



Agenda

**San Mateo Consolidated Fire Department
Board of Directors
Regular Meeting
Wednesday, October 13, 2021 – 4:00 P.M.**

Consistent with Government Code Section 54953 and to promote social distancing, there will be no physical or in-person meeting location available to the public. Instead, the meeting will be accessible, and members of the public may participate and give public comment, via video teleconference by accessing the following website link:

Video Teleconference Information: Via Personal Zoom Web Link

Register in advance for this webinar:

https://us06web.zoom.us/webinar/register/WN_2nh6dgHRYqTa5iMOnDQBw

1. OPENING

- 1.1. Call to Order & Determination of a Quorum
- 1.2. Pledge of Allegiance
- 1.3. Roll Call

2. AGENDA CHANGES

The Chair/Board Member may change the order of the Agenda or request discussion of a Consent Item. A member of the public may request discussion of a Consent Item by emailing the Acting Board Clerk Nicole Morales at nmorales@smcfire.org prior to Public Comment.

3. SPECIAL PRESENTATIONS

[3.1.](#) Proclamation Honoring Battalion Chief Chuck Goodwin on his Retirement

4. PUBLIC COMMENT

Public Comment is limited to 15 minutes, with a maximum of three (3) minutes per speaker. If you wish to address the hearing body, please notify the Department as soon as practical by emailing the Acting Board Clerk of the Fire Board at nmorales@smcfire.org. If you are addressing the Board of Directors on a non-agenda item, the Board of Directors may, but is not required to, briefly respond to statements made or questions posed as allowed by the Brown Act (GC 54954.2). The Board of Directors may refer items to staff for attention, or have a matter placed on a future Board of Directors Meeting, for more comprehensive action or report.

5. CONSENT

[5.1](#) Approval of Fire Board Meeting Minutes from July 14, 2021.

[5.2](#) Adopt a resolution approving the Revised salary schedule to reflect the hourly, monthly and annual ranges for merit classifications within the San Mateo Consolidated Fire Department.

[5.3](#) Adopt a resolution authorizing a Change Order in the amount not to exceed \$40,000 for TPx Communications for Data Network, Internet Connectivity, and Hosted Voice Over Internet Protocol (VoIP) Telephone services and equipment.

[5.4](#) Adopt a resolution approving an amendment to the lease agreement with the City of San Mateo and authorizing the Fire Chief to execute the amendment.

[5.5](#) Adopt a resolution to commit the fund balance of the Fire Protection and Life Safety Fund.

- [5.6](#) Adopt a resolution authorizing the Fire Chief to negotiate the terms and execute an agreement with the County of San Mateo for Hazardous Materials Response Services.
- [5.7](#) Consideration of a resolution authorizing Continued Use of Remotely Teleconferenced Meetings.

6. NEW BUSINESS

- [6.1](#) Provide a Fund 37 Quarterly Update.
- [6.2](#) Review, provide comments, authorize finalizing, and accept the Annual Comprehensive Financial Report for the year ended June 30, 2021.
- [6.3](#) Adopt a resolution approving the addition of one Full Time Equivalent (FTE) 40-hour Fire Captain position.
- [6.4](#) Adopt a resolution approving a supplemental budget appropriation to re-fund two (2) Fire Inspector I positions.

7. REPORTS AND ANNOUNCEMENTS

- 7.1. Board Members and Department Management Staff will have an opportunity to make announcements.
 - 7.1.1 Interim Fire Chief Update (*verbal only*)
 - 7.1.2 Community Risk Reduction Division Update (*verbal only*)
 - 7.1.3 Operations Division Update (*verbal only*)
 - 7.1.4 Approve January 12, April 13, July 13, and October 12, 2022, Fire Board Meeting Dates

8. CLOSED SESSION

- 8.1 Conference with Labor Negotiators regarding Memorandum of Understanding pursuant to Government Code Section 54957.6
Agency Designated Representative(s): Stacey Cue, IEDA
Employee Organization(s): American Federation of State, County, and Municipal Employees (AFSCME) - Management and General employees

9. RETURN FROM CLOSED SESSION

- 9.1. Report Upon Return from Closed Session – Department Counsel

10. ADJOURNMENT

I, Nicole Morales, Acting Board Clerk of the San Mateo Consolidated Fire Department, hereby declare that the foregoing Agenda was posted in compliance with the Brown Act prior to the meeting date.

In compliance with the Americans with Disability Act, if you need special assistance to participate in this meeting, please contact the Acting Fire Board Clerk at (650) 522-7900 no less than 72 hours prior to the meeting. Notification in advance of the meeting will enable the Fire Department to make reasonable arrangements to ensure accessibility to this meeting.

Copies of documents distributed at the meeting are available in alternative formats upon request. Any writing or documents provided to a majority of the Board regarding any item on this Agenda will be made available for public inspection at the Department Fire Administration Office located at 1040 E. Hillsdale Blvd., Foster City, CA 94404, during normal business hours. In addition, most documents will be posted on the Department's website at <https://www.smcfire.org/fire-board-meeting-agendas>.

Resolution of Appreciation & Gratitude for Battalion Chief Chuck Goodwin

WHEREAS, the Board of Directors of the San Mateo Consolidated Fire Department desires to commemorate and honor the career and accomplishments of its Battalion Chief, Chuck Goodwin; and,

WHEREAS, Chuck Goodwin started with the Foster City Fire Department in 1986 as a Volunteer Firefighter; and,

WHEREAS, Chuck Goodwin began his fire service career as a Firefighter in July 1989 with the Foster City Fire Department; and,

WHEREAS, Chuck Goodwin was promoted to Fire Captain in 2002; and,

WHEREAS, Chuck Goodwin was then promoted to Battalion Chief in 2016; and,

WHEREAS, Chuck Goodwin was Operations Manager for the Water Rescue team, and was able to get the team OES Type 2 qualified; and,

WHEREAS, Chuck Goodwin was also Rope and Rescue Equipment Program Manager for Foster City Fire Department; and

WHEREAS, Chuck Goodwin was an Apparatus Committee Member, Training Committee member, QA/QI County Committee, Comm Tech County (Ad Hoc) Committee Member; and,

WHEREAS, Chuck Goodwin served as a Training Chief and also in-House Academy Director; and,

WHEREAS, Chuck Goodwin is a State RIC and Firefighter Survival Instructor teaching throughout Northern CA; and,

WHEREAS, Chuck Goodwin is a Type 2 Safety Officer with 8 years of deployments to wildland incidents and the Cosco-Busan oil spill; and,

WHEREAS, Chuck Goodwin received Lyons Club Award for Training the County in RIC and Firefighter Survival; and,

WHEREAS, Chuck Goodwin retired on July 27, 2021, after dedicating over 35 years to public safety.

NOW, THEREFORE, BE IT RESOLVED that the San Mateo Consolidated Fire Department Board of Directors hereby unanimously express, on behalf of the San Mateo Consolidated Fire Department and the residents and businesses of the Cities of Belmont, Foster City, and San Mateo which it serves, its deepest appreciations and gratitude to Battalion Chief Chuck Goodwin for his dedicated and distinguished public service.

Dated: July 27, 2021



Joe Goethals, Fire Board President





Meeting Minutes

San Mateo Consolidated Fire Department Board of Directors Regular Meeting Wednesday, July 14, 2021 – 4:00 P.M. Zoom Video Teleconference

1. OPENING

The meeting was called to order at 4:05 pm by Board Chair Goethals.

1.3. Roll Call

Board Members Present: Goethals, Lieberman & Awasthi

Board Members Absent: None

2. AGENDA CHANGES

There were no agenda changes.

3. PUBLIC COMMENT

None

4. CONSENT

Board Member Lieberman made a motion to approve the Consent calendar, which was seconded by Board Member Awasthi. The Acting Board Secretary took a roll call vote, and the Consent calendar items were approved 3-0.

Board Member Lieberman commented on Items 4.2 and 4.3 regarding purchase orders for Bus & Equipment and L.N. Curtis & Sons as sole vendors. He clarified with Interim Chief Thrasher that the department is working appropriately by not paying higher fees and is being financially prudent. Board Chair agreed.

5. NEW BUSINESS

Item 5.1 – Public Hearing adopting a resolution approving revisions to the San Mateo Consolidated Fire Department’s Master Fee Schedule in accordance with the NBS Fee Study Document.

Fire Marshal Marshall introduced Nicole Kissam and Lauren Guido from NBS. Both Nicole and Lauren shared a project overview of the Fee Study to the Board. Annual operational permits with and without California Fire Code (CFC) permits, including development plan review and inspection fees were studied. It was noted that per California Constitution and Government Code there are limitations to how fees can be set accordingly. The steps for the fee study included collection of data, review of the fee structure, a time study, analysis of full cost of service, which then becomes a report for fee setting policy and adoption. It was determined that the Bureau of Fire Protection & Life Safety currently recovers approximately 67% of the total annual cost of providing services. The Board was given the option to adopt all fees at 100% which would result in an additional \$945,000 in recoverable cost.

Additionally, Fire Marshal Marshall shared a Master Fee Schedule presentation detailing specifics pertaining to SMC Fire and further clarified the options for the Board to consider. The fee study by

NBS will allow for a more intuitive fee structure and allow us to charge appropriately for services rendered.

Board Member Goethals asked if there was any public comment on this item, which there were none.

Board Member Lieberman commented that Fire Marshal Marshall's presentation was helpful at clarifying what was done and why. While there are many changes, he agrees to raising the rates to full recovery. Furthermore, he requested that if there is any unexpected resistance, to please bring back to the Board to address. Board Member Awasthi reiterated that we should keep an eye on any unintended impacts. Regarding a timeline, she suggests a middle approach for less impacts. Board Chair Goethals requests a quarterly update on the fund balance.

Board Member Lieberman made a motion to adopt the resolution, which was seconded by Board Member Lieberman. The Acting Board Secretary took a roll call vote, and the resolution was approved 3-0.

Item 5.2 – Adopt a resolution authorizing the Fire Chief to hire up to an additional six (6) FTE firefighters in anticipation of future vacancies within the Department.

Interim Chief Thrasher provided an overview to the Board requesting to increase over hiring from four to six firefighters as we prepare for upcoming vacancies. Staying ahead of the vacancies helps with the length of time spent in a fire academy.

Board Chair Goethals asked if this impacts the request to the state for grant funded positions. Interim Chief Thrasher stated that grant requests twelve positions funded for 3 years which would not be needed for this fall. If we receive the grant, funding will come from that source. In addition to this topic, we are in the process of identifying if additional firefighters should be added in our full-time employee count.

Board Member Goethals asked if there was any public comment on this item, which there were none.

Board Member Lieberman made a motion to adopt the resolution, which was seconded by Board Member Lieberman. The Acting Board Secretary took a roll call vote, and the resolution was approved 3-0.

6. OLD BUSINESS

Item 6.1 - Adopt a resolution approving a Supplemental Budget Appropriation for Fiscal Year 2020-21 and to consider the options for providing a proportional allocation of operating contribution credit to member agencies.

Treasurer Rich Lee provided a presentation on the general fund Fiscal Year 2020-21 budget update as well as discussion regarding the operating contribution credit.

Currently, we are estimating the general fund expenditures at \$44.1 million which is a \$1.4 million difference. As described in the staff report, this is largely due to mutual aid deployment responses. The budget is made whole through deployment reimbursements from Cal OES and FEMA which is estimated at \$44.5 million in revenue. Request to the Board is to appropriate the reimbursement revenues to increase the operating overtime budget in the amount of \$1.4 million.

Regarding the operating contribution credit to member agencies, Treasurer Lee provided three options for the projected \$0.4 million in projected net surplus. As detailed in the staff report, option 1 allocates the projected surplus split 60/20/20 to the member agencies, option 2 uses reserves to total \$1.0 million to the member agencies, and option 3 recognizes the projected surplus as a net increase to fund balance.

Staff recommendation is to pursue option 3 that allows for financial flexibility which increases Fire's reserve from \$1.3 million to \$1.7 million.

Board Chair Goethals asked if there was more overtime than anticipated. Treasurer Lee agreed and stated that in order for the \$1.0 million to materialize, Fire had to leave 3 vacant firefighter positions unfilled, but doing so resulted in additional overtime costs to meet minimum staffing levels. Board Chair Goethals stated therefore we have contracted with former Chief Brian Kelly to address Fire's staffing needs. Interim Chief Thrasher agreed and stated the evaluation will review the costs of full-time firefighters in comparison to overtime filling vacancies. Another overtime factor is our increased workers' compensation claims.

Board Chair Goethals asked if there was any public comment on this item, which there were none.

Board Member Lieberman commented that option 3 is the financially prudent way to proceed and to build the reserves for the fire department.

Board Member Awasthi made a motion to adopt the ordinance, which was seconded by Board Member Lieberman. The Acting Board Secretary took a roll call vote, and the ordinance was approved 3-0.

7. REPORTS & ANNOUNCEMENTS

Interim Chief provided the following Chief and Operations update:

- Department continues to investigate the arrest of firefighter currently on administrative leave.
- Continue to exercise caution as COVID restrictions decrease.
- Call volumes have increase by 17% in comparison to last year.
- Eight members deployed to the Lava Fire near Shasta. This is the first deployment of the year in the two new Type 6 Fire Engines.
- Four members deployed to the Bootleg fire in Oregon.
- Four firefighter recruits from the Spring Academy graduated earlier this month and have been assigned at stations on July 3rd.
- Conditional offers to eight more recruits were made and we anticipate them starting in a Fall Academy in early September.
- AFSCME negotiations have begun and will bring back discussion seeking authority at a future meeting.
- We are awaiting the move in date for new Fire Station 25.
- We are monitoring the build process of our next three fire engines. In anticipation of their arrival, we have donated a 1997 Spartan engine to CCSF for use at their fire academy.
- The Firefighter Association's Chili Cook Off is back at San Mateo Central Park on August 28th.
- Lastly, we recognized retirement of Battalion Chief Chuck Goodwin. After a 32-year career that started with the Foster City Fire Department, Chief Goodwill will retire at the end of the month. He will be formally recognized at a future meeting.

Treasurer Lee shared a brief update on the Enterprise Resource Planning (ERP) project. A formal RFP was released in March and closed in April. Ten proposals were received through a multi-agency collaboration, including SMC Fire, and have narrowed it down to three proposals. We will go through system demonstrations starting the week of July 26 and will conclude on August 20. A vendor recommendation will be anticipated in late November to award contract.

Fire Marshal Marshall provided the following CRR update:

- The fire season has begun throughout the state we continue to monitor impacts locally.
- Fire Ordinance that past last meeting is now being implemented.
- Fee schedule update will allow us to move forward with improving the budget

- Local Hazard Mitigation (LHM) being steer headed by SMC for all three cities which is due at the end of the month. It will be followed by an overall county-wide disaster debris removal plan.
- In-person CERT, Get Ready & CPR/AED classes have returned.

8. CLOSED SESSION

The Fire Board went into Closed Session at 5:01 pm.

9. RETURN FROM CLOSED SESSION

Board Chair Goethals reconvened the meeting at 5:09 pm and announced the appointment of Interim Chief Kent Thrasher.

Legal Counsel Ross reported that the Board adjourned to Closed Session at 5:01 PM and concluded at 5:06 PM.

With respect to Closed Session Agenda Item No. 8.1., there was reportable action in the form of unanimous Board direction to postpone consideration for recruitment for a Department Fire Chief until January 2022 and to confirm the appointment of Interim Fire Chief, Kent Thrasher as Department Chief. Postpone for Chief until January 2022 and continue Thrasher as Chief until that time.

It was further indicated that a written Report Upon Return from Closed Session to confirm the oral report would be prepared consistent with the provisions of Government Code section 54957.1 for the matter agendized for Closed Session consideration.

10. ADJOURNMENT

The meeting was adjourned at 5:12 pm.



STAFF REPORT

To: San Mateo Consolidated Fire Department Board of Directors

From: Kent Thrasher, Interim Fire Chief

Meeting Date: October 13, 2021

Subject: Revised Salary Schedule for Fire and Battalion Chief Units

RECOMMENDATION

Adopt a resolution approving the revised salary schedule to reflect the hourly, monthly, and annual ranges for merit classifications within the San Mateo Consolidated Fire Department.

BACKGROUND

On November 1, 2018, and January 9, 2019, the San Mateo Consolidated Fire Department (SMC Fire) Board of Directors approved a revised Compensation and Benefit Plan for the Battalion Chiefs, a revised Memorandum of Understanding for International Association of Firefighters (IAFF), and employee resolutions.

Title 2 of the California Code of Regulations (CCR) Section 570.5, requires the Fire Board to adopt a full salary schedule as a standalone document detailing the rates of pay for each department classification, and to maintain this salary schedule as a publicly available document for at least five years. The California Public Employees' Retirement System (CalPERS) uses this salary schedule to determine the "compensation earnable" when calculating the monthly pension an individual will receive when they retire. "Compensation earnable" is defined by the Public Employees Retirement Law (PERL) Government Code Sections 20636 and 20636.1 as pay rates and special compensation as defined in the statutes.

The merit salary schedule (Attachment B) reflects salary changes previously approved by the Board of Directors via resolution.

