

**NORTH COUNTY FIRE PROTECTION DISTRICT OF  
MONTEREY COUNTY**

**Administration Office: 11200 Speegle St. Castroville CA 95012**

**831.633.2578 or 722-7833 Phone**

**831.633.2572 Fax**

**<http://www.ncfpd.org>**



**SPECIAL MEETING**

Location: 11200 Speegle Street, Castroville

**Tuesday, December 4, 2018**

10:00 a.m.

Board of Directors:

Don Chapin, President

Frank Balesteri, Vice-President

Don Champion, Ph.D., Secretary

Jacqueline C. Simon, Director

Stanley Silva, Director

Fire Chief Richard C. Hutchinson, Jr.

# NORTH COUNTY FIRE PROTECTION DISTRICT SPECIAL BOARD MEETING AGENDA

**Meeting Location:** 11200 Speegle Street, Castroville, CA

North County Fire Protection District Station 1 –  
Upstairs Meeting Room is non-ADA compliant, will  
relocate upon request.

**Date:** Tuesday, December 4, 2018

**Roll Call:** President Don Chapin  
Vice President Frank Balesteri  
Secretary Don Champion, Ph.D.  
Director Jacqueline C. Simon  
Director Stanley Silva

**Administration:** Fire Chief Richard Hutchinson

**Time:** 10:00 a.m.

*\*Please silence all cell phones and refrain from texting during the meeting.*

## **CALL TO ORDER:**

## **OPEN SESSION:**

## **PLEDGE OF ALLEGIANCE:**

### **1. ADDITIONS & CORRECTIONS TO AGENDA:**

*The Secretary to the Board will announce Agenda corrections and proposed additions, which may be acted on by the Board as provided in Section 54954.2 of the California Government Code.*

### **2. PUBLIC COMMENTS:**

*Public comment on items **not** on the Board's agenda shall be limited to 3 minutes per person per topic and understand that no action shall be taken on any item not appearing on the agenda. During consideration of any agenda item, public comment shall be limited to 3 minutes per person per topic and will be allowed **prior** to Board action on the item under discussion.*

### **3. STAFF REPORT:**

- a. Fiscal Projections
- b. Staffing
  - 1) Grant Fire Fighters
  - 2) Shared Services
  - 3) Promotions / Retirements
- c. Revenue Discussions – Vistra Energy and PG & E
- d. Revenue Discussions – Other

*Note: If you believe you possess any disability that would require special accommodations in order to attend this meeting, please call North County Fire Protection District at 633-2578 or 722-7833.*

- 4. BOARD of DIRECTORS COMMUNICATION:** *When needed, this time is reserved for the*  
**a.** *Board of Directors to communicate activity, educational classes, and/or Committee reports.*
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**CLOSED SESSION:**

*None.*

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**ANNOUNCEMENT OF CLOSED SESSION ITEMS (if applicable):**

*The board will report out on any action taken during Closed Session, and may take additional action in Open session as appropriate.*

**Next meeting: Tuesday, December 18, 2018 at 10:00 A.M.**

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**AGENDA POSTED AND FAXED TO MEDIA AT 4:00 P.M. on Friday, November 30, 2018 Posting Locations:**

*Castroville Library Bulletin Board, 11160 Speegle Street, Castroville CA 95012*

*NCFD, Station 1: 11200 Speegle Street, Castroville CA 95012*

*NCFD, Station 2: 17639 Pesante Road, Prunedale CA 93907*

*NCFD, Station 3: 301 Elkhorn Road, Royal Oaks, CA 95076*

*North County Fire Protection District website at [www.ncfpd.org](http://www.ncfpd.org)*

## Staff Report

### Revenue Challenges – Short, Medium and Long Term

With or without the passage of Measure T, the District would be faced with a shortage of annual revenues. Estimated additional revenues from battery projects will provide a modest bump in revenues. However, these additional monies will not cover the entire shortfall and will not be realized until Fiscal Year (FY) 2021/22. We cannot continue to pull from reserve funding and strike team reimbursements are not guaranteed.

This leaves us with both short- and medium-term deficits that must be addressed if we are to sustain services to our constituents.

#### Projections and Solutions:

Short- and Medium-Term shortfalls are illustrated below. Absent any additional funding, the District is faced with budget shortfalls of nearly \$800,000 annually. While this will be reduced by the additional revenues from the battery projects, we will still be faced with over \$300,000 annual shortfalls through FY 2025/26.

