

CHINO VALLEY INDEPENDENT FIRE DISTRICT
Board of Directors Special Meeting and Budget Workshop

MINUTES
June 2, 2010

ROLL CALL

Board Members Present: DeMonaco, Espinosa, Evinger, Gray, and Marquez.

Board Members Absent: None.

OPEN SESSION

President DeMonaco called the Open Session to order.

FLAG SALUTE

President DeMonaco.

PUBLIC COMMUNICATIONS

None.

OLD BUSINESS

None.

NEW BUSINESS

1. 2010-2011 PRELIMINARY BUDGET. Purpose is to present the 2010-2011 Preliminary Budget to the Board of Directors for review and input.

Finance Manager Heide provided a PowerPoint presentation, which displayed an overview of the highlights of the 2010-2011 Preliminary Budget.

Finance Manager Heide provided an overview of the Budget process. He reported that two items were added to the Budget development process this year, which was a Budget Planning and Development Workshop, and a review of the Long-Range Financial Plan. These were held at the staff level in March 2010. The feedback received from the sessions was very positive. This was an opportunity for staff to become more involved and informed regarding the District Budget and long-range financial planning.

Finance Manager Heide also reported that a new workshop was held at the staff level for a joint Prevention and Operations Budget review. This presented an opportunity for staff to collaborate at the District level between Prevention and Operations on budget requests that had potential synergy between the departments, and provided an information opportunity for sharing of budget highlights between Operations and Prevention in an effort to continue the team building process.

Finance Manager Heide reported that the Finance Committee reviewed the draft Budget and provided direction to move the Preliminary Budget document forward to a Special Board Meeting and Budget Workshop.

Finance Manager Heide reported that the draft Budget includes a net 2% reduction in property tax revenues. It also includes the assumption that the dispatch reimbursement will terminate on January 1, 2011, which is a contract provision that Chino's dispatch support of the District terminates upon the opening of the first of the two stations, either Station 1 or Station 7.

Finance Manager Heide reported that estimated staffing for Station 7 is October 1, 2010, and that the station opening is scheduled for January 1, 2011; therefore the Fire District will assume half a year reimbursement from Chino for dispatch to the extent that the timeline is pushed back, which would result in lower staffing costs.

Finance Manager Heide stated that staff will propose nine additional staff for the opening of Station 7.

President DeMonaco asked for clarification on compensated absences. Finance Manager Heide reported that compensated absences are vested sick and vacation leave. He added that it is 33% of the District's liability at the end of the fiscal year.

President DeMonaco asked if the 2010/2011 Budget is 2.9% less than the 2009/2010 Budget.

Finance Manager Heide stated that the revenue side is 2.6% less in expenditures, and 2.9% less in revenues. He stated that those two numbers equate approximately \$850,000 less in revenue, and approximately \$800,000 less in expenditures.

Finance Manager Heide reported that salary and benefits will increase 7.3%.

President DeMonaco asked what percentage increase equates over the entire operating budget without capital.

Finance Manager Heide reported that the increase, without considering capital, is about 6%.

Finance Manager Heide provided an overview of the Enterprise Resource Planning Systems. He reported that the Board of Directors approved the District to engage in a consultant to assist staff with this process. He added that the District is on schedule with the project. The bid closed on May 28, 2010, and five to seven bids were received. The majority of the bids came in between \$200,000-\$250,000. He reported that there is a seven member committee evaluating the bids and vendor evaluations will be conducted. In mid June, a list of vendors will be available for consideration for interviews. He added that a finalist will be selected by July 9, 2010, and that the initial phase of implementation is scheduled for January 1, 2011.

President DeMonaco asked what the increase of the PERS cost will be to the Fire District.

Human Resources Manager Nelson stated that the District will receive an increase relative to the earnings losses that PERS has experienced. Additionally, changes in demographics for covered

employees in the pool as a whole is contributing to cost increases. She reported that this was confirmed by a recent PERS actuarial study, indicating the need to increase rates over time to fund benefits.