ANALYSIS

The following revisions have been made in reference to classifications within the Battalion Chiefs compensation and benefit plan and the International Association of Firefighters (IAFF) Local 2400 Memorandum of Understanding:

- Scheduled wage increases, which went into effect on July 11, 2021 as follows:
 - Battalion Chiefs - 3.0%
 - IAFF Local 2400 - 3.0%

FISCAL IMPACT

The adopted FY 2021-22 budget assumed these increases for each corresponding classification.

ATTACHMENTS

- A. Resolution
- B. Revised Merit Salary Schedule

RESOLUTION NO. RES-2021

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN MATEO
CONSOLIDATED FIRE DEPARTMENT APPROVING THE REVISED SALARY
SCHEDULE TO REFLECT THE HOURLY, MONTHLY AND ANNUAL RANGES FOR
MERIT CLASSIFICATIONS**

WHEREAS, on November 1, 2018, and again on January 9, 2019, the SMC Fire Board of Directors approved Compensation and Benefit Plans, employee resolutions and a Memorandum of Understanding and corresponding salary schedules for all job classifications within SMC Fire; and,

WHEREAS, Title 2 of the California Code of Regulations (CCR), Section 570.5, requires the Fire Board to adopt a full salary schedule as a standalone document detailing the rates of pay for each department classification, and to maintain this salary schedule as a publicly available document for at least five years; and,

WHEREAS, the California Public Employees' Retirement System (CalPERS) uses this salary schedule to determine the compensation earnable when calculating the monthly pension an individual will receive when they retire; and,

WHEREAS, effective July 11, 2021, revisions to the Merit salary schedule were made to reflect a scheduled three and one-half percent (3.0%) wage increase to classifications within the International Association of Firefighters (IAFF) Local 2400 memorandum of understanding and three percent (3.0%) wage increase to Battalion Chiefs compensation & benefits plan to include monthly, hourly, and annual ranges and conform to CalPERS reporting requirements.

NOW, THEREFORE, the Board of Directors of the San Mateo Consolidated Fire Department resolves as follows:

1. Approve the revised salary schedule to reflect the hourly, monthly, and annual ranges for merit classifications within San Mateo Consolidated Fire Department.

PASSED AND ADOPTED as a resolution of the Board of Directors of the San Mateo Consolidated Fire Department at the regular meeting held on the 13th day of October 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Acting Board Secretary

Board President

APPROVED AS TO FORM:

William D. Ross, General Counsel



San Mateo Consolidated Fire Department Effective Date: 07/11/2021 *
Merit Salary Schedule

JOB CODE	TITLE	E=Exempt NE=Non Ex	STEPS	HOURLY	BI-WEEKLY	MONTHLY	ANNUAL
5340	ADMINISTRATIVE ASSISTANT	NE	STEP 1	30.96	2,477.03	5,366.90	64,402.80
			STEP 2	32.36	2,589.15	5,609.83	67,317.96
			STEP 3	33.80	2,704.11	5,858.90	70,306.80
			STEP 4	35.32	2,825.69	6,122.33	73,467.96
			STEP 5	36.92	2,953.42	6,399.08	76,788.96
5025	ADMINISTRATIVE TECHNICIAN	NE	STEP 1	37.46	2,996.94	6,493.38	77,920.56
			STEP 2	39.12	3,129.88	6,781.40	81,376.80
			STEP 3	40.90	3,271.80	7,088.90	85,066.80
			STEP 4	42.77	3,421.29	7,412.80	88,953.60
			STEP 5	44.66	3,573.15	7,741.83	92,901.96
2106	BUSINESS MANAGER	E	STEP 1	56.36	4,508.42	9,768.25	117,219.00
			STEP 2	58.89	4,710.92	10,206.99	122,483.88
			STEP 3	61.54	4,923.25	10,667.05	128,004.60
			STEP 4	64.31	5,144.56	11,146.54	133,758.48
			STEP 5	67.20	5,375.80	11,647.57	139,770.84
2410	DEPUTY FIRE CHIEF	E	STEP 1	108.89	8,711.31	18,874.51	226,494.12
			STEP 2	113.79	9,103.32	19,723.87	236,686.44
			STEP 3	118.91	9,512.97	20,611.44	247,337.28
3160	DEPUTY FIRE MARSHAL	NE	STEP 1	66.06	5,284.89	11,450.60	137,407.20
			STEP 2	68.98	5,518.79	11,957.38	143,488.56
			STEP 3	72.16	5,772.71	12,507.53	150,090.36
			STEP 4	75.41	6,031.90	13,069.11	156,829.32
			STEP 5	78.77	6,301.63	13,653.53	163,842.36
2482	EMERGENCY SERVICES MANAGER	E	STEP 1	54.88	4,390.34	9,512.40	114,148.80
			STEP 2	57.35	4,587.90	9,940.45	119,285.40
			STEP 3	59.93	4,794.36	10,387.78	124,653.36
			STEP 4	62.63	5,010.10	10,855.22	130,262.64
			STEP 5	65.44	5,235.56	11,343.71	136,124.52
5345	EMERGENCY SERVICES SPECIALIST	NE	STEP 1	30.96	2,477.03	5,366.90	64,402.80
			STEP 2	32.36	2,589.15	5,609.83	67,317.96
			STEP 3	33.80	2,704.11	5,858.90	70,306.80
			STEP 4	35.32	2,825.69	6,122.33	73,467.96
			STEP 5	36.92	2,953.42	6,399.08	76,788.96
2141	EMS CLINICAL EDUCATION SPECST	E	STEP 1	54.88	4,390.34	9,512.40	114,148.80
			STEP 2	57.35	4,587.90	9,940.45	119,285.40
			STEP 3	59.93	4,794.36	10,387.78	124,653.36
			STEP 4	62.63	5,010.10	10,855.22	130,262.64
			STEP 5	65.44	5,235.56	11,343.71	136,124.52

* L2400 & BC Unit MOU increases applied 7/11/21. All classifications 40 hrs/wk unless noted.



San Mateo Consolidated Fire Department Effective Date: 07/11/2021 *
Merit Salary Schedule

JOB CODE	TITLE	E=Exempt NE=Non Ex	STEPS	HOURLY	BI-WEEKLY	MONTHLY	ANNUAL
2085	FIRE BAT CHIEF-40	E	STEP 1	83.09	6,647.14	14,402.14	172,825.68
			STEP 2	87.25	6,979.50	15,122.25	181,467.00
			STEP 3	91.61	7,328.50	15,878.42	190,541.04
			STEP 4	96.18	7,694.64	16,671.73	200,060.76
			STEP 5	101.00	8,079.46	17,505.49	210,065.88
2086	FIRE BAT CHIEF-56	E	STEP 1	59.35	6,647.14	14,402.14	172,825.68
			STEP 2	62.32	6,979.50	15,122.25	181,467.00
			STEP 3	65.44	7,328.50	15,878.42	190,541.04
			STEP 4	68.70	7,694.64	16,671.73	200,060.76
			STEP 5	72.14	8,079.46	17,505.49	210,065.88
3121	FIRE CAPTAIN-40 (LT DUTY)	NE	STEP 1	67.40	5,392.79	11,684.37	140,212.44
			STEP 2	70.48	5,639.11	12,218.08	146,616.96
			STEP 3	73.67	5,892.82	12,767.77	153,213.24
3120	FIRE CAPTAIN-56	NE	STEP 1	48.15	5,392.79	11,684.37	140,212.44
			STEP 2	50.35	5,639.11	12,218.08	146,616.96
			STEP 3	52.61	5,892.82	12,767.77	153,213.24
1150	FIRE CHIEF	E	STEP 1	116.64	9,330.87	20,216.89	242,602.68
			STEP 2	122.47	9,797.41	21,227.73	254,732.76
			STEP 3	128.59	10,287.29	22,289.12	267,469.44
2412	FIRE DIVISION CHIEF	E	STEP 1	98.99	7,918.95	17,157.73	205,892.76
			STEP 2	103.44	8,275.31	17,929.83	215,157.96
			STEP 3	108.10	8,647.69	18,736.67	224,840.04
2430	FIRE MARSHAL	E	STEP 1	83.09	6,647.14	14,402.14	172,825.68
			STEP 2	87.25	6,979.50	15,122.25	181,467.00
			STEP 3	91.61	7,328.50	15,878.42	190,541.04
			STEP 4	96.18	7,694.64	16,671.73	200,060.76
			STEP 5	101.00	8,079.46	17,505.49	210,065.88
3175	FIRE PREV INSPECT I	NE	STEP 1	52.20	4,176.49	9,049.07	108,588.84
			STEP 2	54.55	4,364.05	9,455.44	113,465.28
			STEP 3	57.04	4,563.17	9,886.87	118,642.44
			STEP 4	59.61	4,768.62	10,332.01	123,984.12
			STEP 5	62.27	4,982.50	10,795.42	129,545.04
3178	FIRE PREV INSPECT II	NE	STEP 1	57.44	4,594.79	9,955.37	119,464.44
			STEP 2	60.02	4,801.29	10,402.79	124,833.48
			STEP 3	62.71	5,016.23	10,868.49	130,421.88
			STEP 4	65.52	5,241.70	11,357.01	136,284.12
			STEP 5	68.48	5,478.75	11,870.63	142,447.56

* L2400 & BC Unit MOU increases applied 7/11/21. All classifications 40 hrs/wk unless noted.



San Mateo Consolidated Fire Department Effective Date: 07/11/2021 *
Merit Salary Schedule

JOB CODE	TITLE	E=Exempt NE=Non Ex	STEPS	HOURLY	BI-WEEKLY	MONTHLY	ANNUAL
3142	FIREFIGHTER TRAINEE-40	NE	STEP 1	40.22	3,217.85	6,972.01	83,664.12
			STEP 2	42.04	3,363.55	7,287.70	87,452.40
3143	FIREFIGHTER TRAINEE-56	NE	STEP 1	28.73	3,217.85	6,972.01	83,664.12
			STEP 2	30.03	3,363.55	7,287.70	87,452.40
3144	FIREFIGHTER-40 (LT DUTY)	NE	STEP 0	50.74	4,058.42	8,793.24	105,518.88
			STEP 1	52.88	4,230.44	9,165.95	109,991.40
			STEP 2	55.20	4,416.30	9,568.66	114,823.92
			STEP 3	57.71	4,616.91	10,003.31	120,039.72
			STEP 4	60.35	4,827.84	10,460.31	125,523.72
			STEP 5	63.06	5,044.66	10,930.10	131,161.20
3140	FIREFIGHTER-56	NE	STEP 0	36.24	4,058.42	8,793.24	105,518.88
			STEP 1	37.77	4,230.44	9,165.95	109,991.40
			STEP 2	39.43	4,416.30	9,568.66	114,823.92
			STEP 3	41.22	4,616.91	10,003.31	120,039.72
			STEP 4	43.11	4,827.84	10,460.31	125,523.72
			STEP 5	45.04	5,044.66	10,930.10	131,161.20
2078	FLEET & FACILITIES MANAGER	E	STEP 1	58.33	4,666.59	10,110.95	121,331.40
			STEP 2	61.04	4,875.68	10,563.97	126,767.64
			STEP 3	63.69	5,095.23	11,039.67	132,476.04
			STEP 4	66.55	5,324.28	11,535.94	138,431.28
			STEP 5	69.56	5,564.74	12,056.94	144,683.28
5105	FLEET AND FACILITIES TECH	NE	STEP 1	38.70	3,095.78	6,707.53	80,490.36
			STEP 2	40.44	3,235.09	7,009.37	84,112.44
			STEP 3	42.26	3,380.67	7,324.79	87,897.48
			STEP 4	44.16	3,532.80	7,654.40	91,852.80
			STEP 5	46.15	3,691.78	7,998.85	95,986.20
2023	MGMT ANALYST I	NE	STEP 1	40.56	3,244.70	7,030.18	84,362.16
			STEP 2	42.40	3,392.04	7,349.43	88,193.16
			STEP 3	44.28	3,542.31	7,675.00	92,100.00
			STEP 4	46.28	3,702.27	8,021.58	96,258.96
			STEP 5	48.34	3,867.08	8,378.67	100,544.04
2022	MGMT ANALYST II	E	STEP 1	44.53	3,562.68	7,719.13	92,629.56
			STEP 2	46.56	3,724.57	8,069.90	96,838.80
			STEP 3	48.63	3,890.35	8,429.09	101,149.08
			STEP 4	50.82	4,065.81	8,809.25	105,711.00
			STEP 5	53.09	4,247.08	9,202.01	110,424.12

* L2400 & BC Unit MOU increases applied 7/11/21. All classifications 40 hrs/wk unless noted.



San Mateo Consolidated Fire Department Effective Date: 07/11/2021 *
Merit Salary Schedule

JOB CODE	TITLE	E=Exempt NE=Non Ex	STEPS	HOURLY	BI-WEEKLY	MONTHLY	ANNUAL
5230	OFFICE ASSISTANT I	NE	STEP 1	23.51	1,880.48	4,074.38	48,892.56
			STEP 2	24.55	1,964.22	4,255.80	51,069.60
			STEP 3	25.62	2,049.84	4,441.33	53,295.96
			STEP 4	26.80	2,143.98	4,645.30	55,743.60
			STEP 5	28.00	2,240.02	4,853.38	58,240.56
5430	OFFICE ASSISTANT II	NE	STEP 1	28.34	2,267.46	4,912.83	58,953.96
			STEP 2	29.76	2,380.52	5,157.80	61,893.60
			STEP 3	31.25	2,499.74	5,416.10	64,993.20
			STEP 4	32.81	2,624.63	5,686.70	68,240.40
			STEP 5	34.45	2,756.15	5,971.65	71,659.80



STAFF REPORT

To: San Mateo Consolidated Fire Department Board of Directors

From: Kent Thrasher, Interim Fire Chief

Meeting Date: October 13, 2021

Subject: TPx Communications Purchase Order

RECOMMENDATION

Adopt a resolution authorizing a Change Order in the amount not to exceed \$40,000 for TPx Communications for Data Network, Internet Connectivity, and Hosted Voice Over Internet Protocol (VoIP) Telephone services and equipment.

BACKGROUND

On January 9, 2019, the San Mateo Consolidated Fire Department (Department) Board of Directors approved the Department's Purchasing Policy, which requires Board approval for purchases exceeding \$100,000. Additionally, on April 10, 2019, the Board authorized the purchase of services from TPx Communications for Data Network, Internet Connectivity, and Hosted Voice Over Internet Protocol (VoIP) telephone services and equipment. Since that time, staff has been monitoring expenditures associated with the purchase of services and equipment from TPx Communications, and based on year to date expenditures, staff anticipates exceeding \$100,000 in costs for the remaining fiscal year. To date, a blanket purchase order was processed in the amount of \$100,000.

ANALYSIS

Staff anticipates expending an additional \$40,000 for both one-time and recurring costs associated with SMC Fire's data network, internet connectivity, and hosted voice over Internet protocol (VoIP) telephone services and equipment. Approving the change order will bring the total amount not to exceed \$140,000.

FISCAL IMPACT

The adopted 2021-22 budget includes \$170,000 in appropriations for IT Services including Data, Internet and VoIP, thus no additional budget appropriations are required.

ATTACHMENTS

- A. Resolution
- B. Purchase Order
- C. Change Order #1

RESOLUTION NO. RES-2021

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN MATEO
CONSOLIDATED FIRE DEPARTMENT AUTHORIZING A CHANGE ORDER IN THE
AMOUNT NOT TO EXCEED \$40,000 FOR TPX COMMUNICATIONS FOR DATA
NETWORK, INTERNET CONNECTIVITY, AND HOSTED VOICE OVER INTERNET
PROTOCOL (VOIP) TELEPHONE SERVICES AND EQUIPMENT**

WHEREAS, on January 9, 2019, the San Mateo Consolidated Fire Department Board of Directors approved the Department's Purchasing Policy, which requires Board approval for purchases exceeding \$100,000; and,

WHEREAS, on April 10, 2019, the Board authorized the purchase of services from TPx Communications for Data Network, Internet Connectivity, and Hosted Voice Over Internet protocol (VoIP) telephone service and equipment; and,

WHEREAS, since that time, staff has been monitoring expenditures associated with the purchase of services and equipment from TPx Communications; and,

WHEREAS, to date, a blanket purchase order in the amount of \$100,000 has been processed to cover current expenditures; and,

WHEREAS, based on year to date expenditures, staff anticipates exceeding \$100,000 in costs for the remaining fiscal year; and,

WHEREAS, approving this change order will bring the total amount not to exceed \$140,000.

NOW, THEREFORE, the Board of Directors of the San Mateo Consolidated Fire Department resolves as follows:

1. Authorize a Change Order in the amount not to exceed \$40,000 for TPx Communications for Data Network, Internet Connectivity, and Hosted Voice Over Internet Protocol (VoIP) Telephone services and equipment.