	Fiscal Year							
	19/20	20/21	21/22/	22/23	23/24	24/25	25/26	26/27
<b>Expense:</b>								
Salaries	\$3,655,990	\$3,747,390	\$3,841,075	\$3,937,101	\$4,035,529	\$4,136,417	\$4,239,828	\$4,345,823
Retirement Benefits	\$1,381,017	\$1,415,543	\$1,450,931	\$1,487,204	\$1,524,385	\$1,562,494	\$1,601,556	\$1,300,447
Health Benefits	\$647,442	\$663,628	\$680,219	\$697,225	\$714,655	\$732,522	\$750,835	\$769,606
Operating Equipment & Expenses	\$1,058,494	\$1,079,663	\$1,101,257	\$1,123,282	\$1,145,748	\$1,168,662	\$1,192,036	\$1,215,876
Cap Acquisition and Fees	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
<b>Total</b>	<b>\$6,744,943</b>	<b>\$6,908,224</b>	<b>\$7,075,482</b>	<b>\$7,246,812</b>	<b>\$7,422,316</b>	<b>\$7,602,095</b>	<b>\$7,786,255</b>	<b>\$7,633,753</b>
<b>Revenue:</b>								
Property Tax	\$5,088,589	\$5,241,246	\$5,398,484	\$5,560,438	\$5,727,252	\$5,899,069	\$6,076,041	\$6,258,322
Fees & Assessments	\$856,475	\$882,169	\$908,635	\$935,894	\$963,970	\$992,889	\$1,022,676	\$1,053,356
<b>Total</b>	<b>\$5,945,064</b>	<b>\$6,123,416</b>	<b>\$6,307,118</b>	<b>\$6,496,332</b>	<b>\$6,691,222</b>	<b>\$6,891,959</b>	<b>\$7,098,717</b>	<b>\$7,311,679</b>
<b>Revenue to Expense:</b>								
<b>Total</b>	<b>(\$799,879)</b>	<b>(\$784,808)</b>	<b>(\$768,363)</b>	<b>(\$750,480)</b>	<b>(\$731,094)</b>	<b>(\$710,137)</b>	<b>(\$687,537)</b>	<b>(\$322,074)</b>
<b>Cost Reduction / Revenue Increase:</b>								
Vistra Energy Battery Project			\$200,000	\$190,000	\$180,500	\$171,475	\$162,901	\$154,756
PG & E Battery Project			\$100,000	\$95,000	\$90,250	\$85,738	\$81,451	\$77,378
Shared Fire Chief with City of Marina	\$118,279	\$118,279	\$118,279	\$118,279	\$118,279	\$118,279	\$118,279	\$118,279
<b>Total:</b>	<b>\$118,279</b>	<b>\$118,279</b>	<b>\$418,279</b>	<b>\$403,279</b>	<b>\$389,029</b>	<b>\$375,492</b>	<b>\$362,631</b>	<b>\$350,413</b>
<b>Adjusted Expense to Revenue:</b>								
<b>Total:</b>	<b>(\$681,600)</b>	<b>(\$666,529)</b>	<b>(\$350,084)</b>	<b>(\$347,201)</b>	<b>(\$342,065)</b>	<b>(\$334,645)</b>	<b>(\$324,906)</b>	<b>\$28,339</b>
Does not include five (5) grant funded fire fighters.								
Does not include grant funded purchases.								
Side Fund Loan paid in full June 15, 2026.								

Annual vehicle replacement/facility maintenance costs (\$532,500) and strike team reimbursement revenues (\$294,000) are not captured above.

Revenue Needs Breakdown:

The chart below shows the cost of our current staffing model which includes District funding of the five (5) grant funded fire fighter positions. Reducing staffing by eliminating the grant funded positions reduces our costs/needs by \$500,000 annually. Leaving our annual shortfall at \$1,297,076. This is the number that is used to establish our baseline revenue needs going forward.

