



Todd Harms  
Fire Chief

# Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite 200 · Mather, California 95655 · Phone (916) 859-4300 · Fax (916) 859-3700

## BOARD OF DIRECTORS - REGULAR MEETING

Thursday, April 22, 2021 – 6:00 PM

Held Remotely Via Zoom

Phone: (669) 900-6833

Webinar ID: 881 3250 6317#

Passcode: 452 730 998#

Matt Kelly  
Board President  
Division 7

Cynthia Saylor  
Board Vice President  
Division 1

D'Elman Clark  
Board Secretary  
Division 6

Grant Goold  
Board Member  
Division 2

Randy Orzalli  
Board Member  
Division 3

Ted Wood  
Board Member  
Division 4

Jennifer Sheetz  
Board Member  
Division 5

Gay Jones  
Board Member  
Division 8

Walt White  
Board Member  
Division 9

*The mission of the Sacramento Metropolitan Fire District is to provide professional and compassionate protection, education and service to our community.*

The Governor has declared a State of Emergency to exist in California as a result of the threat of COVID-19 (aka the "Coronavirus"). The Governor issued Executive Order N-25-20 and N-29-20, which directs Californians to follow public health directives including canceling large gatherings. The Executive Order also allows local legislative bodies to hold meetings via conference calls while still satisfying state transparency requirements.

The Governor has also issued Executive Order N-33-20, prohibiting people from leaving their homes or places of residence except to access necessary supplies and services or to engage in specified critical infrastructure employment.

The Public's health and well-being are the top priority for the Board of Directors of the Sacramento Metropolitan Fire District and you are urged to take all appropriate health safety precautions. To facilitate this process, the meeting of the Board will be available via Zoom at the phone number listed above. **If you prefer viewing the meeting via the Zoom Application, please contact Board Clerk Penilla via email at the address listed below.**

Note: The meeting is being held solely by remote means and will be made accessible to members of the public seeking to attend and address the Board solely through the phone number set forth above, except that members of the public seeking to attend and to address the Board who require reasonable accommodations to access the meeting, based on disability or other reasons, should contact the following person at least forty-eight (48) hours in advance of a Regular meeting to make arrangements for such reasonable accommodations:

Melissa Penilla  
Board Clerk  
(916) 859-4305

[Penilla.melissa@metrofire.ca.gov](mailto:Penilla.melissa@metrofire.ca.gov)

The Board will convene in open session at 6:00 p.m.

Serving Sacramento and Placer Counties



# Sacramento Metropolitan Fire District

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## REGULAR BOARD MEETING AGENDA

THURSDAY, APRIL 22, 2021

### CALL TO ORDER

### PLEDGE TO FLAG

### METRO CABLE ANNOUNCEMENT

The Open Session Meeting is videotaped for cablecast on Metro Cable 14. Replay on Monday, April 26<sup>th</sup> at 6:00 pm and Tuesday, April 27<sup>th</sup> at 2:00 pm on Channel 14; Webcast at [www.sacmetrofire.com](http://www.sacmetrofire.com).

### PUBLIC OPPORTUNITY TO DISCUSS MATTERS OF PUBLIC INTEREST WITHIN DISTRICT JURISDICTION INCLUDING ITEMS ON OR NOT ON AGENDA

*The Board of Directors of the Sacramento Metropolitan Fire District appreciates and encourages public interest and welcomes questions and opinions at its meetings. Public members desiring to address the Board are requested to first be recognized by the presiding officer and identify themselves for the record. The presiding officer may in the interest of time and good order limit the number of public member presentations. Speakers' comments will be limited to **three minutes** (Per Section 31 of the Board of Directors Policies and Procedures).*

*In accordance with Section 31 of the Board of Directors Policies and Procedures, members of the Public requesting their written comments be read into the meeting record must be present or have a representative present to read their comments during the time allotted.*

### CONSENT ITEMS

*Matters of routine approval including but not limited to action summary minutes, referral of issues to committee, committee referrals to the full Board, items that require yearly approval, declaration of surplus equipment, and other consent matters. Consent Agenda is acted upon as one unit unless a Board member requests separate discussion and/or action.*