PASSED AND ADOPTED as a resolution of the Board of Directors of the San Mateo Consolidated Fire Department at the regular meeting held on the 13th day of October, 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Acting Board Secretary

Board President

APPROVED AS TO FORM:

William D. Ross, General Counsel



SAN MATEO CONSOLIDATED FIRE DEPARTMENT

330 West 20th Avenue
San Mateo, CA 94403

DATE
8/10/2021

PO NUMBER
56-00424

VENDOR: 13000223
T P X COMMUNICATIONS
515 S. FLOWER ST.
45TH FL.
LOS ANGELES, CA 90071

SHIP TO: SAN MATEO CONSOLIDATED FIRE D
ATTN:SAN MATEO CONSOLIDATED FI
1040 EAST HILLSDALE BLVD.
FOSTER CITY, CA 94404

FOB Point:
Terms: AP Net Invoice Due in 30 Days

Req. Del. Date:

BILL TO: SAN MATEO CONSOLIDATED FIRE D
SAN MATEO CONSOLIDATED FIRE D
1040 EAST HILLSDALE BLVD
FOSTER CITY, CA 94404

REQ NUMBER: 56-000000433

Contact: PAYMENT CENTER

Special Inst: Please do not mail.

Quantity	Unit	Description	Unit Price	Ext. Price
		BLANKET PURCHASE ORDER FY 2021/2022		0.00
		Communication services and equipment: MSX equipment, internet service and phone system, and recurring monthly costs. NTE: \$100,000.00		

Terms And Conditions

- 1. All claims for labor or material furnished must be filed within 30 days.
- 2. All packages, cartons or other containers must be plainly marked with the purchase order number.
- 3. All purchases F.O.B. destination unless otherwise specified on bid or purchase order.
- 4. The right is reserved to purchase in the open market and to charge the difference to the vendor in the event that deliveries are not made in the time specified in the bid or contract.

- 5. Whenever a delivery is rejected the vendor shall be notified and shall be given the reason for the rejection. All rejected deliveries shall be held at the vendors risk and he shall bear the expense of removal.
- 6. The San Mateo Consolidated Fire Department will not be responsible for articles furnished officials or employees without a purchase order signed by the authorized purchasing agent.

SUBTOTAL	0.00
TAX	0.00
FREIGHT	0.00
TOTAL	0.00

Account Number	Project Number	Amount	Account Number	Project Number	Amount

Authorized Signature

DEPARTMENT COPY



San Mateo Consolidated Fire Department

PROJECT

P.O. 56-00424

SAN MATEO CONSOLIDATED FIRE DEPARTMENT

Contract Change Order No. 1

Distribution:
Purchasing Division,
Department File,
Contractor.

To: TPX COMMUNICATIONS
P.O. BOX 509013
SAN DIEGO, CA 92150

Date: 10/13/2021
You are hereby directed to make the herein described changes from the plans and specifications or do the following described work not included in the plans and specifications on your contract.

Description of work to be done, estimate of quantities, and prices to be paid. Segregate between additional work at contract price, agreed price, and force account. Unless otherwise stated, rates for rental of equipment cover only such time as equipment is actually used and no allowance will be made for idle time.

DESCRIPTION OF WORK

FY 21/22 TPx Communications-MSX Equipment including recurring monthly costs.

The blanket purchase order was originally set up with a limit of \$100,000.00. Increasing the limit by \$40,000 will cover the costs until the end of the fiscal year.

Total cost of change not to exceed

We, the undersigned contractor, have given careful consideration to the change proposed and hereby agree, if this proposal is approved, that we will provide all equipment, furnish all materials, except as may otherwise be noted above, and perform all services necessary for the work above specified, and will accept as full payment therefore for the prices shown above.

By reason of this proposed change ___ days extension of time will be allowed.

Accepted, Date _____
Contractor

By _____
Title _____

STATEMENT OF ACCOUNT

Original Contract Price \$100,000.00
Previous Change Orders \$0.00

Total to date \$100,000.00

This Change Order \$40,000.00

Revised Contract Price \$140,000.00

Approved
By Interim Fire Chief Kent Thrasher _____

Signature _____

Department: San Mateo Consolidated Fire Department



STAFF REPORT

To: San Mateo Consolidated Fire Department Board of Directors

From: Kent Thrasher, Interim Fire Chief

Meeting Date: October 13, 2021

Subject: City of San Mateo Lease Agreement - Amendment #2

RECOMMENDATION

Adopt a resolution approving an amendment to the lease agreement with the City of San Mateo and authorizing the Fire Chief to execute the amendment.

BACKGROUND

On March 4, 2019, the City of San Mateo and the San Mateo Consolidated Fire Department (SMC Fire) entered into a Lease Agreement for the Fire Stations 21, 23, 24, 25, 25, 26, and 27. On May 12, 2021, the Fire Board of Directors approved Amendment #1, which approved Exhibit A to reflect the construction of new Fire Station No. 25 at 1455 Shafter Street, San Mateo, CA 94402.

Amendment #2 will allow SMC Fire to temporarily use former Fire Station No. 25, at 545 Barneson Avenue, for storage of vehicles and equipment related to fire service. Approved Exhibit A will reflect adding the location back to the agreement.

Additionally, amendment #2 corrects a clerical error and adds the Training Tower located at Fire Station No. 23. Approved Exhibit A will reflect the Training Tower at 31 West 27th Avenue, San Mateo, CA 94402.

ANALYSIS

The intent of Amendment #2 is to include the address and assessor parcel number for the former Fire Station No. 25 and the Fire Training Tower at Fire Station No. 23 in the description of leased premises contained in Exhibit A of the Lease Agreement. The remaining terms of the Lease Agreement will remain in full force and effect.

FISCAL IMPACT

The lease agreement amendment has no fiscal impact.

ATTACHMENTS

- A. Resolution
- B. Amendment #2

RESOLUTION NO. RES-2021

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN MATEO
CONSOLIDATED FIRE DEPARTMENT APPROVING AMENDMENT #2 TO THE
LEASE AGREEMENT WITH THE CITY OF SAN MATEO AND AUTHORIZING THE
FIRE CHIEF TO EXECUTE THE AMENDMENT**

WHEREAS, on March 4, 2019, the City of San Mateo and the San Mateo Consolidated Fire Department (SMC Fire) entered into a Lease Agreement for the Fire Stations 21, 23, 24, 25, 25, 26, and 27; and,

WHEREAS, on May 12, 2021, the Fire Board of Directors approved Amendment #1 to the Lease Agreement, which reflected the new location of Fire Station #25 at 1455 Shafter Street, San Mateo, CA 94402 on Exhibit A; and,

WHEREAS, Amendment #2 will allow SMC Fire to temporarily use former Fire Station No. 25, at 545 Barneson Avenue, for storage of vehicles and equipment related to fire service; and,

WHEREAS, Amendment #2 corrects a clerical error and adds the Training Tower located at Fire Station No. 23 to the scope of the Lease Agreement; and,

WHEREAS, the intent of the parties is to include the former Fire Station No. 25 property and the Fire Training Tower at Fire Station No. 23 in the description of leased premises contained in Exhibit A of the Lease Agreement.

NOW, THEREFORE, the Board of Directors of the San Mateo Consolidated Fire Department resolves as follows:

1. Adopt a resolution approving Amendment #2 to the lease agreement with the City of San Mateo and authorizing the Fire Chief to execute the amendment.

PASSED AND ADOPTED as a resolution of the Board of Directors of the San Mateo Consolidated Fire Department at the regular meeting held on the 13th day of October, 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Acting Board Secretary

Board President

APPROVED AS TO FORM:

William D. Ross, General Counsel

**AMENDMENT NO. 2 TO THE LEASE AGREEMENT
BETWEEN THE CITY OF SAN MATEO AND
SAN MATEO CONSOLIDATED FIRE DEPARTMENT**

WHEREAS, A Lease Agreement (“Agreement”) was entered into as of March 4, 2019, by and between the City of San Mateo, a charter city (“Owner”), and the San Mateo Consolidated Fire Department, a joint powers authority formed in accordance with Government Code Sections 6500 and following (“Department”). Owner and Department may be referred to herein individually as a “Party” or collectively as the “Parties”; and

WHEREAS, Department is the Joint Powers Authority (“JPA”) authorized to provide fire protection, prevention, and emergency response services within its jurisdiction, and;

WHEREAS, Owner is a Member Agency participating in the JPA that comprises the Department and receives fire services from the Department, and;

WHEREAS, To perform its functions, Department requires fire stations and other capital facilities and equipment, and;

WHEREAS, As a member of JPA, Owner seeks to lease certain facilities to the Department for use in providing fire protection services within the Department’s jurisdiction; and,

WHEREAS, Owner has constructed a New Fire Station 25 at 1455 Shafter Street, San Mateo, CA 94402; and

WHEREAS, Owner will permit the Department to temporarily use the former Fire Station 25 for storage of a vehicles and equipment related to fire service; and

WHEREAS, Owner and Department wish to amend the Agreement effective September 20, 2021 to add the new Fire Station 25 at 1455 Shafter Street, San Mateo, CA 94402 to Exhibit A to the Agreement; and

WHEREAS, Owner and Department also wish to amend Exhibit A to the Agreement to correct a clerical error and add the Fire Training Tower located at Station 23 at 31 West 27th Avenue, San Mateo, California 94403.

NOW, THEREFORE, the parties agree as follows:

1. Section 1.2, “Relocation,” of the Agreement is retitled “Temporary Use of Former Fire Station 25” and amended to read as follows: “Owner has relocated Fire Station 25 to 1455 Shafter Street, San Mateo, CA 94402 and Department has moved to the new Fire Station 25 location. Owner has agreed to allow Department to store equipment and materials directly related to fire service at the former Fire Station 25 location on a temporary basis. Department shall not store personal items or hazardous substances or use the premise for any other purpose beyond what is explicitly allowed by this paragraph. Department will vacate the former Fire Station 25 location upon 30 days’ written notice from Owner.”
2. Exhibit A of the Agreement is replaced with Exhibit A to this Amendment.

3. The remaining terms of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, CITY OF SAN MATEO and SAN MATEO CONSOLIDATED FIRE DEPARTMENT have executed this Agreement on October 13, 2021.

CITY OF SAN MATEO

SAN MATEO CONSOLIDATED FIRE DEPARTMENT

Drew Corbett Date
City Manager

Kent Thrasher Date
Interim Fire Chief

ATTEST

ATTEST

City Clerk Date

Acting Department Clerk Date

APPROVED AS TO FORM

Gabrielle P. Whelan Date
Assistant City Attorney

William D. Ross Date
Department Counsel

EXHIBIT A
DESCRIPTION OF LEASED PREMISES

Attached behind this page are addresses and Assessor Parcel Numbers (APN's) indicating the location of the Premises covered by this Agreement.

Station #21

120 South Ellsworth Avenue
San Mateo, CA 94401
APN: 034-151-090

Station #23 / Battalion Chiefs Office

31 West 27th Ave
San Mateo, CA 94403
APN: 039-381-010

Fire Training Tower

31 West 27th Avenue
San Mateo CA 94403
APN: 039-381-010

Station #24

319 South Humboldt Street
San Mateo, CA 94403
APN: 033-135-040 (319 S. Humboldt)

New Station #25

1455 Shafter Street
San Mateo, CA 94402
APN: 034-394-240

Old Station #25

545 Barneson Avenue
San Mateo, CA 94402
APN: 034-391-210

Station #26

1500 Marina Court
San Mateo, CA 94403
APN: 040-150-100

Station #27

1801 DeAnza Boulevard
San Mateo, CA 94402
APN: 041-442-020



STAFF REPORT

To: San Mateo Consolidated Fire Department Board of Directors

From: Kent Thrasher, Interim Fire Chief

Meeting Date: October 13, 2021

Subject: **Fire Protection and Life Safety Fund - Commitment of Fund Balance**

RECOMMENDATION

Adopt a resolution to commit the fund balance of the Fire Protection and Life Safety Fund.

BACKGROUND

Prior to San Mateo Consolidated Fire Department's (SMC Fire) commencement of operations on January 13, 2019, the activities of the Bureau of Fire Protection and Life Safety (Bureau) were accounted for in the City of San Mateo's general ledger. In 2010, the City Council of the City of San Mateo committed the fund balance in the Fire Protection and Life Safety Fund in compliance with the Governmental Accounting Standards Board (GASB) Statement No. 54, which establish a hierarchy on the constraints that govern how a government entity can use fund balance.

Upon commencement of operations, the Bureau transitioned to SMC Fire, and its activities have been accounted for in its general ledger. In order to comply with GASB 54, the Board of Directors will need to commit the fund balance classifications for the purposes of the activities of the Bureau.

FISCAL IMPACT

As of June 30, 2021, the draft annual comprehensive financial report (ACRF) reports \$226,178 in fund balance for the Fire Protection and Life Safety Fund. The attached resolution commits the entire fund balance for the purpose of funding the activities of the Bureau of Fire Protection and Life Safety.

ATTACHMENTS

A. Draft Resolution

RESOLUTION NO. RES-2021

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN MATEO
CONSOLIDATED FIRE DEPARTMENT TO COMMIT THE FUND BALANCE OF
THE FIRE PROTECTION AND LIFE SAFETY FUND**

WHEREAS, the Government Standards Accounting Board (GASB) issued Statement No. 54 establishing a hierarchy of the constraints that govern how a government entity can use amounts reported as fund balance; and

WHEREAS, the Board of Directors is the highest level of decision-making authority, and has the authority to commit, assign, or evaluate existing fund balance classifications and identify the intended uses of committed or assigned funds; and

WHEREAS, the committed fund balance classification reflects amounts subject to internal constraints self-imposed by the Board of Directors; and,

WHEREAS, once the committed fund balance constraints are imposed, it requires the constraint to be removed by the Board of Directors prior to redirecting the funds for other purposes; and

WHEREAS, the Board of Directors has determined it will commit the fund balance for the Fire Protection and Life Safety Fund for the year ended June 30, 2021 for the purpose of funding the activities of the Bureau of Fire Protection and Life Safety, which enforces state and local fire codes and standards, and conducts fire investigations.

NOW, THEREFORE, the Board of Directors of the San Mateo Consolidated Fire Department resolves as follows:

1. The fund balance of the Fire Protection and Life Safety Fund is committed in accordance with the provisions of GASB 54 for the purpose of funding the activities of the Bureau of Fire Protection and Life Safety. As indicated by the Committed Fund classification, cannot be used for any purpose other than directed above, unless the Board of Directors adopts another resolution to remove or change the constraint.

PASSED AND ADOPTED as a resolution of the Board of Directors of the San Mateo Consolidated Fire Department at the regular meeting held on the 13th day of October, 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Acting Board Secretary

Board President

APPROVED AS TO FORM:

William D. Ross, General Counsel



STAFF REPORT

To: San Mateo Consolidated Fire Department Board of Directors

From: Kent Thrasher, Interim Fire Chief

Meeting Date: October 13, 2021

Subject: **Hazardous Materials Emergency Response Agreement**

RECOMMENDATION

Adopt a resolution authorizing the Fire Chief to negotiate the terms and execute an agreement with the County of San Mateo for Hazardous Materials Response Services.

BACKGROUND

The South County Fire Authority and its successor agency, Belmont Fire Protection District provided hazardous materials emergency response services to the County of San Mateo from 1986 until April 9, 2019. On April, 10, 2019, following the commencement of operations of San Mateo Consolidated Fire (SMC Fire) on January 13, 2019, the Fire Board of Directors authorized the assignment of these services from the Belmont Fire Protection District to SMC Fire.

On May 18, 2019, SMC Fire executed an agreement that covered the term from July 1, 2019 through June 30, 2022. Each year included an annual increase of 5%. Additionally, the agreement provided reimbursement for direct Hazmat training related costs.

ANALYSIS

SMC Fire recognizes the benefits of continuing this partnership and will negotiate renewal of another three-year term with the County of San Mateo for hazardous materials emergency response services. An annual increase of 5% each fiscal year will allow continued operations of the response team at appropriate levels. Once the agreement is finalized, it will be presented to the San Mateo County Board of Supervisors for approval.

FISCAL IMPACT

The current fiscal year (FY) 2021-22 reimburses \$709,767. If the agreement is renewed for another three-year term, an annual increase of 5% would be paid and the revenue per FY would be as follows:

- FY 2022-23 - \$745,255
- FY 2023-24 - \$782,518
- FY 2024-25 - \$821,644

ATTACHMENTS

- A. Resolution

RESOLUTION NO. RES-2021

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN MATEO CONSOLIDATED FIRE DEPARTMENT AUTHORIZING THE FIRE CHIEF TO NEGOTIATE THE TERMS AND EXECUTE AN AGREEMENT WITH THE COUNTY OF SAN MATEO FOR HAZARDOUS MATERIALS RESPONSE SERVICES

WHEREAS, the South County Fire Authority and its successor agency, Belmont Fire Protection District, provided hazardous materials emergency response services to the County of San Mateo from 1986 to April 9, 2019; and,

WHEREAS, on April 10, 2019, the Fire Board of Directors adopted a resolution authorizing the assignment of this agreement from the Belmont Fire Protection District to the San Mateo Consolidated Fire Department (SMC Fire); and,

WHEREAS, on May 18, 2019, SMC Fire executed an agreement which covered the term from July 1, 2019 through June 30, 2022. Each year included an annual increase of 5%; and,

WHEREAS, the current agreement reimburses \$709,767 for the period of July 1, 2021 through June 30, 2022; and,

WHEREAS, SMC Fire recognizes the benefits of continuing this partnership and will negotiate renewal of the agreement for an additional three-years and will include an annual 5% increase; and,

WHEREAS, it is anticipated that the payment to SMC Fire will be approximately \$745,255 for FY 2022-23, \$782,518 for FY 2023-24, and \$821,644 for FY 2024-25.

