.98	-2,398.50	63.1%
Comm. Pharmaceutical Drop-Off	238.14	1,500.00	-1,261.86	15.9%
Vial of Life Program	114.27	150.00	-35.73	76.2%
CERT Emergency Kits	0.00	0.00	0.00	0.0%
Open Houses	287.48	1,000.00	-712.52	28.7%
Community Shredder	0.00	0.00	0.00	0.0%
Total COMMUNITY SERVICE ACTIVITI...	4,741.37	9,149.98	-4,408.61	51.8%
DISTRICT ACTIVITIES				
Firefighter's Apparel	0.00	800.00	-800.00	0.0%
Firefighters' Expenses	0.00	3,000.00	-3,000.00	0.0%
Engine Rescue Equipment	0.00	3,000.00	-3,000.00	0.0%
Staff Appreciation	0.00	0.00	0.00	0.0%
Professional Development	3,213.80	3,250.00	-36.20	98.9%
Building Maintenance				
Janitorial Service	624.66	750.00	-125.34	83.3%
Medical Waste Disposal	1,096.31	3,615.00	-2,518.69	30.3%
Building alarm	100.00	100.00	0.00	100.0%
Gardening service	360.00	750.00	-390.00	48.0%
Miscellaneous Maint.	7,358.87	6,000.00	1,358.87	122.6%
Total Building Maintenance	9,539.84	11,215.00	-1,675.16	85.1%
Building Utilities/Service				
Garbage	284.96	295.00	-10.04	96.6%
Gas and Electric	3,732.21	3,499.98	232.23	106.6%
Water/Sewer	726.52	1,050.00	-323.48	69.2%
Total Building Utilities/Service	4,743.69	4,844.98	-101.29	97.9%
Election	0.00	0.00	0.00	0.0%
Memberships	5,519.00	5,500.00	19.00	100.3%
Office				
Office Expense	377.33	1,750.02	-1,372.69	21.6%
Office Supplies	262.25	1,249.98	-987.73	21.0%
Telephone	2,930.33	2,897.52	32.81	101.1%
Total Office	3,569.91	5,897.52	-2,327.61	60.5%
Total DISTRICT ACTIVITIES	26,586.24	37,507.50	-10,921.26	70.9%
Staff				
Wages	37,552.50	37,552.50	0.00	100.0%
Overtime Wages	216.59	1,300.02	-1,083.43	16.7%
Vacation Wages	0.00	0.00	0.00	0.0%
Medical/dental ins compensation	3,600.00	3,600.00	0.00	100.0%
Retirement Contribution	1,877.59	1,877.52	0.07	100.0%
Payroll Taxes	2,985.76	3,207.00	-221.24	93.1%
Workers Compensation/Life Ins	1,738.61	1,500.00	238.61	115.9%
Payroll Processing	648.30	705.00	-56.70	92.0%
Total Staff	48,619.35	49,742.04	-1,122.69	97.7%

Kensington Fire Protection District
Revenue & Expense Budget vs. Actual

July through December 2013

	Jul - Dec 13	Budget	\$ Over Budget	% of Budget
Contingency				
General	0.00	25,000.00	-25,000.00	0.0%
Contingency - Other	0.00	0.00	0.00	0.0%
Total Contingency	0.00	25,000.00	-25,000.00	0.0%
Total Expense	1,331,709.09	1,402,297.06	-70,587.97	95.0%
Net Ordinary Income	1,850,742.21	1,605,182.42	245,559.79	115.3%
Other Income/Expense				
Other Income				
Transfers In - General	1,218.21			
Total Other Income	1,218.21			
Other Expense				
Transfers Out - Capital	1,218.21			
Total Other Expense	1,218.21			
Net Other Income	0.00			
Net Income	1,850,742.21	1,605,182.42	245,559.79	115.3%