	<u>Page No.</u>
<b>CONSENT ITEMS</b>	
1. <b>Action Summary Minutes</b> <b>Recommendation:</b> Approve the Action Summary Minutes for the Regular Board meeting of April 8, 2021.	5
2. <b>Medical Aid and Ambulance Transport User Fee Annual Adjustment</b> <b>Recommendation:</b> In accordance with Ordinance No. 2017-01, adopt the resolution amending the Ambulance Fee Schedule effective July 1, 2021.	8
3. <b>Notice of Award – RFB 21-01 Fleet Asphalt Project</b> <b>Recommendation:</b> Approve the contract award to David Engineering Inc. and authorize the Fire Chief to execute the agreement in accordance with RFB 21-01.	12
4. <b>Reserve Funding Policy</b> <b>Recommendation:</b> Approve the revision to the Reserve Funding Policy.	13



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## REGULAR BOARD MEETING AGENDA

THURSDAY, APRIL 22, 2021

### CLOSED SESSION

1. Pursuant to California Government Code Section 54956.9 (a) – one (1) matter of Industrial Disability Retirement. \*\*

Brian Evers and the Sacramento Metropolitan Fire District  
Claim # SMFU - 177225 – Industrial Disability Retirement  
Deputy Chief Gregory Casentini

### REPORT OUT FROM CLOSED SESSION

### ACTION ITEMS

1. Industrial Disability Retirement – Captain Brian Evers \*\*  
**Recommendation:** After discussion in Closed Session, consider adopting a Resolution finding Captain Brian Evers has not suffered job related injuries and is not eligible for an Industrial Disability Retirement.

### REPORTS

1. PRESIDENT'S REPORT—(*President Kelly*)
2. FIRE CHIEF'S REPORT—(*Chief Harms*)  
OPERATIONS' REPORT – (*Deputy Chief Mitchell*)
3. SMFD – FIREFIGHTERS LOCAL 522 REPORT
4. COMMITTEE AND DELEGATE REPORTS  
*All Committee Meetings will be held at the Sacramento Metropolitan Fire District Board Room, 10545 Armstrong Avenue, Mather, California unless otherwise specified.*
  - A. Executive Committee – (*President Kelly*)  
Next Meeting: TBD
  - B. Communications Center JPA – (*DC Wagaman*)  
Report Out: April 13, 2021 at 9:00 AM  
Next Meeting: May 11, 2021 at 9:00 AM
  - C. California Fire & Rescue Training JPA – (*Chief Harms*)  
Report Out: April 15, 2021 at 4:00 PM - Cancelled  
Next Meeting: June 17, 2021 at 4:00 PM  
Location: Virtually due to COVID restrictions
  - D. Finance and Audit Committee – (*Director Orzalli*)  
Report Out: April 22, 2021 at 5:30 PM  
Next Meeting: May 27, 2021 at TBD
  - E. Policy Committee – (*Director Goad*)  
Next Meeting: TBD

### BOARD MEMBER QUESTIONS AND COMMENTS



# Sacramento Metropolitan Fire District

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REGULAR BOARD MEETING AGENDA

THURSDAY, APRIL 22, 2021

## ADJOURNMENT

### NEXT BOARD MEETING(S):

*Unless specified differently, all meetings of the Board are held at Sacramento Metropolitan Fire District, 10545 Armstrong Avenue, Mather, CA*

- Next Board Meeting – May 13, 2021 at 6:00 PM


*The following action and presentation items are scheduled for the next board meeting agenda. Board members are requested to identify additional action or presentation items they desire to be scheduled on the agenda.*

**ANTICIPATED AGENDA ITEMS:** TBD

Posted on April 19, 2021

Melissa Penilla, Clerk of the Board

\* No written report

\*\*  Separate Attachment

### DISABILITY INFORMATION:

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Clerk of the Board at (916) 859-4305. Notification at least 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting.



TODD HARMS  
Fire Chief

# Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite 200 · Mather, CA 95655 · Phone (916) 859-4300 · Fax (916) 859-3702

## ACTION SUMMARY MINUTES – REGULAR MEETING

### BOARD OF DIRECTORS SACRAMENTO METROPOLITAN FIRE DISTRICT Thursday, April 8, 2021 Held Remotely Via Zoom

#### CALL TO ORDER

The meeting was called to order at 6:00 pm by President Kelly. Board members present: Clark, Goold, Jones, Kelly, Orzalli, Sheetz, White and Wood. Board members absent: Saylor. Staff present: Chief Harms, General Counsel Lavra, and Clerk Penilla.