<b>REVENUE NEEDS BREAKDOWN (Current Operation)</b>			
<b>Revenue FY 2016/17</b>			
Property Taxes	4,600,000		
EMS Tax	63,000		
Fee Schedule	60,000		
CSA 74	35,000		
Prop 172	620,000		
<b>Total:</b>	<b>5,378,000</b>		
<b>Expenses FY 2016/17</b>			
Salaries and Benefits	3,817,000	(Three 3-Person Companies)	
Retirement and Health Ins	1,768,000		
OE & E	811,000	(Three stations w/ Admin)	
<b>Total:</b>	<b>6,396,000</b>		
<b>Mobile Equipment Replacement</b>			
Command / Utility Vehicle	70,000	(1 per year)	
Engine / Pumper	175,000	(1 every 3.3 years)	
Truck / Quint	57,000	(1 every 15 years)	
Brush Engine	88,000	(1 every 5 years)	
Water Tender	42,500	(1 every 10 years)	
Heavy Rescue	20,000	(1 every 20 years)	
<b>Total:</b>	<b>452,500</b>	(Annual Set-aside)	
<b>Facility Replacement</b>			
Fifty year lifespan	20,000	(4 facilities @\$1.0M per)	
<b>Total:</b>	<b>80,000</b>	(Annual Set-aside)	
<b>Capital and Minor Equipment Total:</b>	<b>246,576</b>		
<b>Total Revenues:</b>	<b>5,378,000</b>		
<b>Total Expenses:</b>	<b>7,175,076</b>		
<b>Shortfall:</b>	<b>1,797,076</b>		
<b>Total Additional Revenue Needs: 1,797,076</b>			

## Personnel, Successional Planning and Shared Services:

### Personnel:

Our employees are the backbone of our organization. We do not want to lose them or place them into a position for failure.

We have the need to reduce costs and staffing if the only way we can accomplish needs savings. We need to avoid layoffs. We have invested significant time and money into development of our newest fire fighters. In FY 2018/19 we will see two, possibly three retirements. This will allow us to attrition down up to three of the grant funded fire fighters, leaving us only 2 or 3 to fund in the coming fiscal year. In FY 2019/20 we have the potential of 1 or 2 retirements. If we are able to bridge our short-term revenue gap, we will be able to attrition down the remaining grant funded fire fighters.

### Successional Planning:

We have two and soon to be three new division chiefs. They will all be good candidates to move up to the Fire Chief's position. Are they ready now? No, on June 30, 2019, one will have 19 months, another 8 months and the third will have five months experience in their respective positions. Each should have at least 24 months experience as a division chief before they move up. To attempt to move any of them up earlier would be a disservice to them and the District. Moving them up too quickly would be setting them and the District up for failure.

### Shared Services:

By sharing services with the City of Marina the District would benefit in two ways. First, we would give our new division chiefs much needed and valuable "soak time" in their positions. By giving each of them at least 24 months to soak in knowledge, learn their respective roles and become proficient in their new roles. This will give them the foundations to make the next jump to fire chief.

The second benefit from shared services is cost savings. By sharing services with the City of Marina the District can save approximately \$100,000 to \$120,000 annually to help bring the large short-term funding gap. This will buy us time to address our long-term revenue challenges.

### Long Term:

Proposition 13 is the primary cause of our continuing revenue challenges. We have always been frugal and Prop 13 penalized us for this. At an average of 9.43%, the District has the lowest increment for primarily career staffed fire districts of the 1% property tax. We have partnered with Aromas Tri-County Fire Protection District (Aromas) and opened discussions with the County. Together we are working to increase our respective increments to a level that will sustain our operations.

<b>Agency</b>	<b>% of Base Property Tax</b>	<b>% of \$1.00 Countywide Tax Levy</b>
AROMAS TRI-COUNTY FIRE	12.58%	0.129787
CACHAGUA FIRE	0.00%	0
CARMEL HIGHLANDS FIRE	21.86%	0.359242
CARMEL VALLEY FIRE PROTECTION	12.83%	0.566545
CYPRESS FIRE	14.47%	0.670692
GONZALES RURAL FIRE	1.55%	0.020049
GREENFIELD FIRE	2.68%	0.027034
MISSION-SOLEDAD RURAL FIRE	2.29%	0.023252
<b>NORTH MONTEREY COUNTY FIRE</b>	<b>9.93%</b>	<b>0.818074</b>
SALINAS RURAL FIRE	11.05%	1.112617
SOUTH MONTEREY COUNTY FIRE	0.57%	0.043982
<b>Average of all Districts</b>	<b>8.11%</b>	<b>0.342843091</b>
<b>Average of Districts w/primarily Paid staff</b>	<b>13.79%</b>	<b>0.609492833</b>
<b>Average of Districts w/primarily Vol staff</b>	<b>1.42%</b>	<b>0.0228634</b>

After January 1, the District explore other potential revenue sources.

Our goal is to increase the District's revenues to sustainable levels by FY 2025/26. This will allow us to:

- Eliminate this parade of fiscal cliffs.
- Permanently fill our fire chief position.
- Reduce our dependence on revenues from the Moss Landing Power Plant.
- Replace our aging fleet and facilities.

Richard C. Hutchinson Jr.

Fire Chief