

**San Miguel Consolidated Fire Protection District
Finance Committee Meeting
Wednesday, May 31, 2023, at 2:00 pm**

Minutes

(Final minutes will be posted after approval by Finance Committee)

Chair Raddatz called the meeting to order at 02:01 pm

Members Present: Directors Nelson, Raddatz (Chair), and Robles

Members Absent: None

Staff Present: Fire Chief Brainard, Division Chief Lawler, Administrative Officer/Finance Officer Harris, and Administrative Analyst Derobertis

APPROVAL OF AGENDA

By Committee consensus, the agenda was approved.

The Agenda for the Finance Committee Meeting of May 31, 2023, was posted at District Headquarters on Friday, May 26, at 10 am.

PUBLIC COMMENT – None

CONSENT AGENDA ITEMS

The consent agenda was unanimously approved.

1. **Approval of Minutes:** Finance Committee Meeting of April 26, 2023
Special Finance Committee Meeting of May 10, 2023

INFORMATIONAL AGENDA ITEMS

2. **Investment Presentation** – The Finance Committee heard a California Cooperative Liquid Assets Securities System (CLASS) presentation. This investment pool for the public sector was launched in May of 2022 and is the largest provider in the country for the public sector. There are no minimums and no transaction fees.

Administrative Officer/Finance Officer (AO/FO) Harris pointed out that the first step for the District is to develop an investment policy and present it to the Board. The interest accrued with the County of San Diego is quite low.

AO/FO Harris asked the Board Committee members to consider questions for the June 14, 2023, Board Meeting. Bob Shull from CLASS will be making a presentation.

Director Raddatz mentioned the need for references as they are a start-up company without much of a track record. Director Robles noted that North County Fire Protection District has signed on with CLASS.

AO/FO Harris said many agencies are going with CLASS due to the short-term investing ability. The investment policy needs to address who is able to approve investments besides just the AO/FO and Fire Chief.

3. Fiscal Year 2023/2024 Draft Preliminary Budget – The Finance Committee reviewed the Draft Preliminary Budget for Fiscal Year 2023/2024.

Director Raddatz asked if it was possible to have actuals through June 30, 2023. AO/FO Harris said she can remove Fiscal Year (FY) 2022-2023 budget and actuals until the end of the fiscal year.

Director Robles asked for a workable copy. AO/FO Harris said she would look into how she can provide this to the Directors. Director Robles also asked why interest income is up. AO/FO Harris explained we are borrowing less money from the County of San Diego; therefore, more money is kept in our accounts to earn interest. Director Robles also asked what is included in Directors' Benefits. AO/FO Harris said the District still has Directors on health insurance, which is the portion the District pays towards their premiums. Director Nelson asked if the description could change to "Retiree Healthcare Benefits."

Chief Brainard pointed out that I.T. support is decreasing because Heartland Communications Facility Authority (HCFA) is taking over our I.T. services for less money. We will receive the same type of services as the current contract. Director Robles requested to see a copy of the contract (Chief Brainard to supply).

AO/FO Harris said the biggest change is formatting, with budgetary highlights at the beginning of the budget with justifications.

Director Raddatz pointed out that the Training budget is up 71%, which he feels is important. He would like Chief Lawler to present to the Board.

Director Nelson asked if the District was happy with the solar expenditure and investment. AO/FO Harris feels it would be a good choice for Headquarters to go with solar, and Chief Brainard stated he would like all stations to go solar. Staff will work on getting bids.

Chief Lawler noted that the roof at Station 16 needs to be removed, and during that construction would be a good time to install solar.

4. Fire Prevention Fees Review – The Finance Committee would like to move forward in presenting the new fee schedule to the Board.

Director Raddatz asked Deputy Fire Marshal (DFM) Newman if there is a timeframe for closing the gap between income and expenses for Fire Prevention. DFM Newman will discuss this with his fire prevention group.

AO/FO Harris said the new fee schedule is on the agenda for the June Board Meeting.

Director Robles wants the District to be prepared to explain the fee structure to the community.

- 5. Replacement Schedule** – AO/FO presented the preliminary replacement schedule. She explained the factors in forecasting capital expenditure increases, having used the CPI back to 1984 and prepared a trend. Many organizations use depreciation, which does not work well in the fire service. The inflation factor is based on trends.

Director Nelson feels costs will increase more than presented; they will likely double in the next ten years. He suggested comparing like-for-like items from when purchased years ago with current pricing.

AO/FO will continue working on this project and will present a final document with the final budget.

- 6. Fire Agency CalPERS Funding Ratios Analysis** – Administrative Analyst Derobertis compared CalPERS funding ratios with other agencies and presented the analysis to the Finance Committee.

Director Raddatz asked if a column could be added for liability costs. AO/FO Harris said this will be added once we receive new valuation amounts.

- 7. Committee Member Comments** – None.

- 8. Association of San Miguel Chief Officer Communications** – None.

- 9. Association of San Miguel Firefighters Communications** – None.

10. Action Plan Recap –

- a. CLASS to attend June Board Meeting with presentation. The Finance Committee will send questions to AO/FO Harris. AO/FO Harris will create a new investment policy.
- b. Draft Preliminary Budget adjustments will be made and will be sent out for review.
- c. Fire Prevention fee schedule will be brought forward.
- d. Replacement Schedule will continue to be worked on and presented with the final budget.
- e. Funding Ratios will be added with new ratios for 2022 and dollar figures.
- f. Chief Brainard will provide Director Robles with a copy of the new I.T. contract.

*The next Finance Committee meeting will be held as a special meeting on **Wednesday, June 7, 2023, at 10:00 am.***

Chair Raddatz adjourned the meeting at 4:41 pm.

Prepared and Submitted by:

Diana Derobertis

Administrative Analyst
Board Recording Secretary