**PUBLIC COMMENT:** None.

#### CONSENT ITEMS

**Action:** Moved by Wood, seconded by Sheetz, and carried unanimously by members present to adopt the Consent Calendar as follows:

- 1. Action Summary Minutes**  
**Recommendation:** Approve the Action Summary Minutes for the Regular Board meeting of March 25, 2021.  
**Action:** Approved Action Summary Minutes.
- 2. Carmichael Property and Business Improvement District Renewal**  
**Recommendation:** Adopt a Resolution authorizing the Fire Chief to sign the petition for renewal of the CPBID, and if the petition is successful authorize the Fire Chief to vote on the protest ballot.  
**Action:** Adopted Resolution No. 2021-013.

The Board recessed to Closed Session at 6:13 pm.

#### CLOSED SESSION

- 1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION –**  
**Pursuant to California Government Code Section 54956.9(d)(1): One case**  
Case No. 34-2020-00286706-CU-BC-GDS  
Medic Ambulance Service, Inc. v. Sacramento Metropolitan Fire District  
**Action:** No action was taken.

The Board reconvened to Open Session at 6:35 pm.

#### REPORTS

- 1. PRESIDENT'S REPORT:** No report.

## 2. FIRE CHIEF'S REPORT:

### Rutherford Memorial Service

On April 3<sup>rd</sup> we said goodbye to Engineer Rutherford in a beautiful service in Grass Valley. Thank you to those who coordinated, participated, and attended the service. A special thank you to everyone who assisted the Rutherford family navigate this difficult time.

### Meetings

3/26, Station 68 Groundbreaking Ceremony

3/29, Sac City / Metro Fire Chiefs and Deputy Chiefs Meeting

4/6, Attended funeral services for Richard (Dick) Shannon, retired engineer and father of retired DC Brian Shannon

4/7, Lunch with Ken Campo, the interim CFO as we begin the search for a new Chief Financial Officer with Teri Black and Company

### OPERATIONS REPORT

Deputy Chief Mitchell reports out for the Operations Division beginning with an update from the Training Division. We completed a live fire training burn off Phoenix Avenue in Fair Oaks after using the house for multiple drills over the past few weeks. Another successful real-world training opportunity for our members due to a donation from a citizen.

We are reaching a staffing level shortage in the SRP program that will require us to develop a plan for browning out one of the four SRP 24-hour ambulances and put in service a 24-hour FDM. Currently working with labor to finalize details for implementation around May 1<sup>st</sup>.

As for statistics since the last Board Meeting, Metro Fire responded to 3,785 total calls which is a slight increase for the third meeting in a row. We had 16 Building Fires, with 6 being within Metro Fires boundaries. The busiest engine continues to be E53, and M224 as the busiest medic.

Lastly, DC Mitchell shared a story of an apartment fire near Station 21 dispatched this afternoon. On arrival, members found off-duty firefighter in civilian clothes on scene contacting apartments and evacuating occupants. This act exemplifies our member's commitment, on or off duty, to protecting those in our community. A big thank you to Firefighter Sheetz!

## 3. SMFD – FIREFIGHTERS LOCAL 522 REPORT:

Captain McGoldrick thanks everyone who assisted with the Rutherford service last Saturday.

## 4. COMMITTEE AND DELEGATE REPORTS

*All Committee Meetings will be held at the Sacramento Metropolitan Fire District Board Room, 10545 Armstrong Avenue, Mather, California unless otherwise specified.*

### A. Executive Committee – (President Kelly)

Next Meeting: TBD

### B. Communications Center JPA – (DC Wagaman)

Next Meeting: April 13, 2021 at 9:00 AM

- C. **California Fire & Rescue Training JPA – (Chief Harms)**  
 Next Meeting: April 15, 2021 at 4:00 PM  
 Location: Virtually due to COVID restrictions
  
- D. **Finance and Audit Committee – (Director Orzalli)**  
 Next Meeting: April 22, 2021 at 5:30 PM
  
- E. **Policy Committee – (Director Goold)**  
 Report Out: April 8, 2021 at 5:30 PM  
 The Policy Committee met earlier and will have one policy for the full Board during the next regular Board Meeting.  
 Next Meeting: TBD

**BOARD MEMBER QUESTIONS AND COMMENTS**

Director Orzalli attended the service for Firefighter Rutherford on Saturday and it was very well done, and the organization should be very proud.

