



Coastside Fire Protection District STAFF REPORT

TO: Honorable Board of Directors **FROM:** Paul Cole, Assistant Chief
SUBJECT: 120 Day Notice to Cal Fire **DATE:** December 7, 2016

Staff Recommendation

The Board of Directors accepts this report and approves the 120-day written notice to Cal Fire requesting defunding of the Deputy Fire Marshal classification from the Cooperative Fire Programs Fire Protection Reimbursement Agreement 1 CA 66716.

Background

In August 2016, the CalPERS Actuarial Office released the District's Annual Retirement Contract Valuation Report (June 30, 2015) for the Safety and Miscellaneous Plans. The report indicates the District will realize significant increases to their annual employer costs for both plans. Please note these projections do not reflect the current downtrend in earnings on CalPERS investments, with the likelihood of employer contributions exceeding the following existing actuarial forecasts:

| <u>Fiscal Year</u> | <u>Amount</u> | <u>Percentage Increase</u> |
|--------------------|---------------|----------------------------|
| 16/17 | \$488,212 | 0% |
| 17/18 | \$901,711 | 85% |
| 18/19 | \$950,371 | 95% |
| 19/20 | \$ 999,033 | 105% |
| 20/21 | \$1,045,559 | 114% |
| 21/22 | \$1,092,341 | 124% |
| 22/23 | \$1,138,390 | 133% |

Discussion

With the anticipated 85% increase in contributions next year, the salary and benefit costs will exceed the 75% strategic initiative established by the Board during their 2014 Strategic Planning Process: *"Adopt Salary and Benefit Guideline Not To Exceed 75% Of Budgeted Revenues."*

Upon examining cost control options, staff recommends eliminating/defunding the full-time Deputy Fire Marshal position from the contract and outsourcing the services to one of the three (3) fire inspection and planning providers currently under contract with the District, with all service costs being borne by the project developer(s).

It is projected this action will reduce the current contract salary and benefit expenditures by approximately \$178,000. However, additional cost saving measures will need to be examined to address the increases in outlying years.