NOW, THEREFORE, the Board of Directors of the San Mateo Consolidated Fire Department resolves as follows:

1. Authorize the Fire Chief to negotiate the terms and execute an agreement with the County of San Mateo for hazardous materials response services.

PASSED AND ADOPTED as a resolution of the Board of Directors of the San Mateo Consolidated Fire Department at the regular meeting held on the 13th day of October, 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Acting Board Secretary

Board President

APPROVED AS TO FORM:

William D. Ross, General Counsel



STAFF REPORT

To: San Mateo Consolidated Fire Department Board of Directors

From: William Ross, Department Counsel

Meeting Date: October 13, 2021

Subject: **Resolution Authorizing Continued Use of Remote Teleconferencing for Meetings of the Department Board of Directors Consistent with AB 361's Amendments to the Ralph M. Brown Act**

RECOMMENDATION

Adopt a Resolution finding that continued emergency conditions persist due to the ongoing COVID-19 Pandemic and that that meetings of the Department's Board of Directors ("Board") will continue to be conducted via remote teleconferencing.

BACKGROUND

Because of the COVID-19 Pandemic, the Department's Board of Directors has been conducting meetings via Zoom teleconference, as allowed by Executive Order N-29-20. However, the Executive Order expired on September 30, 2021. Assembly Bill 361, which was approved at by the Governor on September 16, 2021, allows local agencies to continue to meet by Zoom or other teleconferencing methods, provided that certain conditions are met.

The effect of Executive Order N-29-20 was to suspend certain provisions of the Ralph M. Brown Open Meeting Act (Government Code Section 54950 *et seq.*), which only allowed remote teleconference participation by Board Members through an agenda-posting process at each teleconferenced member's location, with agenda provisions requiring that each teleconferenced location be accessible to the public.

AB 361 amended the Brown Act, however, to allow for the same teleconferencing as the now-expired Executive Order, so long as a state of emergency persists. The enclosed Resolution would comply with the provisions of AB 361 and allow continued Zoom meetings of the Board until full in-person meetings are resumed.

The ability to continue to meet by Zoom, even in conjunction with Open Meetings, can be accomplished consistent with AB 361, which requires that Resolutions confirming the existence of a declared emergency are adopted *every 30 days* (or, if a longer period of time passes between each Board meeting, a Resolution be adopted each time the Board meets).

Stated differently, the Board will have to enact a "361 Resolution" at each meeting to allow the current Zoom teleconferencing procedure to continue.

Changes to the initial page of Board Agenda will also be made beginning October 2021, since the means for the public to participate via continued Zoom teleconference will have to be described consistent with the AB 361 procedures rather than the now-expired Executive Order N-29-20.

FISCAL IMPACT

None

ATTACHMENTS

A. Resolution

RESOLUTION NO. RES-2021

A RESOLUTION OF THE SAN MATEO CONSOLIDATED FIRE DEPARTMENT RE-AFFIRMING THAT A LOCAL EMERGENCY EXISTS, RE-RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY BY GOVERNOR NEWSOM ON MARCH 4, 2020, AND AUTHORIZING CONTINUED USE OF REMOTE TELECONFERENCED MEETINGS OF THE LEGISLATIVE BODIES OF THE SAN MATEO CONSOLIDATED FIRE DEPARTMENT FOR THE PERIOD OCTOBER 1, 2021 THROUGH NOVEMBER 1, 2021 PURSUANT TO THE RALPH M. BROWN ACT

WHEREAS, the San Mateo Consolidated Fire Department (“Department”) is committed to preserving and nurturing public access and participation in meetings of the San Mateo Consolidated Fire Department Board of Directors (“Board”); and,

WHEREAS, all meetings of the Department’s legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and watch the Department’s legislative bodies conduct their business; and,

WHEREAS, where a state of emergency exists, Government Code section 54953(e) authorizes remote, teleconferenced participation in meetings by members of a legislative body, without compliance with Government Code section 54953(b)(3), which under normal circumstances allows remote teleconference participation by Board Members through a specific agenda-posting process at each teleconferenced member’s location, with agenda provisions indicating that each teleconferenced location be accessible to the public; and,

WHEREAS, however, such requirements are not required for teleconferenced meetings when a state of emergency has been declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and,

WHEREAS, that proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within the Department’s boundaries, caused by natural, technological, or human-caused disasters; and,

WHEREAS, that proclamation also requires that state or local officials have imposed or recommended measures to promote social distancing, or the legislative body meeting in person would present imminent risks to the health and safety of attendees; and,

WHEREAS, emergency conditions exist in the Department, specifically, a State of Emergency has been proclaimed by Governor Newsom on March 4, 2020, proclaiming a State of Emergency to exist in California as a result of the threat of COVID-19; and,

WHEREAS, during the COVID-19 pandemic, the Department Board has conducted remote, teleconferenced meetings consistent with the Governor's Executive Orders promoting social distancing;

WHEREAS, consistent with AB 361, as a condition of extending the use of the provisions found in section 54953(e), the Department Board must reconsider the circumstances of the state of emergency that exists in the Department, and the Department Board has done so; and,

WHEREAS, in response to COVID-19, the Governor of the State of California issued a Proclamation of a State of Emergency in response to COVID-19 on March 4, 2020, and issued Executive Order N-25-20 on March 12, 2020 proclaiming temporary amendments to State law and regulations related thereto; and

WHEREAS, on March 16, 2020, the Director of Emergency Services for each of the three member agencies of the Department proclaimed a local emergency within their jurisdictions, which were subsequently ratified by their respective governing bodies. On April 1, 2020, the Department's Board of Directors adopted a Resolution confirming and ratifying the actions of the three member agencies taken on March 16, 2020, including the declarations of emergency within the Department's entire service area in response to the COVID-19 pandemic; and,

WHEREAS, due to the continuing pandemic and the surging Delta Variant of COVID-19, meetings in person continues to present imminent risk to health and safety of attendees; and,

WHEREAS, the Department Board does hereby find that the coronavirus cause the State of Emergency proclaimed by Governor Newsom on March 4, 2020, and, the Delta Variant of COVID-19 surging in San Mateo County per the San Mateo County Public Health Notice on August 3, 2021 has caused, and will continue to cause, conditions of peril to the safety of persons within the Department that are likely to be beyond the control of services, personnel, equipment, and facilities of the Department, and desires to affirm a local emergency exists and ratify the Proclamation of State of Emergency by the Governor of the State of California; and,

WHEREAS, as a consequence of the local emergency, the Department Board does hereby find that the legislative bodies of the Department shall conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that such legislative bodies shall comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953; and,

WHEREAS, the Department is providing teleconference access via a conference phone-line number to the meetings to ensure public access.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SAN MATEO COUNTY FIRE DEPARTMENT DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Affirmation that Local Emergency Exists. The Department Board hereby proclaims that a local emergency now exists throughout the Department, and the surging Delta Variant of COVID-19 would present an imminent risk to meeting in person.

Section 3. Re-Ratification of Governor's Proclamation of a State of Emergency. The Department Board hereby re-ratifies the Governor of the State of California's Proclamation of State of Emergency, effective as of its issuance date of March 4, 2020.

Section 4. Remote Teleconference Meetings. The staff and legislative bodies of the Department are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution, including conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of November, 12, 2021 or such time the Department Board adopts a subsequent Resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the legislative bodies of the Department may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

PASSED, APPROVED and ADOPTED at a regularly scheduled meeting of the Department Board of the San Mateo County Fire Department held on the 13th day of October 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Acting Board Secretary

Board President

APPROVED AS TO FORM:

William D. Ross, General Counsel



STAFF REPORT

To: San Mateo Consolidated Fire Department Board of Directors

From: Rich Lee, Treasurer

Meeting Date: October 13, 2021

Subject: Fire Prevention and Life Safety Fund Update

RECOMMENDATION

The purpose of this report is to provide an update on the financial status of the Fire Prevention and Life Safety Fund based on the most recent financial information available. Due to the timing of month-end closing, this report is reflective of only two months of operations for fiscal year 2021-22.

BACKGROUND

While the Adopted 2021-22 Budget for the Fire Prevention and Life Safety Fund assumed a beginning fund balance of negative \$0.2 million, the 2020-21 unaudited ending fund balance is a positive \$0.2 million in fund balance. The adjusted 2021-22 budget anticipates \$2.6 million in total revenues and total expenditures, which would result in a year end with approximately \$0.2 million in fund balance.

	2021-22		
	2021-22 Adopted Budget	Adjusted Budget 8/31/2021	8/31/2021 Actuals
Beginning Fund Balance	\$ (229,405)	\$ 226,178	\$ 226,178
Revenues			
Fire Fees	\$ 2,542,377	\$ 2,542,377	\$ 381,512
Interest and Miscellaneous	88,336	88,336	547
Total Revenues	\$ 2,630,713	\$ 2,630,713	\$ 382,059
Expenditures			
Personnel	\$ 1,580,788	\$ 1,580,788	\$ 203,336
Operating	359,372	359,372	72,007
Capital Outlay	34,300	34,300	5,717
Legacy Costs	642,983	642,983	321,492
Total Expenditures	\$ 2,617,443	\$ 2,617,443	\$ 602,551
Ending Fund Balance	\$ (216,135)	\$ 239,448	\$ 5,687

FISCAL IMPACT

The table below shows budget-to-actual revenues for fiscal year 2021-22. Overall, total revenues are at 14.5% of budget through the first two months of the current fiscal year.

	2021-22 Adjusted Budget	2021-22 Actuals	% of Budget
Revenues			
Fire Fees	\$ 2,542,377	\$ 381,512	15.0%
Interest and Miscellaneous	88,336	547	0.6%
Total Revenues	\$ 2,630,713	\$ 382,059	14.5%

As shown in the table below, revenues are up 35.4% over the same time last fiscal year, primarily due to an increase in fire plan check construction permit fees.

	2020-21 Actuals	2021-22 Actuals	% Change of Actuals
Revenues			
Fire Fees	\$ 282,247	\$ 381,512	35.2%
Interest and Miscellaneous	-	547	0.0%
Total Revenues	\$ 282,247	\$ 382,059	35.4%

The table below shows the budget-to-actual expenditures. Expenditures are tracking higher than anticipated at 23.0% of budget, primarily due to making half of the annual legacy cost payment to the City of San Mateo during the first two months.

	2021-22 Adjusted Budget	2021-22 Actuals	% of Budget
Expenditures			
Personnel	\$ 1,580,788	\$ 203,336	12.9%
Operating	359,372	72,007	20.0%
Capital Outlay	34,300	5,717	16.7%
Legacy Costs	642,983	321,492	50.0%
Total Expenditures	\$ 2,617,443	\$ 602,551	23.0%

Expenditures are down 6.9% compared to the same period last fiscal year. Although legacy costs are significantly higher than this time last fiscal year, personnel costs are 52.3% lower due to reallocating the costs of three firefighters to the General Fund, as well as defunding two Fire Inspectors.

	2021-22 Adjusted Budget	2021-22 Actuals	% Change of Actuals
Expenditures			
Personnel	\$ 426,048	\$ 203,336	(52.3%)
Operating	64,949	72,007	10.9%
Capital Outlay	5,915	5,717	(3.3%)
Legacy Costs	150,160	321,492	114.1%
Total Expenditures	\$ 647,071	\$ 602,551	(6.9%)



STAFF REPORT

To: San Mateo Consolidated Fire Department Board of Directors

From: Rich Lee, Treasurer

Meeting Date: October 13, 2021

Subject: Annual Comprehensive Financial Report for year ended June 30, 2021

RECOMMENDATION

Review, provide comments, authorize finalizing, and accept the Annual Comprehensive Financial Report for the year ended June 30, 2021.

BACKGROUND

The San Mateo Consolidated Fire Department (SMC Fire) commenced operations on January 13, 2019. As such, the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021 marks the second full fiscal year for SMC Fire.

Entity-wide financial highlights for SMC Fire include:

- Total net position of \$18.1 million, which, by definition, is total assets (and deferred outflow of resources) less total liabilities.
- Total revenues of \$46.8 million, the majority of which were \$44.2 million in operating contributions from the member agencies – the cities of Belmont, Foster City, and San Mateo.
- Total expenses of \$46.8 million, which were primarily comprised of \$40.0 million in personnel costs.

The General Fund, SMC Fire's primary operating fund, began the fiscal year with \$1.4 million in fund balance. The General Fund accounted for \$44.2 million in total revenues and \$44.1 million in expenditures, resulting in a net change in fund balance of \$0.1 million and an ending fund balance of \$1.5 million. As directed by the Board of Directors in July 2021, rather than provide a proportional credit to each member agency, the rather modest General Fund net surplus will increase fund balance, which incrementally improves SMC Fire's fiscal position and closer to its target reserve of three months of budgeted operating expenditures. For 2021-22, the General Fund adopted budget was \$43.0 million, thus three months equates to \$10.8 million, and the 2020-21 ending fund balance of \$1.5 million represents 3.4% of budgeted operating expenditures.

The Fire Protection and Life Safety Fund (Fire Prevention Fund), which accounts for activities of the Bureau of Fire Protection and Life Safety (Bureau), recorded \$2.6 million in revenues and \$3.6 million in expenditures, which resulted in a net loss of \$1.0 million, and an ending fund balance of \$0.2 million. The majority of the \$2.6 million in total revenues was attributable to charges for services, while the

majority of the \$3.6 million in expenditures was attributable to personnel costs. The Fire Prevention Fund is a cost recovery fund, in that its costs are intended to be covered through the fees that it charges through service fees. The adopted 2021-22 budget assumes a net loss of \$0.2 million, and assumes a 15% revenue increase due to an increase in activity, whether driven by additional demand or additional staff resources. In response to the significant drawdown on fund balance in the past three fiscal years and the projected incremental recovery over the next five years, SMC Fire and Finance staff will continue to closely monitor the Fire Prevention Fund's performance and provide regular status reports during each Board meeting.

The Vehicle & Equipment Replacement Fund ended the fiscal year with \$6.5 million in total net position, but the portion that is restricted for investment in capital assets increased from \$0.2 million in the prior year to \$2.8 million in the fiscal year ended June 30, 2021. This increase reflects the purchase of three new engines that are expected to be delivered in January 2022. Accordingly, the unrestricted portion decreased from \$5.5 million to \$3.7 million.

BUDGET IMPACT

The recommended action has no budget impact. As reflected in the 2020-21 ACFR, SMC Fire's primary operating fund, the General Fund, is fiscally sound, and incrementally increased its fund balance in 2020-21. Conversely, Fire Protection and Life Safety Fund began with \$2.9 million (from the City of San Mateo) at commencement of operations on January 13, 2019, and ended the fiscal year ended June 30, 2021 with \$0.2 million in fund balance. As noted above, SMC Fire and Finance staff will continue to monitor the fund's performance closely and bring recurring updates to the Fire Board.

ATTACHMENTS

- A. Resolution
- B. Draft Annual Comprehensive Financial Report

RESOLUTION NO. RES-2021

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN MATEO
CONSOLIDATED FIRE DEPARTMENT ADOPTING THE ANNUAL
COMPREHENSIVE FINANCIAL REPORT FOR YEAR ENDED JUNE 30, 2021**

WHEREAS, the San Mateo Consolidated Fire Department (SMC Fire) commenced operations on January 13, 2019. As such, the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021 marks the second full fiscal year for SMC Fire; and

WHEREAS, the ACFR reflects SMC Fire's total net position of \$18.1 million, which, by definition, is total assets (and deferred outflow of resources) less total liabilities; and

WHEREAS, total revenues were \$46.8 million, the majority of which were \$44.2 million in operating contributions from the member agencies – the cities of Belmont, Foster City, and San Mateo; and

WHEREAS, total expenses were \$46.8 million, which were primarily comprised of \$40.0 million in personnel costs; and

WHEREAS, the General Fund accounted for \$44.2 million in revenues and \$44.1 million in expenditures, which resulted in a net increase of \$0.1 million in fund balance, ending the fiscal year with \$1.5 million in fund balance; and

WHEREAS, the Fire Protection and Life Safety Fund recorded \$2.6 million in revenues and \$3.6 million in expenditures, which resulted in a net decrease of \$1.0 million in fund balance, ending the fiscal year with \$0.2 million in fund balance; and

WHEREAS the Vehicle & Equipment Fund ended the fiscal year with \$6.5 million in total fund balance, with \$2.8 million restricted for Investment in capital assets, and the remainder of \$3.7 unrestricted.