President DeMonaco asked if PERS is auditing agencies or pools.

Human Resources Manager Nelson explained that PERS performs audits by agency, which is a separate process, but she stated in terms of the actuarial process, the District's actuarial is based upon a pooled approach.

Finance Manager Heide reported that the 2011/2012 rates are locked in as a result of last fiscal year's losses. He stated that the market is closing at the end of this fiscal year on June 30, 2010, and will affect the rates in 2012/2013.

Human Resources Manager reported that the Fire District received an administrative audit from CalPERS this last year. She stated that CalPERS randomly selects various agencies of different types, and they perform routine audits periodically.

Director Gray asked what kind of effect would it have on the District if CalPERS were to change to a 401K plan. He asked if that type of plan would reduce the costs to the District.

Human Resources Manager reported that the 401K that CalPERS is offering is at the State level. It provides for State employees to go into a 401K plan for the first two years, and then after their two years of employment they have the option of rolling it over into a traditional PERS defined benefit plan, and receiving service credit for those first two years or opting for a cash-out.

President DeMonaco asked how much the cost is for the upgrade to the LifePak 15 monitors.

Finance Manager Heide reported that it is about \$210,000.

President DeMonaco asked what would be the affect if the District did not upgrade to the LifePak 15 this year.

Deputy Chief Summers reported that the LifePak 15 is a piece of equipment that the District is required to have on the medic engines.

Fire Chief Benson reported that the trade in value is not included as an offset anywhere in the Budget.

President DeMonaco asked Finance Manager Heide if he knew the estimate of the increase in the operating budget over last year's operating budget with the new personnel.

Finance Manager Heide reported that overall, excluding capital, it is 6.5%, and that the bulk of the increase is in salaries and benefits. It's mostly based on additional staffing for Station 7 and the assumption of full staffing in the budget.

President DeMonaco asked if there are any plans on reducing overtime costs.

Finance Manager Heide reported on overtime training and support. He reported that the District is proposing approximately \$160,000 increase in overtime, training and support. He also reported that this is a result of correlating 09/10 experience with 10/11, but the major reason for this number is cost associated with modified duty wages and associated overtime coverage.

President DeMonaco asked if the District is taking any steps to reduce discretionary overtime.

Fire Chief Benson reported that staff has made a concerted effort in the Budget approval process at the staff level in reviewing and scrutinizing overtime. He also reported that training and travel issues increase overtime costs and staff is trying to cut those back significantly. He added that staff is not budgeted this year to attend the International Fire Chiefs Conference. The majority of the increase in costs this fiscal year and the projected costs for the next fiscal year are associated with industrial and non-industrial absences.

President DeMonaco stated that the reason why he was bringing up this issue of reducing overtime is due to the economic times; and that he would like to be able to address this if asked by the public.

Fire Chief Benson reported that the conferences, travel, and training that have been approved in the past have been reduced. He added that the District is focusing on in-service training and minimizing overtime costs by eliminating travel and backfilling positions.

President DeMonaco stated that he felt there was a great value in attending conferences. He asked if staff attends the conferences, are those positions backfilled.

Fire Chief Benson reported that some of the suppression staff positions are backfilled when they attend the conferences.

President DeMonaco asked if anyone from Administration needs to be backfilled when attending the conferences.

Fire Chief Benson stated that Administration positions are not backfilled. He also stated that line-level staff safety members attend the conferences. He also stated that staff is being more selective in what conferences are attended and the number of individuals that are being authorized to attend.

Finance Manager Heide reported that one of the items that was addressed as high importance in the requirements for the new computer system is a direct interface with the telestaff time and attendance reporting system that is used currently for Safety personnel. He added that the District has a goal to eventually implement this system for the entire District. He added that with a new system, staff will have the ability to manage comparisons between the budget and actual, to provide Management and Supervisory staff tools to more effectively manage overtime.

President DeMonaco asked Finance Manager Heide if he had to cut 5% from the Budget without effecting service, what he would do.