KFPD COMBINED REVENUE, EXPENSE AND CAPITAL BUDGET

Fiscal Year 2013-2014

	FY 2012-2013 <u>Budget</u>	FY 2012-2013 <u>Actual</u>	FY 2013-2014 <u>Budget</u>	FY 2014-2015 <u>Planning</u>
<u>REVENUE BUDGET</u>				
Property Taxes *	2,790,000	2,766,585	2,765,000	2,778,825
Special Taxes	200,395	200,395	200,395	200,395
Other tax income	34,000	33,315	33,000	33,000
Interest income	8,000	22,223	8,000	8,000
Lease agreement (3%)	30,596	30,596	31,514	32,460
Salary reimb agreement	46,559	46,612	48,655	49,312
Grant revenue - EBRICS	0	101,592	0	0
Grant revenue - Airpacks	0	0	54,934	0
Grant revenue - Ladder Truck	0	0	285,469	0
Miscellaneous income	0	0	0	0
Total Revenue	3,109,551	3,201,318	3,426,967	3,101,993
	FY 2012-2013 <u>Budget</u>	FY 2012-2013 <u>Actual</u>	FY 2013-2014 <u>Budget</u>	FY 2014-2015 <u>Planning</u>
<u>OPERATING EXPENSE BUDGET</u>				
OUTSIDE PROFESSIONAL SERVICES				
Accounting	5,400	2,945	4,500	4,725
Actuarial Valuation	500	0	3,500	500
Audit	12,000	12,000	12,000	12,500
Mandate Reimbursement Filing	550	550	0	0
CC County Expenses	32,975	31,083	32,635	34,265
EI Cerrito Contract	2,365,475	2,365,475	2,360,834	2,478,875
Fire Abatement Contract	8,000	2,550	8,000	8,000
Insurance - Risk Mgmt	12,600	10,200	10,600	11,130
LAFCO Fees	1,500	1,541	1,620	1,650
Legal Fees	30,000	1,809	30,000	30,000
Water System Improvements **	600,000	237,734	20,000	375,000
Wildland Vegetation Mgmt	10,000	8,697	10,000	10,000
RETIREE MEDICAL BENEFITS				
PERS Medical (OPEB cost)	48,190	48,190	51,265	54,545
Delta Dental	6,165	6,165	6,560	6,980
Vision Care	1,680	1,680	1,790	1,900
COMMUNITY SERVICE ACTIVITES				
Public Education	13,000	6,829	13,000	13,000
Community Pharmaceutical Drop-Off	4,000	1,148	3,000	3,000
Vial of Life Program	400	76	250	250
CERT Emergency Kits	3,000	0	3,000	3,000
Open Houses	1,500	305	1,000	1,000
Community Shredder	1,000	746	1,000	1,000
DISTRICT ACTIVITIES				
Professional Development	5,500	1,587	5,500	5,500
District Office				
Office expense	3,750	2,122	3,500	3,500
Office supplies	2,250	853	2,500	2,500
Telephone	5,090	5,518	5,795	6,085
Election	1,000	384	0	1,000
Firefighter's Apparel	1,500	1,460	1,600	1,680
Firefighters' Expenses	5,000	4,978	5,000	5,000
Engine Rescue Equipment	6,000	0	6,000	0
Staff Appreciation	2,500	1,590	2,500	2,500
Memberships	5,600	5,126	6,000	6,000
P/S Building				
Gardening service	1,750	720	1,500	1,500
Building alarm	2,000	1,696	2,000	2,000
Medical waste disposal	7,160	6,886	7,230	7,590
Janitorial	1,500	1,196	1,500	1,500
Misc. Maint/Improvements	12,000	9,252	12,000	12,000

KFPD COMBINED REVENUE, EXPENSE AND CAPITAL BUDGET

Fiscal Year 2013-2014

PG&E	7,390	6,638	7,000	7,500
Water/Sewer	1,500	1,357	1,500	1,550
Garbage	860	845	885	930
Staff				
Wages (2%)	73,640	73,632	75,105	76,610
Overtime Wages	3,825	1,115	2,600	2,650
Vacation Wages Accrual Adjustment	-15	-1,329	1,650	57
Medical/dental insurance compensation (15%)	6,360	6,360	7,200	8,280
Retirement Contribution	3,680	3,682	3,755	3,830
Payroll Taxes	6,638	5,991	6,745	6,947
Insurance - Workers Comp/Life	1,530	1,264	1,500	1,500
Processing	1,290	1,285	1,355	1,400
Operating Contingency Fund	<u>20,000</u>	<u>3,161</u>	<u>25,000</u>	<u>25,000</u>
Total Operating Expense	3,347,232	2,887,090	2,771,472	3,245,926
Capital Outlay				
EBRICS Radios	32,000	126,990	0	0
Airpacks	0	0	68,667	0
Ladder Truck	0	0	317,187	
Type I Engine	0	0	0	630,000
Firefighter qtrs/equip	32,000	25,103	15,000	12,000
Office Furniture/Computers	<u>5,000</u>	<u>0</u>	<u>5,000</u>	<u>5,000</u>
Total Capital Outlay	69,000	152,093	405,854	647,000
TOTAL EXPENDITURES	3,416,232	3,039,183	3,177,326	3,892,926

Notes: The standard expenditure increase is 5% unless otherwise indicated or unless policy decisions mandated.