NOW, THEREFORE, the Board of Directors of the San Mateo Consolidated Fire Department resolves as follows:

1. Authorize and accept the Annual Comprehensive Financial Report for the year ended June 30, 2021.

PASSED AND ADOPTED as a resolution of the Board of Directors of the San Mateo Consolidated Fire Department at the regular meeting held on the 13th day of October, 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Acting Board Secretary

Board President

APPROVED AS TO FORM:

William D. Ross, General Counsel

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

San Mateo Consolidated Fire Department
Statement of Net Position
June 30, 2021

	Primary Government
	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 10,253,152
Accounts receivable, net	958,579
Interest receivable	10,367
Prepaid items and deposits	17,097
Total current assets	11,239,195
Noncurrent assets:	
Net pension asset	758
Capital assets:	
Non-depreciable	2,390,427
Depreciable, net	5,055,647
Total capital assets	7,446,074
Total noncurrent assets	7,446,832
Total assets	18,686,027
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	7,417,503
Related to OPEB	685,815
Total deferred outflows of resources	8,103,318

San Mateo Consolidated Fire Department
Statement of Net Position (Continued)
June 30, 2021

	Primary Government
	Governmental Activities
LIABILITIES	
Current liabilities:	
Accounts payable	398,404
Accrued payroll	1,891,409
Deposits payable	19,297
Compensated absences - due within one year	976,980
Total current liabilities	3,286,090
Noncurrent liabilities:	
Net pension liability	11,183
Total OPEB liability	3,323,257
Compensated absences - due in more than one year	2,076,084
Total noncurrent liabilities	5,410,524
Total liabilities	8,696,614
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	1,388
Total deferred inflows of resources	1,388
NET POSITION	
Investment in capital assets	7,446,074
Unrestricted	10,645,269
Total net position	\$ 18,091,343

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**San Mateo Consolidated Fire Department
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2021**

	Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Governmental Activities
Expenses:	
Governmental activities:	
Personnel	\$ 40,034,358
Materials and services	5,394,739
Rents and leases	157,280
Miscellaneous	603,452
Depreciation	644,467
Total governmental activities	46,834,296
Program revenues:	
Charges of services	2,447,723
Operating contributions	44,202,114
Total revenues	46,649,837
General Revenues:	
Investment earnings	1,937
Miscellaneous revenue	174,775
Total general revenues	176,712
Change in net position	(7,747)
Net Position:	
Beginning of year	18,099,090
End of year	\$ 18,091,343

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FUND FINANCIAL STATEMENTS

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Governmental Funds Financial Statements

General Fund - This fund accounts for resources traditionally associated with governmental activities that are not required legally or by sound financial management to be accounted for in another fund.

Fire Prevention Special Revenue Fund - This fund accounts for the fees charged and expenditures for activities relating to fire inspections and permits.

DRAFT 10.6.2021

San Mateo Consolidated Fire Department
Balance Sheet
Governmental Funds
June 30, 2021

	Major Funds		
	General Fund	Fire Prevention Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and investments	\$ 2,943,323	\$ -	\$ 2,943,323
Accounts receivable, net	478,453	480,126	958,579
Interest receivable	10,367	-	10,367
Due from other funds	214,603	-	214,603
Prepaid items	17,097	-	17,097
Total assets	\$ 3,663,843	\$ 480,126	\$ 4,143,969
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 310,698	\$ 20,048	\$ 330,746
Accrued payroll	1,891,409	-	1,891,409
Due to other funds	-	214,603	214,603
Deposits payable	-	19,297	19,297
Total liabilities	2,202,107	253,948	2,456,055
Fund Balances:			
Nonspendable	17,097	-	17,097
Committed	-	226,178	226,178
Assigned	100	-	100
Unassigned (deficit)	1,444,539	-	1,444,539
Total fund balances	1,461,736	226,178	1,687,914
Total liabilities and fund balances	\$ 3,663,843	\$ 480,126	\$ 4,143,969

San Mateo Consolidated Fire Department
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2021

Total Fund Balances - Total Governmental Funds	<u>\$ 1,687,914</u>
Amounts reported for Governmental Activities in the Statement of Net Position were different because:	
Capital Assets used in the governmental activities were not financial resources and therefore were not reported in the Governmental Funds Balance Sheet.	
Government-Wide Statement of Net Position	7,446,074
Less: capital assets reported in Internal Service Funds	<u>(2,821,571)</u>
Total capital assets	<u>4,624,503</u>
Long-term liabilities are not due and payable in the current period and therefore were not reported in the Governmental Funds Balance Sheet.	
Amount reported in Government-Wide Statement of Net Position	
Compensated absences - due within one year	(976,980)
Compensated absences - due in more than one year	<u>(2,076,084)</u>
Total long-term liabilities	<u>(3,053,064)</u>
Aggregate net pension liability and total OPEB liability used in the governmental activities were not financial resources and therefore were not reported in the Governmental Funds Balance Sheet.	
Net pension asset	758
Net pension liability	(11,183)
Total OPEB liability	<u>(3,323,257)</u>
Total net pension liability and total OPEB liability	<u>(3,333,682)</u>
Deferred outflows of resources related to OPEB and pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
Amount reported in Government-Wide Statement of Net Position	
Deferred outflows of resources related to OPEB	685,815
Deferred outflows of resources related to pensions	<u>7,417,503</u>
Total deferred outflows of resources	<u>8,103,318</u>
Deferred inflows of resources related to OPEB and pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
Amount reported in Government-Wide Statement of Net Position	
Deferred inflows of resources related to pensions	<u>(1,388)</u>
Total deferred inflows of resources	<u>(1,388)</u>
Internal service funds are used by management to charge the cost of fleet management, risk management, information technology, and building maintenance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	
	<u>10,063,742</u>
Net Position of Governmental Activities	<u><u>\$ 18,091,343</u></u>

San Mateo Consolidated Fire Department
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	Major Funds		
	General Fund	Fire Prevention Special Revenue Fund	Total Governmental Funds
REVENUES:			
Intergovernmental:			
Contributions from Belmont	\$ 7,939,627	\$ -	\$ 7,939,627
Contributions from Foster City	7,939,627	-	7,939,627
Contributions from San Mateo	23,818,880	-	23,818,880
Grants and other intergovernmental	4,312,891	191,089	4,503,980
Charges for services	-	2,447,723	2,447,723
Other revenue	166,705	8,070	174,775
Total revenues	44,177,730	2,646,882	46,824,612
EXPENDITURES:			
Current:			
Personnel costs	38,804,275	2,611,994	41,416,269
Materials and services	5,183,365	211,374	5,394,739
Rents and leases	-	157,280	157,280
Miscellaneous	-	603,452	603,452
Capital outlay	85,398	-	85,398
Total expenditures	44,073,038	3,584,100	47,657,138
NET CHANGE IN FUND BALANCES	104,692	(937,218)	(832,526)
FUND BALANCES:			
Beginning of year	1,357,044	1,163,396	2,520,440
End of year	<u>\$ 1,461,736</u>	<u>\$ 226,178</u>	<u>\$ 1,687,914</u>

San Mateo Consolidated Fire Department
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2021

Total Fund Balances - Total Governmental Funds \$ (832,526)

Amounts reported for Governmental Activities in the Statement of Net Position were different because:

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position the cost of those assets was allocated over their estimated useful lives as depreciation expenses. This is the amount of capital assets recorded in the current period.	85,398
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, depreciation expense, net of internal service funds of \$40,475, was not reported as expenditures in the Governmental Funds.	(603,992)
Compensated absences expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(649,489)
Certain pension expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	
Changes in net pension assets	758
Changes in pension related deferred outflows of resources	1,538,558
Changes in net pension liabilities	(11,183)
Changes in pension related deferred inflows of resources	(1,388)
Certain OPEB expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	
Changes in OPEB related deferred outflows of resources	625,767
Changes in total OPEB liabilities	(2,704,510)
The internal service funds are used by management to charge the costs of fleet maintenance, facilities maintenance, and technology to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	
	2,544,860

Change in Net Position of Governmental Activities \$ (7,747)

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Proprietary Funds Financial Statements

Internal Service Funds - These funds are used to provide goods and services by one department or agency to other departments or agencies of the Department on a cost reimbursement basis.

DRAFT 10.6.2021

**San Mateo Consolidated Fire Department
Statement of Net Position
Proprietary Funds
June 30, 2021**

	<u>Total Internal Service Funds</u>
ASSETS	
Current assets:	
Cash and investments	\$ 7,309,829
Total current assets	<u>7,309,829</u>
Noncurrent assets:	
Capital assets:	
Non-depreciable	2,390,427
Depreciable, net	<u>431,144</u>
Total capital assets	<u>2,821,571</u>
Total noncurrent assets	<u>2,821,571</u>
Total assets	<u><u>10,131,400</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>67,658</u>
Total current liabilities	<u>67,658</u>
Total liabilities	<u>67,658</u>
NET POSITION	
Investment in capital assets	2,821,571
Unrestricted	<u>7,242,171</u>
Total net position	<u><u>\$ 10,063,742</u></u>

San Mateo Consolidated Fire Department
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Total Internal Service Funds
OPERATING REVENUES:	
Charges for services	\$ 12,201,397
Insurance reimbursement	636,615
Total operating revenues	12,838,012
OPERATING EXPENSES:	
Materials and services	10,254,614
Depreciation	40,475
Total operating expenses	10,295,089
OPERATING INCOME	2,542,923
NONOPERATING REVENUES:	
Investment income	1,937
Total nonoperating revenues	1,937
Changes in net position	2,544,860
NET POSITION:	
Beginning of year	7,518,882
End of year	\$ 10,063,742

San Mateo Consolidated Fire Department
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from interfund services provided	\$ 12,201,397
Cash received from insurance reimbursements	636,615
Cash payments to suppliers for goods and services	<u>(10,198,489)</u>
Net cash provided by operating activities	<u>2,639,523</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets, net	<u>(2,618,157)</u>
Net cash (used in) capital and related financing activities	<u>(2,618,157)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest from investments	<u>1,937</u>
Net cash provided by investing activities	<u>1,937</u>
Net change in cash and cash equivalents	23,303
CASH AND CASH EQUIVALENTS:	
Beginning of year	<u>7,286,526</u>
End of year	<u>\$ 7,309,829</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 2,542,923
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	40,475
Changes in operating assets and liabilities:	
Accounts payable	<u>56,125</u>
Total adjustments	<u>96,600</u>
Net cash provided by operating activities	<u>\$ 2,639,523</u>

DRAFT 10.6.2021

NOTES TO THE BASIC FINANCIAL STATEMENTS

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**San Mateo Consolidated Fire Department
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For the Year Ended June 30, 2020**

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San Mateo Consolidated Fire Department
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For the Year Ended June 30, 2020

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San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

The basic financial statements of the San Mateo Consolidated Fire Department (SMC Fire) have been prepared in conformity with accounting principles generally accepted of the United States of America (“U.S. GAAP”) as applied to Governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing accounting and financial reporting principles. The more significant of SMC Fire’s accounting policies are described below.

A. Reporting Entity

SMC Fire is a legally separate and independent entity that is not a component unit of the City of San Mateo (San Mateo), the City of Foster City/Estero Municipal Improvement District (Foster City), or the City of Belmont/Belmont Fire Protection District (Belmont). Further, SMC Fire has no component unit organizations under its control. Therefore, the financial statements contained within represent solely the activities, transactions, and status of the SMC Fire. SMC Fire is governed by a Board of Directors (“Fire Board”) consisting of representatives from each City.

SMC Fire maintains its headquarters at 1040 E. Hillsdale Boulevard Foster City, CA 94404

B. Basis of Accounting and Measurement Focus

The accounts of SMC Fire are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained in accordance with legal and managerial requirements.

Government - Wide Financial Statements

SMC Fire’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental activities for SMC Fire.

These financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of SMC Fire’s assets and liabilities, including capital assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents change in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for SMC Fire in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Government - Wide Financial Statements (Continued)

Certain eliminations have been made in regards to interfund activities, payables, and receivables. Interfund services provided and used are not eliminated in the process of consolidation. All internal balances in the Statement of Net Position have been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds

Fund Financial Statements

Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances. SMC Fire considers all funds as major funds since they met the applicable criteria in accordance with GASB Statement No. 34. An accompanying schedule is presented to reconcile and explain the differences in Net Position as presented in these statements to the Net Position presented in the Government-Wide Financial Statements.

All funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are considered to be available when they are collectible within the current period as soon enough thereafter to pay liabilities of the current period. For this purpose, SMC Fire considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by SMC Fire, are member agency operating contributions and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Non-exchange transactions, in which SMC Fire gives or receives value without directly receiving or giving equal value in exchange, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences.

SMC Fire reports the following major funds:

General Fund is the general operating fund of SMC Fire. It is used to account for all financial resources of SMC Fire except those required to be accounted for in another fund.

Fire Protection Special Revenue Fund accounts for the fees charged and expenditures for activities relating to fire inspections and permits.

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statement

SMC Fire reports the Internal Service Funds as Proprietary Funds of SMC Fire.

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

The Internal Service Fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues represent premiums paid for the programs and contributions toward programs; operating expenses include claims paid and administrative expenses of the programs, and vehicle and equipment purchases. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Internal Service Fund balances and activities have been combined with governmental activities in the Government-Wide Financial Statements, and are comprised of the following funds:

Vehicle and Equipment Replacement Fund accounts for charges to SMC Fire for funding and acquisition of vehicles, equipment and fire engines.

Benefits and Dental Fund accounts for SMC Fire's charges for other funds and expenditures relating to the employee benefits other than those accounted for in the Workers' Compensation and Comprehensive Liability Insurance Fund.

Workers' Compensation and Comprehensive Liability Insurance Fund accounts for all workers' compensation activities, and general liability transactions.

C. Cash and Investments

Cash includes cash on hand and demand deposits. Investments are reported at market value. Changes in market value that occur during the fiscal year are recognized as investment income for that fiscal year.

SMC Fire participates in an investment pool managed by the State of California titled Local Agency Investment Fund ("LAIF"), which has invested a portion of the pool funds in structured notes and asset-backed securities.

LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk and to change in interest rates. The reported value of the pool is the same as the market value of the pool shares.

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

C. Cash and Investments (Continued)

Certain disclosure requirements, if applicable, for deposits and investment risks are in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentration of Credit Risk
- Foreign Currency Risk

D. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. A reservation of fund balance has been reported in the governmental funds to show that prepaid amounts do not constitute "available spendable resources."

E. Interfund Transactions

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Interfund balances arise in the normal course of operations to cover cash shortages and are expected to be repaid shortly after the end of the fiscal year.

F. Capital Assets and Depreciation

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are valued at their acquisition value on the date donated. SMC Fire policy has set the capitalization threshold for reporting capital assets at \$10,000. As stipulated in the JPA agreement, fire stations remain the assets of the individual member agencies. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Asset Type	Years
Machinery & Equipment	2-15

Major outlays for capital assets are capitalized as construction in progress, once constructed, and repairs and maintenance costs are expensed.

G. Compensated Absences

Compensated absences comprise vested vacation, sick, comp time and annual leave. Employees do not gain a vested right to accumulated sick leave, unless they take retirement through CalPERS or are laid off. The annual leave plan combines vacation and sick leave, which is settled annually.

In government-wide financial statements compensated absences are recorded as expenses and liabilities as incurred.

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

G. *Compensated Absences (Continued)*

In Fund financial statements, compensated absences are recorded as expenditures in the years paid, as it is SMC Fire’s policy to liquidate any unpaid annual leave at year-end from future resources rather than currently available and expendable resources. The General Fund is typically used to liquidate compensated absences.

Employees accrue vacation, annual leave, earned time off, and holiday leave up to certain maximums, based on the employee’s bargaining unit. Employees may elect to be paid a portion of these leaves at various times according to the applicable Memorandum of Understanding. Sick leave may be accumulated without limit. Sick leave may be exchanged for service credit in SMC Fire’s pension plan upon retirement.

H. *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at market value.

The following timeframes are used for pension reporting:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Measurement period	July 1, 2019 to June 30, 2020

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

I. *Other Postemployment Benefits*

For purposes of measuring the net other postemployment benefits liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, and other postemployment benefits expense, information about the fiduciary net position of the plans and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at market value.

The following timeframes are used for other postemployment benefits reporting:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Measurement period	July 1, 2019 to June 30, 2020

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

I. Other Postemployment Benefits (Continued)

Gains and losses related to changes in total other postemployment benefits liability and fiduciary net position are recognized in other postemployment benefits expense systematically over time. The first amortized amounts are recognized in other postemployment benefits expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to other postemployment benefits and are to be recognized in future other postemployment benefits expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

J. Deferred Outflows and Inflows of Resources

The Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

K. Net Position

In government-wide financial statements, net position is categorized as follows:

Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation.

Restricted – This component of net position consists of restricted assets reduced by liabilities and related deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

L. Fund Balances

In fund financial statements, fund balances are categorized as follows:

Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

L. Fund Balances (Continued)

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body and that remain binding unless removed in the same manner. The Board of Directors is considered the highest authority for SMC Fire. A Board resolution is required to have fund balance committed.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government’s intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The Board of Directors is considered the highest authority for SMC Fire. A Board resolution is required to have fund balance assigned.