Director Wood echoed Director Orzalli's comments. He attended the groundbreaking ceremony for Station 68. He sends his condolences to retired Deputy Chief Shannon. Lastly, he congratulated Firefighter Sheetz for a job well done off duty, and thanked DC Mitchell for sharing the story.

Director White attended the service on Saturday as well. He also congratulated Firefighter Sheetz.

Director Jones echoed previous comments to the Rutherford service, and retired DC Shannon. She also shared that Don Lockhart, Executive Officer for LAFCo, will be retiring this summer. They are currently doing an internal and external recruitment. Director Jones also attended the Special District Advisory Committee which was a good meeting as they are in the process of a push for political awareness related to COVID relief funds.

Director Kelly attended the Station 68 Groundbreaking Ceremony and enjoyed being a part of that. He congratulated Firefighter Sheetz. Lastly, he appreciates the work and support that went into planning the Rutherford Memorial.

**ADJOURNMENT**

The meeting was adjourned at 6:41 pm.

\_\_\_\_\_  
 Matt Kelly, President

\_\_\_\_\_  
 D'Elman Clark, Secretary

\_\_\_\_\_  
 Melissa Penilla, Board Clerk



TODD HARMS  
Fire Chief

# Sacramento Metropolitan Fire District

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10545 Armstrong Ave., Suite 200 · Mather, CA 95655 · Phone (916) 859-4300 · Fax (916) 859-3702

**DATE:** April 22, 2021  
**TO:** Board of Directors  
**SUBJECT:** Medical Aid and Ambulance Transport User Fee Annual Adjustment

## TOPIC

Ordinance # 2017-01 (the Ordinance), which was adopted by the Board of Directors on August 10, 2017, provides for an annual increase in the District's Medical Aid and Ambulance Transport User Fees. The effective date of the increase would be July 1, 2021.

## BACKGROUND

In order to keep pace with annual cost inflation, the Ordinance specifies that the fees identified in Exhibit "A" of the Ordinance shall be adjusted annually, beginning July 1, 2018, and each July 1<sup>st</sup> thereafter, by the percentage change in the Consumer Price Index (CPI) Series Title Medical Care in the U.S. City Average, All Urban Consumers, Not Seasonally Adjusted, as published by the U.S. Department of Labor, Bureau of Labor Statistics (the Medical CPI) for the twelve (12) month period ending December 31<sup>st</sup> of the preceding calendar year. The Ordinance also states that approval by the Board of Directors shall be by resolution, adopted at a regularly scheduled meeting of the Board prior to the enactment of the increase.

## DISCUSSION

Based on the percentage change in the annual Medical CPI for calendar year 2020 compared to calendar year 2019, the percentage fee adjustment effective July 1, 2021 would be 4.1%. The current and recommended fees are shown in the table below:



	<u>Current</u>	<u>Recommended</u>
First Responder Fee	\$404	\$421
Treat/No Transport Fee	404	421
ALS Bundle Base Rate	\$2,185	\$2,275
BLS Bundle Base Rate	1,987	2,068
Mileage	39	41
Oxygen	161	168
Night Charge	143	149
Cardiac Monitor	125	130

**FISCAL IMPACT**

It is estimated that the recommended fee adjustments will result in additional District cost recovery of approximately \$1 million during FY 2021/22.

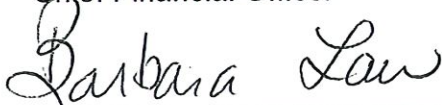
**RECOMMENDATION**

In accordance with the Ordinance, staff recommends adoption of the attached resolution amending the Ambulance Fee Schedule.

Submitted by:



Amanda Thomas  
Chief Financial Officer



Barbara Law  
Assistant Chief, Director of EMS

Approved by:

 FOR TODD HARMS

Todd Harms  
Fire Chief



# Sacramento Metropolitan Fire District

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TODD HARMS  
Fire Chief

## RESOLUTION NO. 2021-\_\_\_\_\_

### A RESOLUTION OF THE SACRAMENTO METROPOLITAN FIRE DISTRICT APPROVING AN ADJUSTMENT TO ITS FEE SCHEDULE FOR MEDICAL AID AND AMBULANCE TRANSPORT SERVICES PROVIDED BY THE DISTRICT

**WHEREAS**, on August 10, 2017, the District adopted Ordinance 2017-01, an ordinance revising the fee schedule for medical aid and ambulance transport user fees; and

**WHEREAS**, Ordinance 2017-01 provides for annual adjustment of fees, beginning July 1, 2018 and each July 1<sup>st</sup> thereafter, based on the change in the Consumer Price Index Series Title Medical Care in the U.S. City Average, All Urban Consumers, Not Seasonally Adjusted (the Medical CPI), subject to Board of Directors approval by resolution; and

**WHEREAS**, the change in the Medical CPI, as published by the U.S. Department of Labor, Bureau of Labor Statistics, for the 12-month period ending December 31, 2020 was 4.1%; and

**WHEREAS**, it remains the intent of the District to provide medical aid and ambulance transport services within the District.