** For FY14/15, the total estimated cost of the Columbia improvement project is \$450,000. EBMUD will rebate 20% upon completion.

Designated Funds (see attached schedules)

Engine Replacement Fund	93,455	93,455	93,455	93,455
Public Safety Building Fund	<u>100,000</u>	<u>100,000</u>	<u>104,000</u>	<u>108,160</u>
	193,455	193,455	197,455	201,615
	FY 2012-2013	FY 2012-13	FY 2013-2014	FY 2014-2015
	<u>Budget</u>	<u>Est. Actual</u>	<u>Budget</u>	<u>Planning</u>
Beginning Cash	5,161,478	4,917,068	5,311,203	5,797,443
Revenue	3,109,551	3,201,318	3,426,967	3,101,993
State of California Loan Receivable	232,000	232,000	236,600	241,000
Operating Expenditures	-3,347,232	-2,887,090	-2,771,472	-3,245,926
Capital Expenditures	-69,000	-152,093	-405,854	-647,000
Accrual to Cash Adjustment				
<u>ENDING CASH</u>	5,086,796	5,311,203	5,797,443	5,247,510
<i>Cumulative Designated Funds</i>				
Capital Replacement Funds	-969,877	-969,877	-1,167,332	-590,291
Prepaid CERBT - Retiree Trust	-1,094,935	-1,092,046	-1,092,046	-1,092,046
El Cerrito Contract 12 month set aside	-2,365,475	-2,365,475	-2,360,834	-2,478,875
<u>AVAILABLE CASH</u>	656,509	883,805	1,177,231	1,086,298

KFPD COMBINED REVENUE, EXPENSE AND CAPITAL BUDGET
 Fiscal Year 2013-2014

SCHEDULE FOR REPLACEMENT OF EQUIPMENT

Type I Vehicle Cost	Estimated Cost 15 yrs/4%	Fiscal Year	Yearly Contribution To Cap. Fund	Accumulated Funds	Type III Vehicle Cost	Estimated Cost 15 yrs/4%	Fiscal Year	Yearly Contribution To Cap. Fund	Accumulated Funds
	\$543,700					\$540,094			
\$123,464		99-00							
\$178,435		00-01	30,832	30,832					
		01-02	36,633	67,465					
		02-03	36,633	104,098	\$94,000		02-03		
		03-04	36,633	140,731	\$205,895		03-04		
		04-05	36,633	177,364			04-05	32,860	32,860
		05-06	36,633	213,997			05-06	32,860	65,720
		06-07	36,633	250,630			06-07	32,855	98,575
		07-08	36,633	287,263			07-08	36,793	135,368
		08-09	36,633	323,896			08-09	36,793	172,161
adjust to	\$632,660	09-10	51,461	375,357	adjust to	\$592,100	09-10	41,994	214,155
		10-11	51,461	426,818			10-11	41,994	256,149
		11-12	51,461	478,279			11-12	41,994	298,143
		12-13	51,461	529,740			12-13	41,994	340,137
		13-14	51,461	581,201			13-14	41,994	382,131
		14-15	<u>51,461</u>	632,662			14-15	41,994	424,125
			632,662				15-16	41,994	466,119
							16-17	41,994	508,113
							17-18	41,994	550,107
							18-19	<u>41,994</u>	592,101
								592,101	

KFPD COMBINED REVENUE, EXPENSE AND CAPITAL BUDGET
Fiscal Year 2013-2014

SAVINGS SCHEDULE FOR BUILDING IMPROVEMENTS/RENOVATION

Adjusted for 4% <u>Inflation</u>	<u>Fiscal Year</u>	<u>Yearly Contribution</u>	<u>Accumulated Reserves</u>
	12-13	100,000	100,000
	13-14	104,000	204,000
	14-15	108,160	312,160
	15-16	112,486	424,646
	16-17	116,986	541,632
	17-18	121,665	663,298
	18-19	126,532	789,829

* Based on historical building expenditures, KFPD will be setting aside \$100,000 per fiscal year to accumulate funds to be available for future building improvements/major repairs.