Unassigned – This amount is for any portion of the fund balances that do not fall into one of the above categories. The general fund is the only fund that reports a positive unassigned fund balance amount. In other funds, it is not appropriate to report a positive unassigned fund balance amount. However, in funds other than general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

M. Spending Policy

Government-Wide Financial Statements

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, SMC Fire’s policy is to apply restricted Net Position first.

Fund Financial Statements

When expenditures are incurred for purposes where only unrestricted fund balances are available, SMC Fire uses the unrestricted resources in the following order: committed, assigned, and unassigned.

N. Use of Estimates

The preparation of basic financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates and assumptions.

Note 2 – Cash and Investments

Cash and investments consisted of the following at June 30, 2021:

Cash on hand	\$	100
Demand deposits with financial institutions		1,384,583
Total cash		<u>1,384,683</u>
Local Agency Investment Fund (LAIF)		8,868,469
Total investments		<u>8,868,469</u>
Total cash and investments		<u><u>\$ 10,253,152</u></u>

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

A. Deposits

The carrying amount of SMC Fire’s cash deposits were \$1,384,583 at June 30, 2021. Bank balances before reconciling items were \$1,405,536 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in SMC Fire’s name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure SMC Fire’s cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in SMC Fire's name.

The market value of pledged securities must equal at least 110% of SMC Fire's cash deposits. California law also allows institutions to secure SMC Fire deposits by pledging first trust deed mortgage notes having a value of 150% of SMC Fire’s total cash deposits. SMC Fire may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. SMC Fire, however, has not waived the collateralization requirements.

SMC Fire follows the practice of pooling cash and investments of all funds. Interest income earned on pooled cash and investments is allocated to the various funds based on the average monthly cash and investment balances.

B. Investments

Under the provisions of SMC Fire’s investment policy, and in accordance with the Code, the following investments are authorized:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund	N/A	None	\$75 Million
U.S. Treasury Obligations	5 years	None	None
U.S. Agency and U.S. Government Sponsored Enterprise Securities	5 years	70%	40%

C. Risk Disclosures

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the market value of an investment. Generally, the longer the maturity, the greater the sensitivity its market value is to changes in market interest rates. As a means of limiting its exposure to market value losses arising from rising interest rates, SMC Fire’s investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs.

As of June 30, 2021, SMC Fire had the following investments and maturities:

Investments	Minimum Rating Required	Fair Value	Maturity 12 Months or Less
Investments:			
Local Agency Investment Fund (LAIF)	NA	\$ 8,868,469	\$ 8,868,469
Total Investments		\$ 8,868,469	\$ 8,868,469

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

C. Risk Disclosures (Continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally recognized statistical rating organization. As of June 30, 2021, SMC Fire had the following investments and ratings.

Investments	Credit Rating	Value
Investments:		
Local Agency Investment Fund (LAIF)	Not Rated	\$ 8,868,469
Total Investments		\$ 8,868,469

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, SMC Fire’s deposits may not be returned to it. SMC Fire does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State of local governmental units pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposited by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. Cash in banks is fully insured by the Federal Depository Insurance Corporation or collateralized, so there is no exposure to custodial credit risk.

Concentration of Credit Risk

The investment policy of SMC Fire contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. SMC Fire’s investment in an external investment pool is exempt from the requirement.

D. Investments in Local Agency Investment Fund

SMC Fire is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. SMC Fire’s investments in LAIF at June 30, 2021 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

Structured Notes are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2021, SMC Fire had \$8,868,469 invested in LAIF, which had invested 2.31% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines market value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. SMC Fire’s investment in LAIF is reported at amortized cost at June 30, 2021.

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – Interfund Balances and Transactions

A. Due To/Due From Other Funds

At June 30, 2021, interfund receivables and payables were as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Fire Prevention Special Revenue Fund	\$ 214,603	Overdrawn Cash

Current interfund balances arise in the normal course of operations to cover cash shortages and are expected to be repaid shortly after the end of the fiscal year.

Note 4 – Capital Assets

Summary of changes in capital assets activity for the year ended June 30, 2021, is shown below:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, not being depreciated				
Construction in progress	\$ -	\$ 2,390,427	\$ -	\$ 2,390,427
Total capital assets, not being depreciated	-	2,390,427	-	2,390,427
Capital assets, being depreciated				
Machinery & Equipment	6,305,524	313,128	-	6,618,652
Total capital assets, being depreciated	6,305,524	313,128	-	6,618,652
Accumulated depreciation:				
Machinery & Equipment	(918,538)	(644,467)	-	(1,563,005)
Total accumulated depreciation	(918,538)	(644,467)	-	(1,563,005)
Total capital assets, being depreciated, net	5,386,986	(331,339)	-	5,055,647
Total capital assets, net	\$ 5,386,986	\$ 2,059,088	\$ -	\$ 7,446,074

Depreciation and amortization expense were charged to the functions/programs of the governmental activities as follows:

Public safety - fire	\$ 603,992
Internal service funds	40,475
Total depreciation expenses	\$ 644,467

Note 5 – Compensated Absences

Summary of changes in compensated absences for the year ended June 30, 2021 is as follows:

	Balance			Balance			Classification	
	July 1, 2020	Additions	Deletions	June 30, 2021	Due within One Year	Due in More Than One Year		
Compensated absences	\$ 2,403,575	\$ 2,160,714	\$ (1,511,225)	\$ 3,053,064	\$ 976,980	\$ 2,076,084		
Total	\$ 2,403,575	\$ 2,160,714	\$ (1,511,225)	\$ 3,053,064	\$ 976,980	\$ 2,076,084		

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 5 – Compensated Absences (Continued)

SMC Fire’s liability for vested and unpaid compensated absences (accrued vacation, sick time, comp time, and annual leave) has been accrued and amounts to \$3,053,064 at June 30, 2021. The amount due within one year of \$976,980 represents the estimated amount for anticipated retirees. SMC Fire primarily uses the General Fund to liquidate the liability for compensated absences for governmental funds.

Note 6 – Risk Management

A. General Liability

SMC Fire maintains occurrence-basis commercial insurance coverage for both general liability and workers’ compensation. The general liability insurance covers up to \$1 million per occurrence and \$10 million annual aggregate with excess liability of \$10 million per occurrence and \$20 million aggregate. The workers’ compensation insurance covers up to \$50 million per occurrence.

B. Claims Activity

SMC Fire’s claims activity is recorded in its Worker’s Compensation and General Liability Internal Service Funds. Estimated liabilities are recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The claims during the fiscal year ended June 30, 2021 were covered by the insurance policies.

Note 7 – Pension Plans

A. General Information about the Pension Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees’ Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other.) Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous risk pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. SMC Fire sponsors eleven rate plans. Benefit provisions under the Plan are established by State statute and SMC Fire resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

Employees Covered by Benefit Terms

At June 30, 2019 valuation date, the following members were covered by the benefit terms for each Plan:

	Miscellaneous Plans	Safety Plans
Active	12	137
Transferred or separated	1	2
Retired	-	-
Total	13	139

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Pension Plans (Continued)

A. General Information about the Pension Plans (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Safety members with five years or more of total service are eligible to retire at age 50. Miscellaneous members with five years or more of total service are eligible to retire at age 50, with exception of those that fall under the 2% at 62 formula, who are eligible to retire at age 52. Those that retire before the “normal retirement age” listed in their formula will receive statutorily reduced benefits. All members are eligible for non-industrial disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The rate plan provisions and benefits in effect at June 30, 2020 are summarized below:

For transferred employees from member agencies

	Classic Misc - San Mateo Tier 1	Classic Misc - San Mateo Tier 2	Classic Safety - Belmont Tier 1	Classic Safety - Belmont Tier 2
Benefit formula	2% at age 55	2% at age 55	3% at age 55	2% at age 50
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	50	50
Required employee contribution rates	7.000%	7.000%	9.000%	9.000%
Required employer contribution rates	11.031%	9.680%	20.585%	18.152%
Final Annual Compensation	1 year	1 year	1 year	1 year
	Classic Safety - Foster City Tier 1	Classic Safety - San Mateo Tier 1	Classic Safety - San Mateo Tier 2	
Benefit formula	3% at age 50	3% at age 50	3% at age 55	
Benefit vesting schedule	5 years service	5 years service	5 years service	
Benefit payments	Monthly for life	Monthly for life	Monthly for life	
Retirement age	50	50 - 55	50 - 57	
Required employee contribution rates	9.000%	9.000%	9.000%	
Required employer contribution rates	22.437%	23.674%	20.585%	
Final Annual Compensation	1 year	1 year	1 year	

For new employees hired after January 13, 2019

	Classic - Misc	PEPRA - Misc	Classic - Safety	PEPRA - Safety
Benefit formula	2% at age 62	2% at age 62	2.7% at age 57	2.7% at age 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement age	52	52	50	50
Required employee contribution rates	6.750%	6.750%	12.000%	12.000%
Required employer contribution rates	7.732%	7.732%	13.044%	13.044%
Final Annual Compensation	1 year	1 year	1 year	1 year

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Pension Plans (Continued)

A. General Information about the Pension Plans (Continued)

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an actuarial basis, annually and is effective on July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. SMC Fire is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2020 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2020 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS’ Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

¹The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Change of Assumption

In 2019, there were no changes of assumptions.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return. (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Pension Plans (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

Asset Class ¹	Assumed Asset Allocation	Real Return Years 1-10 ²	Real Return Years 11+ ³
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

¹In the CalPERS' CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

²An expected inflation of 2.00% used for this period

³An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents SMC Fire's proportionate share of the net pension liability for each Plan type, calculated using the discount rate for each Plan, as well as what SMC Fire's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Plan's Aggregate Net Pension Liability/(Asset)		
	Discount Rate	Current Discount	Discount Rate
	- 1% (6.15%)	Rate (7.15%)	+ 1% (8.15%)
Miscellaneous Plans	\$ 11,076	\$ (758)	\$ (10,536)
Safety Plans	\$ 457,119	\$ 11,183	\$ (354,750)

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Pension Plans (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan’s proportionate share of the risk pool collective net pension liability over the measurement period:

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
Miscellaneous Plan:			
Balance at: 6/30/19 (Valuation date)	\$ -	\$ -	\$ -
Balance at: 6/30/20 (Measurement date)	88,926	89,684	(758)
Net Changes during 2019-2020	88,926	89,684	(758)
Safety Plan:			
Balance at: 6/30/19 (Valuation date)	\$ -	\$ -	\$ -
Balance at: 6/30/20 (Measurement date)	3,283,680	3,272,497	11,183
Net Changes during 2019-2020	3,283,680	3,272,497	11,183

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2019). The risk pool’s fiduciary net position (“FNP”) subtracted from its total pension liability (“TPL”) determines the net pension liability (“NPL”) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2020). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool’s FNP at the measurement date denotes the aggregate risk pool’s FNP at June 30, 2020 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2018-19).
- (3) The individual plans’ TPL, FNP, and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.
- (5) The plans’ TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plans’ NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Pension Plans (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

SMC Fire’s proportionate share of the net pension liability as of June 30, 2021 was as follows:

	Miscellaneous Plan	Safety Plan
Proportion June 30, 2018	0.000000%	0.000000%
Proportion June 30, 2019	-0.000018%	0.016785%
Change - Increase (Decrease)	-0.000018%	0.016785%

For the year ended June 30, 2021, SMC Fire recognized pension expense in the amounts of \$23,426 and \$120,158, for the Miscellaneous plans and Safety plans, respectively.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The Expected Average Remaining Service Lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the 2019-20 measurement period is 3.8 years, which was obtained by dividing the total service years of 548,581 (the sum of remaining service lifetimes of the active employees) by 145,663 (the total number of participants: active, inactive, and retired).

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Pension Plans (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

At June 30, 2021, SMC Fire reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Plans		Safety Plans	
	Deferred outflows of Resources	Deferred inflows of Resources	Deferred outflows of Resources	Deferred inflows of Resources
Contributions made after measurement date	\$ 79,561	\$ -	\$ 4,403,851	\$ -
Changes in assumptions	5	-	-	(37)
Difference between actual and expected experience	-	(39)	867	-
Difference between projected and actual earning on pension plan investments	-	(23)	243	-
Adjustment due to differences in proportions	54,906	-	-	(778)
Difference between Employer's actual contributions and proportionate share of contributions	-	(511)	2,878,070	-
Total	\$ 134,472	\$ (573)	\$ 7,283,031	\$ (815)
	Total			
	Deferred outflows of Resources	Deferred inflows of Resources		
Contributions made after measurement date	\$ 4,483,412	\$ -		
Changes in assumptions	5	(37)		
Difference between actual and expected experience	867	(39)		
Difference between projected and actual earning on pension plan investments	243	(23)		
Adjustment due to differences in proportions	54,906	(778)		
Difference between Employer's actual contributions and proportionate share of contributions	2,878,070	(511)		
Total	\$ 7,417,503	\$ (1,388)		

For the Miscellaneous plans and Safety plans, \$79,561 and \$4,403,851, respectively, was reported as deferred outflows of resources related to pensions resulting from SMC Fire's contributions subsequent to the measurement date will be recognized as a reduction of collective the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Deferred Outflows/ (Inflows) of Resources	
	Miscellaneous Plan	Safety Plan
2021	\$ 19,418	\$ 1,027,865
2022	19,406	1,028,012
2023	15,525	822,366
2024	(11)	122
2025	-	-
Thereafter	-	-
Total	\$ 54,338	\$ 2,878,365

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 – Other Postemployment Benefits

A. General Information about OPEB

Plan Description

SMC Fire administers a single employer defined benefit post-employment healthcare plan (Plan). Merit employees who retire directly from SMC Fire under CalPERS at the minimum age 50 with at least 5 years of CalPERS service (or disability) are eligible to receive \$160 per month for medical insurance premiums paid to CalPERS. This same benefit may continue to a surviving spouse depending on the retirement plan election.

Eligibility

Membership in the plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

Active employees	147
Transferred and terminated employees	2
Retired employees and beneficiaries	5
Total	154

Contributions

The Board will review the funding requirements and policy annually. SMC Fire funds the Plan on a pay as you go basis.

B. Total OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

Total OPEB Liability

SMC Fires total OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The total OPEB liability at June 30, 2021 was \$3,323,257.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions:	
Discount Rate	2.21%
Inflation	2.75%
Aggregate payroll increases	3.00%
Expected long-term investment rate of return	n/a
Mortality, Termination, and Disability	CalPERS 1997-2011 Experience Study
Mortality Improvement Scale	Modified projected fully generational with Scale MP-2018
Healthcare Trend Rate - Non-Medicare	7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076
Healthcare Trend Rate - Medicare	6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076
PEMHCA Minimum Increase	4.25% annually

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 – Other Postemployment Benefits (Continued)

B. Total OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.13% percent. This discount rate is the mid-point, rounded to five basis points, of the range of 3-20 year municipal bond rate indices; S&P Municipal bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO AA 20 Year Bond Index.

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019 (Valuation Date)	\$ 618,747
Changes Recognized for the Measurement Period:	
Service Cost	1,970,092
Interest on the total OPEB liability	90,609
Changes of assumptions	643,809
Benefit payments	-
Net Changes during July 1, 2019 to June 30, 2020	2,704,510
Balance at June 30, 2020 (Measurement Date)	\$ 3,323,257

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of SMC Fire, as well as what SMC Fire's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

Plan's Total OPEB Liability		
Discount Rate - 1% (1.21%)	Current Discount Rate (2.21%)	Discount Rate + 1% (3.21%)
\$ 4,002,408	\$ 3,323,257	\$ 2,806,104

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of SMC Fire, as well as what SMC Fire's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Plan's Total OPEB Liability		
Healthcare Cost		
-1%	Trend Rates	1%
\$ 2,683,889	\$ 3,323,257	\$ 4,187,585

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 – Other Postemployment Benefits (Continued)

B. Total OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021, SMC Fire recognized OPEB expense of \$2,120,312. At June 30, 2021, SMC Fire reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of Resources	Deferred inflows of Resources
Employer contributions made subsequent to the measurement date	\$ 41,569	\$ -
Changes of assumptions	644,246	-
Total	\$ 685,815	\$ -

The gains and losses are amortized over the expected average remaining service life. The expected average remaining service life is 11.9 years, which was determined as of June 30, 2019, the beginning of the measurement period, for employees covered by the OPEB plan benefit terms as of the valuation date.

Amount reported as deferred outflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Measurement Period Ended June 30	Deferred Outflows/ (Inflows) of Resources
2021	\$ 59,611
2022	59,611
2023	59,611
2024	59,611
2025	59,611
Thereafter	346,191
	\$ 644,246

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 9 – Classification of Fund Balances

SMC Fire classifies fund balances, as shown on the *Balance Sheet – Governmental Funds*, as follows as of June 30, 2021:

	General Fund	Fire Prevention Special Revenue Fund	Total
Nonspendable			
Prepaid items	\$ 17,097	\$ -	\$ 17,097
Total nonspendable	17,097	-	17,097
Committed			
Fire prevention inspection and other	-	226,178	226,178
Total committed	-	226,178	226,178
Assigned			
Other purposes	100	-	100
Total assigned	100	-	100
Unassigned	1,444,539	-	1,444,539
Total fund balances	\$ 1,461,736	\$ 226,178	\$ 1,687,914

Note 10 – Commitments and Contingencies

A. Commitments

SMC Fire had several outstanding or planned construction and other projects as of June 30, 2021.