Fire Chief Benson responded to report that additional travel would be eliminated, and we would re-evaluate the District's staffing levels and the training sessions that require positions to be backfilled.

President DeMonaco stated that he didn't think there was enough travel to total 5%.

President DeMonaco asked about the status of the policy to charge non-residents for emergency calls.

Fire Chief Benson reported that the District is preparing an analysis to provide options to the Board of Directors for consideration. He also reported that legal counsel has already reviewed this issue. He added that in the next 60-90 days staff will have something to present to the Board for review and approval consideration.

President DeMonaco asked where funds come from out of the Budget for consultants that the District has hired.

Finance Manager Heide reported that the funds for consultants come from Services and Supplies, line 7450, Other Professional Services.

President DeMonaco commended the District for hiring excellent consultants.

Director Gray asked what percentage other agencies receive from cost recovery. He also asked if the project was worthwhile.

Fire Chief Benson stated that the consultants have provided charts with level of success in terms of percentage basis on recovery to staff. He added that there are a couple of jurisdictions on the West End that do cost recovery billing, and their experience levels are more accurate than what the consultants would provide.

Director Gray asked Finance Manager Heide about the Board conference and travel expenses equaling \$38,000. He asked if that was an accurate amount that the District spends each year for the Board to attend various conferences.

Finance Manager Heide stated that the number is based on trend for 09/10.

Director Gray asked if the cost for travel increased or decreased.

Finance Manager Heide stated that it has increased.

Director Gray asked about the cost for legal services. He stated that in 07/08 the cost was \$60,476. In 08/09 it increased to \$97,500, and currently the District is budgeting for \$120,000. He asked if there is an increase in the contract or an increase because the District is receiving more litigation.

Human Resources Manager Nelson stated that the District has targeted \$120,000 as a base number. She reported that the District is seeing a general increase in litigated matters. She added that District personnel are being served subpoenas for calls they have attended to and have been a witness to.

President DeMonaco asked if that might be a cause for possible cost recovery.

Human Resources Manager Nelson reported that witness fees are \$150. However, that doesn't cover the time that the District has to pay to have personnel represented.

Director Marquez asked if Incident Management Teams get reimbursed when they are sent out for training or during an incident.

Finance Manager Heide stated that is budgeted in Overtime Emergency Response and Leave.

Director Marquez commented that the \$2.8 million listed in the Budget for overtime is due to constant manning. He asked if it would be possible to change the wording in the Budget to read "Constant Manning," or some other similar terms. He stated that rewording of this would eliminate any confusion.

Vice President Espinosa stated that it would be better understood if it was renamed.

Fire Chief Benson stated that when the new Finance System is implemented, staff will be able to retrieve a detailed breakdown for overtime costs; therefore, this may be able to be better categorized.

RECOMMENDATION: It is recommended that the Board of Directors review the proposed Preliminary Budget and provide staff direction.

Moved by Director Gray, seconded by Director Marquez, carried by a 5-0 voice vote, that the Board of Directors approve the Preliminary Budget.

AYES: BOARD MEMBERS: DeMonaco, Espinosa, Evinger, Gray, and Marquez.

NOES: BOARD MEMBERS: None.

ABSTAIN: BOARD MEMBERS: None.

ABSENT: BOARD MEMBERS: None.

BOARD COMMENTS

Director Gray reported that Firefighter/Paramedic Pete Roebuck's mother passed away, and asked that the meeting be adjourned in remembrance of Pete Roebuck's mother.

ADJOURNMENT

President DeMonaco adjourned the meeting at 5:02 p.m. in memory of Mrs. Roebuck, to a Regular Board Meeting scheduled for June 9, 2010, at 6:00 p.m. The meeting will be held at the District Headquarters Office located at 14011 City Center Drive, Chino Hills, CA.

APPROVED AND ADOPTED THIS 9TH DAY OF JUNE 2010.

Sandra Heney, Clerk of the Board

John DeMonaco, President