B. Litigation

SMC Fire is presently involved in certain matters of litigation that have risen in the normal course of conducting SMC Fire’s business. SMC Fire management believes, based upon consultation with SMC Fire’s Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on SMC Fire. Additionally, SMC Fire’s management believes that SMC Fire’s insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

C. Federal and State Grant Programs

SMC Fire participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit act as amended. Accordingly, SMC Fire’s compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although SMC Fire anticipates such amounts, if any, will be immaterial.

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REQUIRED SUPPLEMENTARY INFORMATION

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**San Mateo Consolidated Fire Department
Required Supplementary Information (Unaudited)
Budgetary Information
For the Year Ended June 30, 2021**

Budgetary Information

A. Budgetary Control and Budgetary Accounting

Budgets are adopted annually for the General Fund and Fire Prevention Fund. The Budget is adopted by the Fire Board (Board) and can be amended only by the Board.

An annual operating budget is adopted by the Board on or before June 30. The operating budget may be reallocated among programs, but expenditures may not exceed budgeted appropriations each year without Board acknowledgment and approval.

B. Encumbrances and Budgetary Financial Statements

SMC Fire's budget, and the accompanying budgetary financial statements, are prepared using encumbrance accounting. Encumbrance accounting requires that purchase orders, contracts, and other commitments for the expenditure of monies be recorded as expenditures in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in all budgeted funds. Encumbrances outstanding at year-end are reported as expenditures in the budgetary financial statements.

Unencumbered operating appropriations lapse at year-end.

San Mateo Consolidated Fire Department
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedules – General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental:				
Contributions from Belmont	\$ 7,939,627	\$ 7,939,627	\$ 7,939,627	\$ -
Contributions from Foster City	7,939,627	7,939,627	7,939,627	-
Contributions from San Mateo	23,818,880	23,818,880	23,818,880	-
Grants and other intergovernmental	987,854	4,355,142	4,312,891	(42,251)
Other revenue	50,000	50,000	166,705	116,705
Total revenues	<u>40,735,988</u>	<u>44,103,276</u>	<u>44,177,730</u>	<u>74,454</u>
EXPENDITURES:				
Current:				
Personnel costs	35,773,184	38,181,413	38,804,275	(622,862)
Materials and services	4,870,620	5,829,680	5,183,365	646,315
Capital outlay	85,398	85,398	85,398	-
Total expenditures	<u>40,729,202</u>	<u>44,096,491</u>	<u>44,073,038</u>	<u>23,453</u>
Net change in fund balance	<u>\$ 6,786</u>	<u>\$ 6,785</u>	104,692	<u>\$ 97,907</u>
FUND BALANCE:				
Beginning of year			<u>1,357,044</u>	
End of year			<u>\$ 1,461,736</u>	

San Mateo Consolidated Fire Department
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedules – Fire Prevention Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental:				
Grants and other intergovernmental	\$ -	\$ -	\$ 191,089	\$ 191,089
Charges for services	3,114,060	3,114,060	2,447,723	(666,337)
Other revenue	21,000	21,000	8,070	(12,930)
Total revenues	<u>3,135,060</u>	<u>3,135,060</u>	<u>2,646,882</u>	<u>(488,178)</u>
EXPENDITURES:				
Current:				
Personnel costs	2,841,453	2,841,453	2,611,994	229,459
Materials and services	262,169	262,169	211,374	50,795
Rents and leases	153,724	153,724	157,280	(3,556)
Miscellaneous	600,641	600,641	603,452	(2,811)
Total expenditures	<u>3,857,987</u>	<u>3,857,987</u>	<u>3,584,100</u>	<u>273,887</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(722,927)</u>	<u>(722,927)</u>	<u>(937,218)</u>	<u>(214,291)</u>
Net change in fund balance	<u>\$ (722,927)</u>	<u>\$ (722,927)</u>	<u>(937,218)</u>	<u>\$ (214,291)</u>
FUND BALANCE:				
Beginning of year			1,163,396	
End of year			<u>\$ 226,178</u>	

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San Mateo Consolidated Fire Department
Required Supplementary Information (Unaudited) (Continued)
Schedules of the SMC Fire's Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2021

Miscellaneous Plans

Measurement period, year ended	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u> ¹
Plan's proportion of the net pension liability	-0.000018%	n/a	n/a	n/a	n/a	n/a
Plan's proportionate share of the net pension liability (asset) \$	(758)	n/a	n/a	n/a	n/a	n/a
Plan's covered-employee payroll \$	891,579	\$ 340,208	n/a	n/a	n/a	n/a
Plan's proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	-0.09%	n/a	n/a	n/a	n/a	n/a
Plan's fiduciary net position \$	89,684	n/a	n/a	n/a	n/a	n/a
Plan's fiduciary net position as a percentage of the total pension liability (asset)	-0.85%	n/a	n/a	n/a	n/a	n/a
Plan's proportionate share of aggregate employer contributions \$	78,522	\$ 29,267	n/a	n/a	n/a	n/a

¹ Information only presented from the implementation year
n/a - information is not available, as the Department started their operation in January 2019

Safety Plans

Measurement period, year ended	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u> ¹
Plan's proportion of the net pension liability	0.016785%	n/a	n/a	n/a	n/a	n/a
Plan's proportionate share of the net pension liability (asset) \$	11,183	n/a	n/a	n/a	n/a	n/a
Plan's covered-employee payroll \$	19,845,055	\$ 18,507,379	n/a	n/a	n/a	n/a
Plan's proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	264.66%	n/a	n/a	n/a	n/a	n/a
Plan's fiduciary net position \$	3,272,497	n/a	n/a	n/a	n/a	n/a
Plan's fiduciary net position as a percentage of the total pension liability (asset)	0.34%	n/a	n/a	n/a	n/a	n/a
Plan's proportionate share of aggregate employer contributions \$	4,075,340	\$ 1,695,816	n/a	n/a	n/a	n/a

¹ Information only presented from the implementation year
n/a - information is not available, as the Department started their operation in January 2019

San Mateo Consolidated Fire Department
Required Supplementary Information (Unaudited) (Continued)
Schedules of Contributions - Pension
For the Year Ended June 30, 2021

Miscellaneous Plans

Fiscal Year:	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15¹</u>
Contractually determined contribution (actuarially determined)	\$ 79,561	\$ 78,522	\$ 29,267	n/a	n/a	n/a	n/a
Contributions in relation to the actuarially determined contributions	(79,561)	(78,522)	(29,267)	n/a	n/a	n/a	n/a
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 918,326	\$ 891,579	\$ 340,208	n/a	n/a	n/a	n/a
Contributions as a percentage of covered payroll	8.66%	8.81%	8.60%	n/a	n/a	n/a	n/a

Notes to Schedule

Methods and assumptions used to determine contribution rates:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2021 were derived from the June 30, 2019 funding valuation report.

Actuarial cost method Entry Age Normal

Amortization method/period For details, see June 30, 2019 Funding Valuation Report

Asset valuation method Actuarial Value of Assets. For details, see June 30, 2019 Funding Valuation Report.

Inflation 2.63%

Salary increases Varies by entry age and service

Payroll growth 2.875%

Investment rate of return 7.00% net of pension plan investment and administrative expenses.

Retirement age The probabilities of retirement are based on the 2016 CalPERS Experience Study for the period from 1997 and 2011.

Mortality The probabilities of mortality are based on the 2016 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

¹ Information only presented from the implementation year

n/a - information is not available, as the Department started their operation in January 2019

San Mateo Consolidated Fire Department
Required Supplementary Information (Unaudited) (Continued)
Schedules of Contributions – Pension (Continued)
For the Year Ended June 30, 2021

Safety Plans

Fiscal Year:	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15¹</u>
Contractually determined contribution (actuarially determined)	\$ 4,403,851	\$ 4,075,340	\$ 1,695,816	n/a	n/a	n/a	n/a
Contributions in relation to the actuarially determined contributions	(4,403,851)	(4,075,340)	(1,695,816)	n/a	n/a	n/a	n/a
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 20,440,407	\$ 19,845,055	\$ 18,507,379	n/a	n/a	n/a	n/a
Contributions as a percentage of covered payroll	21.54%	20.54%	9.16%	n/a	n/a	n/a	n/a

Notes to Schedule

Methods and assumptions used to determine contribution rates:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2021 were derived from the June 30, 2019 funding valuation report.

Actuarial cost method Entry Age Normal

Amortization method/period For details, see June 30, 2019 Funding Valuation Report

Asset valuation method Actuarial Value of Assets. For details, see June 30, 2019 Funding Valuation Report.

Inflation 2.63%

Salary increases Varies by entry age and service

Payroll growth 2.875%

Investment rate of return 7.00% net of pension plan investment and administrative expenses.

Retirement age The probabilities of retirement are based on the 2016 CalPERS Experience Study for the period from 1997 and 2011.

Mortality The probabilities of mortality are based on the 2016 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

¹ Information only presented from the implementation year

n/a - information is not available, as the Department started their operation in January 2019

San Mateo Consolidated Fire Department
Required Supplementary Information (Unaudited) (Continued)
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2021

Measurement period, year ending:	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>1/13/2019¹</u>
Total OPEB liability			
Service cost	\$ 1,970,092	\$ 542,698	\$ -
Interest	90,609	10,492	-
Changes of benefit terms		-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	643,809	65,557	-
Benefit payments, including refunds of member contributions	-	-	-
Net change in total OPEB liability	<u>2,704,510</u>	<u>618,747</u>	<u>-</u>
Total OPEB liability - beginning	<u>618,747</u>	<u>-</u>	<u>-</u>
Total OPEB liability - ending (a)	<u><u>\$ 3,323,257</u></u>	<u><u>\$ 618,747</u></u>	<u><u>\$ -</u></u>
OPEB fiduciary net position			
Contributions - employer	\$ -	\$ -	\$ -
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	-	-	-
Administrative expense	-	-	-
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Plan net OPEB liability - ending (a) - (b)	<u><u>\$ 3,323,257</u></u>	<u><u>\$ 618,747</u></u>	<u><u>\$ -</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	n/a
Covered-employee payroll	\$ 29,452,031	\$ 26,552,435	n/a
Plan net OPEB liability as a percentage of covered-employee payroll	11.28%	2.33%	n/a

¹ Information only presented from the implementation year

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SUPPLEMENTARY INFORMATION

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Internal Service Funds

Benefits and Dental Fund - This fund is used to account for SMC Fire's charges for expenditures relating to the employee benefits other than those accounted for in the Workers' Compensation and Comprehensive Liability Insurance Fund.

Vehicle & Equipment Replacement Fund - This fund is used to account for SMC Fire's charges to for acquisition of vehicles, equipment, and fire engines.

Workers' Compensation and Comprehensive Liability Insurance Fund - This fund is used to account for all workers' compensation activities, and general liability transactions.

DRAFT 10.6.2021

San Mateo Consolidated Fire Department
Combining Statement of Net Position
All Internal Service Funds
June 30, 2021

	Vehicle & Equipment Replacement Fund	Benefit & Dental Fund	Workers' Comp & Comprehensive Liability Fund	Total
ASSETS				
Current assets:				
Cash and investments	\$ 3,800,578	\$ 2,049,091	\$ 1,460,160	\$ 7,309,829
Total current assets	<u>3,800,578</u>	<u>2,049,091</u>	<u>1,460,160</u>	<u>7,309,829</u>
Noncurrent assets:				
Capital assets:				
Non-depreciable	2,390,427	-	-	2,390,427
Depreciable, net	431,144	-	-	431,144
Total capital assets	<u>2,821,571</u>	<u>-</u>	<u>-</u>	<u>2,821,571</u>
Total noncurrent assets	<u>2,821,571</u>	<u>-</u>	<u>-</u>	<u>2,821,571</u>
Total assets	<u>6,622,149</u>	<u>2,049,091</u>	<u>1,460,160</u>	<u>10,131,400</u>
LIABILITIES				
Current liabilities:				
Accounts payable	57,318	10,154	186	67,658
Total current liabilities	<u>57,318</u>	<u>10,154</u>	<u>186</u>	<u>67,658</u>
Total liabilities	<u>57,318</u>	<u>10,154</u>	<u>186</u>	<u>67,658</u>
NET POSITION				
Investment in capital assets	2,821,571	-	-	2,821,571
Unrestricted	3,743,260	2,038,937	1,459,974	7,242,171
Total net position	<u>\$ 6,564,831</u>	<u>\$ 2,038,937</u>	<u>\$ 1,459,974</u>	<u>\$ 10,063,742</u>

San Mateo Consolidated Fire Department
Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2021

	Vehicle & Equipment Replacement Fund	Benefit & Dental Fund	Workers' Comp & Comprehensive Liability Fund	Total
OPERATING REVENUES:				
Charges for services	\$ 1,099,000	\$ 8,545,095	\$ 2,557,302	\$ 12,201,397
Insurance reimbursement	-	-	636,615	636,615
Total operating revenues	1,099,000	8,545,095	3,193,917	12,838,012
OPERATING EXPENSES:				
Materials and services	219,570	7,763,717	2,271,327	10,254,614
Depreciation	40,475	-	-	40,475
Total operating expenses	260,045	7,763,717	2,271,327	10,295,089
OPERATING INCOME (LOSS)	838,955	781,378	922,590	2,542,923
NONOPERATING REVENUES (EXPENSES):				
Interest income	1,937	-	-	1,937
Total nonoperating revenues (expenses)	1,937	-	-	1,937
Changes in net position	840,892	781,378	922,590	2,544,860
NET POSITION:				
Beginning of year	5,723,939	1,257,559	537,384	7,518,882
End of year	<u>\$ 6,564,831</u>	<u>\$ 2,038,937</u>	<u>\$ 1,459,974</u>	<u>\$ 10,063,742</u>

San Mateo Consolidated Fire Department
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2021

	Vehicle & Equipment Replacement Fund	Benefit & Dental Fund	Workers' Comp & Comprehensive Liability Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from interfund services provided	\$ 1,099,000	\$ 8,545,095	\$ 2,557,302	\$ 12,201,397
Cash received from insurance reimbursements	-	-	636,615	636,615
Cash payments to suppliers for goods and services	(173,488)	(7,753,860)	(2,271,141)	(10,198,489)
Net cash provided by operating activities	<u>925,512</u>	<u>791,235</u>	<u>922,776</u>	<u>2,639,523</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets, net	(2,618,157)	-	-	(2,618,157)
Net cash (used in) capital and related financing activities	<u>(2,618,157)</u>	<u>-</u>	<u>-</u>	<u>(2,618,157)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	1,937	-	-	1,937
Net cash provided by investing activities	<u>1,937</u>	<u>-</u>	<u>-</u>	<u>1,937</u>
Net change in cash and cash equivalents	(1,690,708)	791,235	922,776	23,303
CASH AND CASH EQUIVALENTS:				
Beginning of year	5,491,286	1,257,856	537,384	7,286,526
End of year	<u>\$ 3,800,578</u>	<u>\$ 2,049,091</u>	<u>\$ 1,460,160</u>	<u>\$ 7,309,829</u>

(Continued)

**San Mateo Consolidated Fire Department
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2021**

	Vehicle & Equipment Replacement Fund	Benefit & Dental Fund	Workers' Comp & Comprehensive Liability Fund	Total
RECONCILIATION OF OPERATING INCOME				
TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ 838,955	\$ 781,378	\$ 922,590	\$ 2,542,923
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	40,475	-	-	40,475
Changes in operating assets and liabilities:				
Accounts payable	46,082	9,857	186	56,125
Total adjustments	86,557	9,857	186	96,600
Net cash provided by operating activities	\$ 925,512	\$ 791,235	\$ 922,776	\$ 2,639,523

(Concluded)

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

To the Honorable Chair and Members of the Board
of the San Mateo Consolidated Fire Department
Foster City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Mateo Consolidated Fire Department ("SMC Fire"), as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprise SMC Fire's basic financial statements, and have issued our report thereon dated October XX, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SMC Fire's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SMC Fire's internal control. Accordingly, we do not express an opinion on the effectiveness of SMC Fire's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of SMC Fire's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SMC Fire's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Honorable Chair and Members of the Board
of the San Mateo Consolidated Fire Department
Foster City, California
Page 2

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Walnut Creek, California
October XX, 2021

DRAFT 10.6.2021



STAFF REPORT

To: San Mateo Consolidated Fire Department Board of Directors

From: Kent Thrasher, Interim Fire Chief

Meeting Date: October 13, 2021

Subject: Training Division 40-Hour Fire Captain Position

RECOMMENDATION

Adopt a resolution approving the addition of one Full-Time Equivalent (FTE) 40-hour Fire Captain position.

BACKGROUND

Prior to the implementation of the San Mateo Consolidated (SMC) Fire Department, the San Mateo and Foster City Fire Departments utilized nine Firefighter full-time equivalents (FTE's) as "Swing" positions. The purpose of these positions was to cover daily staffing, of up to three positions per shift, due to vacancies created by vacations, sick leave, work related injuries, and open positions.

On April 10, 2019, the Fire Board of Directors approved the reclassification of three Swing Firefighter positions to three Swing Fire Captain positions. These positions helped to expand the qualified personnel needed to fill daily Captain level vacancies resulting in a more balanced use of our relief personnel.

On May 4, 2020, in an effort to meet a growing demand for probationary and internal training, the three Swing Captains positions were reassigned from Operations to a newly created Shift Training Captains position. The implementation of the Shift Training Captain program provided the internal Training Division with the support needed to meet current and future training requirements and mandates. Though the Shift Training Captain program has proven successful in meeting our overall training needs, significant budgetary and oversight issues have been identified that need to be addressed.

Budgetary impacts were caused by removing the Swing Captains position from the daily staffing model, resulting in backfilling the first daily Captains vacancy with overtime, instead of covering the vacancy with the Swing Captain. Management and oversight issues resulted from the 48-hour schedule the three Shift Training Captains were assigned. Internal and probationary training primarily occurs during the 8AM to 5PM timeframe, with oversight provided by the Training Battalion Chief Monday through Friday. This resulted in management of the Shift Training Captains being transferred to the Operational Battalion Chief after hours and on the weekends. Multiple points of supervision proved to be challenging for both the Battalion Chiefs and the Shift Training Captains.

ANALYSIS

Through the duration of the Shift Training Captain program, the need to support probationary employees and internal training with a dedicated Training Captain has been proven. Staff now

recommends the creation of one 40-hour Training Captain position assigned to the Training Division and the return of the three Shift Training Captains to the Operations Swing Captains position for vacancy relief. This would result in increasing our Fire Captain count from 39 to 40 FTE's while significantly decreasing the need to backfill daily vacancies with overtime. Additionally, the 40-hour position will include a 5.25% differential.

FISCAL IMPACT

Annually, returning the three Captains to swing positions will save an estimated total of \$700,000 in overtime. The cost for a new Fire Captain position is an estimated \$294,000, which results a net savings of \$406,000 for one full year.

The new Fire Captain position assigned to the Training Division would be filled after January 21, 2022. For the remainder of fiscal year 2021-22, \$147,000 is the cost of the new, unbudgeted position. Returning the three Captains to swing positions once the new position is filled has an estimated savings of \$350,000 in overtime, which results a net savings of \$203,000 for the remainder of the fiscal year. No additional appropriation is necessary because the cost of the new position will be offset by the overtime savings. Next year's budget will reflect the changes for the entire year.

ATTACHMENTS

A. Resolution

RESOLUTION NO. RES-2021

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN MATEO CONSOLIDATED FIRE DEPARTMENT APPROVING THE ADDITION OF ONE FULL TIME EQUIVALENT (FTE) 40-HOUR FIRE CAPTAIN POSITION

WHEREAS, Prior to the implementation of the San Mateo Consolidated (SMC) Fire Department, the San Mateo and Foster City Fire Departments utilized nine Firefighter full-time equivalents (FTE's) as "Swing" positions; and,

WHEREAS, On April 10, 2019, the Fire Board of Directors approved the reclassification of three Swing Firefighter positions to three Swing Fire Captain positions; and,

WHEREAS, On May 4, 2020, in an effort to meet a growing demand for probationary and internal training, the three Swing Captains positions were reassigned from Operation's to a newly created Shift Training Captains position; and,

WHEREAS, though the Shift Training Captain program has proven successful in meeting our overall training needs, significant budgetary and oversight issues have been identified, that need to be addressed; and,

WHEREAS, staff now recommends the creation of one 40-hour Training Captain position assigned to the Training Division and, the return of the three Shift Training Captains to the Operation's Swing Captains position for vacancy relief; and,

WHEREAS, the 40-hour position will include a 5.25% differential; and,

WHEREAS, a new Fire Captain position assigned to the Training Division would be filled after January 21, 2022; and,

WHEREAS, returning the three Captains to swing positions has an estimated savings of \$350,000 in overtime, which results a net savings of \$203,000 for the remainder of the fiscal year; and,

WHEREAS, no additional appropriation is necessary because the cost of the new position will be offset by the overtime savings.

NOW, THEREFORE, the Board of Directors of the San Mateo Consolidated Fire Department resolves as follows:

1. Amend the 2021-22 Position Budget by increasing the authorized head count by 1.0 FTE 40-hour Fire Captain position.

PASSED AND ADOPTED as a resolution of the Board of Directors of the San Mateo Consolidated Fire Department at the regular meeting held on the 13th day of October 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Acting Board Secretary

Board President

APPROVED AS TO FORM:

William D. Ross, General Counsel



STAFF REPORT

To: San Mateo Consolidated Fire Department Board of Directors

From: Kent Thrasher, Interim Fire Chief

Meeting Date: October 13, 2021

Subject: Re-funding of Fire Inspector I Positions

RECOMMENDATION

Adopt a resolution approving a supplemental budget appropriation to re-fund two (2) Fire Inspector I positions.

BACKGROUND

In fiscal year 2020-21, the Fire Protection and Life Safety Fund (Fund 37) was identified as having lower than expected revenues when compared to expenditures. A plan was put into place to reduce expenditures as well as increase revenues. This was done in a number of ways, including not filling two (2) Fire Inspector I positions, postponing hiring of a Deputy Fire Marshal, reclassifying a 100% Deputy Fire Chief position to a 75% Division Chief in Fund 37, suspending all discretionary spending, and working on a comprehensive master fee schedule to move our fees in line with services rendered.

At the May 12, 2021 meeting, the Board of Directors adopted the fiscal year 2021-22 budget. In that budget, the expenditures for Fund 37 were reduced in a number of ways, including removing 3 firefighters from Fund 37, placing them into Fund 13, and defunding two (2) vacant Fire Inspector I positions, but not eliminating them. That budget, overall, approved approximately \$2.6 million in revenues and expenditures.

On July 14, 2021, a fee study was presented to the Board, and a recommended Master Fee Schedule was approved. The study, undertaken by NBS, identified that revenues under the old fee schedule generated approximately \$1.88 million, while the new fee schedule, given the same activity, would generate \$2.82 million. That fee schedule went into effect on October 1, 2021.

It is anticipated that the Deputy Fire Marshal will be filled in the near future, which could create an additional vacancy.

ANALYSIS

Each Fire Inspector I position costs approximately \$180,000 in salary and benefits, with 2 inspectors costing approximately \$360,000. A new inspector can reasonably generate \$200,000 in revenue in a year, including mandated inspections, plan reviews, planning applications, and complaint investigations.

The NBS Study had identified that existing mandates and activity could generate \$2.82 million under the new fee schedule. With the addition of Priority 1 and Priority 2 inspections, an additional \$330,595.

could be generated. As we are meeting mandates now, these inspections would get done under current staffing. Priority 3 inspections could generate an additional \$1.1 million. We realize that this is not possible to accomplish with only 2 additional inspectors, and it isn't likely that all additional occupancies are even in business. These numbers also do not account for anticipated increases in construction revenue as we emerge from COVID-19 lockdowns. There are several large projects in all 3 cities that will generate additional revenue not seen in 2020.

With anticipated revenues of \$2.82 under the new Master Fee Schedule, adding the Priority 1 and Priority 2 inspections would bump that number to approximately \$3.16 million, while expenditures would be anticipated at \$2.96 million, fully covering the costs of funding the 2 defunded inspectors and still allowing us to incrementally replenish the fund balance.

A Deputy Fire Marshal may be promoted from within existing ranks, creating a vacancy in the inspector ranks. That promotion would decrease revenues, and would create a potential revenue issue during a training period, as well as create burnout among the remaining inspectors, especially with regard to fire investigations.

ALTERNATIVES

If both positions remain vacant, we would be able to maintain State mandates, but would not be able to absorb additional work anticipated as the economy recovers. This would delay plan reviews and construction inspections, and could also cause problems with completing State mandated inspections. Of more concern would be delaying reinspection of violations found during our visits, potentially allowing fire code violations to persist, putting the public at risk, and creating a potential liability for the Department.

The Board could decide to fund 1 of the 2 positions, and fund the second position at a later date to gauge the effectiveness of the additional revenues from the fee increase.

Alternatively, the Board could decide to fund both positions, and the CRR division could hire 1 inspector now, and evaluate the revenue generated before filling the second position, allowing the CRR division flexibility to hire without having to return to the board for approval.

FISCAL IMPACT

As noted previously, it is anticipated that the cost of adding inspectors into the budget would be \$360,000 for the full fiscal year, and would be offset by revenue-generating activity. With Board approval of the recommended action, it is anticipated that the position could be filled by December 2021. As such, the projected supplemental budget appropriation needed for 2.0 FTE Fire Inspector I would be approximately \$210,000.

ATTACHMENTS

- A. Resolution
- B. Additional Potential Revenue Worksheet
- C. NBS Fee Study
- D. Excerpt: Fire and Life Safety Fund Budget Excerpt

RESOLUTION NO. RES-2021

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN MATEO
CONSOLIDATED FIRE DEPARTMENT TO ADOPT A RESOLUTION APPROVING A
SUPPLEMENTAL BUDGET APPROPRIATION TO RE-FUND TWO (2) FIRE
INSPECTOR I POSITIONS**

WHEREAS, in fiscal year 2020-21, the Fire Protection and Life Safety Fund (Fund 37) was identified as having lower than expected revenues when compared to expenditures and two (2) Fire Inspector I positions were defunded; and

WHEREAS, at the May 12, 2021 meeting, the Board of Directors adopted the fiscal year 2021-22 budget of approximately \$2.6 million in revenues and expenditures; and

WHEREAS, on July 14, 2021, a fee study by NBS was presented to the Board, and a recommended Master Fee Schedule was approved. The new fee schedule would generate \$2.82 million; and,

WHEREAS, each Fire Inspector I position costs approximately \$180,000 in salary and benefits, with two inspectors costing approximately \$360,000. One inspector can reasonably generate \$200,000 in revenue in a year; and,

WHEREAS, with anticipated Department revenues of \$2.82 Million to be generated under the new Master Fee Schedule, it would fully cover the costs of funding the two defunded inspectors; and

WHEREAS, it is anticipated that the cost of adding two inspectors into the budget would be offset by revenue generating activity.

NOW, THEREFORE, the Board of Directors of the San Mateo Consolidated Fire Department resolves as follows:

1. Adopt a resolution approving a supplemental budget appropriation, appropriating additional revenues that will be generated by re-funding of up to two (2) Fire Inspector I positions.

PASSED AND ADOPTED as a resolution of the Board of Directors of the San Mateo Consolidated Fire Department at the regular meeting held on the 13th day of October, 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Acting Board Secretary

Board President

APPROVED AS TO FORM:

William D. Ross, General Counsel

Attachment B

Additional Potential Revenue

Priority 1 inspections

Occupancy Class	Occupancy Description	#	Potential \$	Permits in addition*
A's	Assembly	334	\$85,838	No
B Rest.	Restaurants <50 occupannts	67	\$17,219	No
H	Hazardous	28	\$16,212	Yes
I	Institutional (Hospitals)	5	\$3,669	Yes

Priority 2 Inspections

E	Non-mandated schools	37	\$21,423	No
F	Manufacturing	31	\$9,982	Yes
S	Warehouses	152	\$48,944	Yes
M	Mercantile	124	\$39,928	Yes
Total Pri 1&2**		778	\$243,215	\$ 87,380
		Total	\$330,595	

Priority 3 Inspections***

B	Businesses	1037	\$266,509	No
U	Misc.	9	\$2,313	No
other	Not classified in system	3261	\$838,077	No
Total		4307	\$1,106,899	

Current projection with new fees:	\$ 2,827,935.00
New fees and Pri 1 & 2:	\$ 3,158,530.00
New fees and Pri 1, 2, and 3:	\$ 4,265,429.00

* Assumes a single permit. Many will have more than 1, which would mean additional revenue

** Priority 1 and 2 inspections can be reasonably accomplished at full staffing

*** While some Priority 3 inspections can be accomplished, full completion would require additional staff.

Executive Summary

In 2018, NBS performed a Fee Study (Study) for the San Mateo Consolidated Fire Department's Bureau of Fire Protection and Life Safety (Bureau). The consolidated Department was newly formed in 2018 and the purpose of this report is to update the prior Fee Study's findings and recommendations.

California cities, counties, and special districts may impose user and regulatory fees for services and activities they provide through provisions set forth in the State Constitution, Article XIII C § 1. Under this legal framework, a fee may not exceed the reasonable cost of providing the service or performing the activity. The primary purposes of conducting a Fee Study are to ensure that existing fees are defensibly calibrated to the costs of providing services.

In 2018, the Board adopted the results of the Fee Study conducted by NBS. This update to the 2018 Study examined fees charged by the Bureau for regulation of fire protection systems, fire and life safety inspection of construction, annual inspection of businesses as required by the State of California or local regulatory authority, complaint investigations, California Fire Code operational permits, and various other miscellaneous fees for services.

The original 2018 Study focused on combining three different fee schedules from the Consolidated Department's member agencies, and at that time, little information was available to model the Bureau's workload or to estimate the cost recovery impacts of recommended increases or decreases in fees. Fortunately, data is now available for this purpose and is incorporated into this updated Study.

As shown in Table 1, the updated Study identified approximately \$2.8 million in eligible costs for recovery from fees for service compared to the estimated \$1.9 million the Bureau is currently collecting each year from fees.

Table 1. Report Summary

Fee Category	Annual Estimated Revenues at Current Fee	Annual Estimated Revenues at Full Cost Recovery Fee	Annual Cost Recovery Surplus / Deficit	Existing Cost Recovery Percentage
Annual Mandated/Fire Code Permit Inspections	\$ 1,056,183	\$ 1,932,373	\$ (876,190)	55%
Development Plan Review/Inspection	826,651	895,562	(68,911)	92%
Total	\$ 1,882,834	\$ 2,827,935	\$ (945,101)	67%

The Bureau is recovering approximately 67% of the estimated total costs associated with providing regulatory fee-related services. Should the Board adopt fees at 100% of the full cost recovery amounts determined by this Study, an additional \$945,000 in costs could be recovered.

However, as Section 1.2.3 explains, there may be other local policy considerations that support adopting fees at less than the calculated full cost recovery amount. Since this element of the Study is subjective, NBS provided the maximum potential of fee amounts at 100% full cost recovery for the Bureau and Board to consider. Once the Board has reviewed and evaluated the results of the Study, fees can be adopted at cost recovery levels according to local policy goals and considerations.

Fire Protection and Life Safety

FIRE PROTECTION AND LIFE SAFETY	2019-20 ACTUALS	2020-21 ESTIMATED ACTUALS	2021-22 ADOPTED BUDGET	2022-23 FORECAST	2023-24 FORECAST	2024-25 FORECAST	2025-26 FORECAST
Beginning Fund Balance	\$ 2,784	\$ 1,163	\$ (229)	\$ (217)	\$ (27)	\$ 275	\$ 704
Revenues							
Member Agency Contributions	\$ (34)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fire Fees	2,250	2,034	2,542	2,720	2,911	3,115	3,333
Interest and Miscellaneous	72	224	87	11	11	12	12
Total Revenues	\$ 2,287	\$ 2,258	\$ 2,630	\$ 2,731	\$ 2,922	\$ 3,126	\$ 3,345
Expenditures							
Personnel	\$ 2,921	\$ 2,670	\$ 1,581	\$ 1,612	\$ 1,645	\$ 1,678	\$ 1,711
Operating	392	345	359	209	213	218	222
Capital Outlay	28	35	34	35	36	36	37
Legacy Costs	567	601	643	684	727	765	793
Total Expenditures	\$ 3,908	\$ 3,651	\$ 2,617	\$ 2,541	\$ 2,620	\$ 2,697	\$ 2,764
Ending Fund Balance	\$ 1,163	\$ (229)	\$ (217)	\$ (27)	\$ 275	\$ 704	\$ 1,285

Fund numbers are represented in thousands.

The primary mission of the Bureau of Fire Protection and Life Safety is to provide a reasonable level of safety by reducing the probability of injury and loss of life from the effects of fire and other emergencies or events. To accomplish this mission, the bureau enforces all applicable state and local fire codes and standards, as well as conducts fire investigations. The Fire Protection and Life Safety Fund is a cost recovery program that generates revenues through service fees to pay for this comprehensive fire and life safety service within the communities of SMC Fire: Belmont, Foster City, and San Mateo.

The program originated from member agency San Mateo. As a program in SMC Fire, expenditures in the Fire Protection and Life Safety Fund will include legacy costs, most notably the unfunded pension liability and workers' compensation liability costs, from fire prevention personnel that transferred from San Mateo. With a fund balance that has built over the years, fee increases were intentionally kept down in order to utilize existing fund balance. However, impacts from the coronavirus pandemic drastically drove revenues down in 2019-20 and 2020-21, and eroded the fund balance faster than expected. Estimated fund balance by the end of 2020-21 will not meet the policy-level reserves in this fund, which is three months of operating expenditures. A fee study was conducted in 2020-21 to align fees with the cost of service, and with an updated fee structure in place, the fund is forecasted to build reserves to get back within policy requirements going forward.