**NOW, THEREFORE, BE IT RESOLVED**, the Board of Directors hereby approves the 4.1% increase effective July 1, 2021 in all medical aid and ambulance transport services, as set forth in the attached Exhibit "A" and directs that the fees shall be uniformly applied and collected.

**PASSED AND APPROVED** this 22<sup>nd</sup> day of April, 2021, by the following vote to wit:  
**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

**SACRAMENTO METROPOLITAN FIRE DISTRICT**

By: \_\_\_\_\_  
President, Board of Directors

Attested By:

\_\_\_\_\_  
Clerk of the Board

Attachment: Exhibit A, Fee Schedule

**Sacramento Metropolitan Fire District**

**Ambulance, Medical Aid, and Rescue Response and Related Fees**

**EXHIBIT "A"**

	<u>Current</u>	<u>Effective July 1, 2021</u>
First Responder Fee	\$404	\$421
Treat/No Transport Fee	404	421
ALS Bundle Base Rate	\$2,185	\$2,275
BLS Bundle Base Rate	1,987	2,068
Mileage	39	41
Oxygen	161	168
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# Sacramento Metropolitan Fire District

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**TODD HARMS**  
Fire Chief

**DATE:** April 22, 2021  
**TO:** Board of Directors  
**SUBJECT:** Formal Bid Award – Fleet Asphalt Project – Phase 2 (RFB 21-01)

### BACKGROUND

The Sacramento Metropolitan Fire District's (the District) Fleet facility, located at 4425 Dudley Blvd McClellan Ca 92652 is in need of asphalt replacement of an existing 15,000 sq ft parcel, and additionally new asphalt on an existing 26,000 sq ft unimproved parcel. New asphalt in these two spaces will bring the facility up to a safe working condition improving life expectancy and durability, and will improve the functionality of the site regarding the movement of our fire apparatus, some weighing up to 80,000 lbs.

### DISCUSSION

A Request for Formal Bid (RFB 21-01) was advertised and issued April 1, 2021 for the Fleet Asphalt Project – Phase 2. A mandatory job walk was conducted on April 7, 2021, which was attended by representatives from 11 construction firms. The bid submission deadline was April 15, 2021.

The District received the following 8 bids.

David Engineering Construction Inc	\$206,350
Biondi Paving Inc	\$250,000
JB Bostic Company	\$269,660
Martin General Engineering Inc	\$293,950
Sierra Asphalt Inc	\$294,720
Central Valley Engineering	\$303,750
Hilbers Inc DBA Big S Asphalt	\$472,112

Credentials for all the contractors were reviewed to make sure all had current licenses and that all were registered with the DIR.

The lowest responsible bid was David Engineering Inc in the amount of \$206,350.

### FISCAL IMPACT

Funds are available in the current budget to cover the cost of the project.

### RECOMMENDATION

Staff recommends that the Board approve the project to be awarded to the lowest responsible bid by David Engineering Inc located in Foresthill California in the amount of \$206,350.

Submitted by:

  
\_\_\_\_\_  
Mark Jones  
Logistics/Purchasing Manager

Approved by:

\_\_\_\_\_  
Tyler Wagaman  
Deputy Chief, Support Services



TODD HARMS  
*Fire Chief*

# Sacramento Metropolitan Fire District

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10545 Armstrong Ave., Suite 200 · Mather, CA 95655 · Phone (916) 859-4300 · Fax (916) 859-3702

**DATE:** April 22, 2021  
**TO:** Board of Directors  
**SUBJECT:** Reserve Funding Policy

## TOPIC

Review and consider revisions to the Reserve Funding Policy.

## DISCUSSION

The District's Reserve Funding Policy (Policy) was adopted in 2013 and establishes target minimum and maximum reserve levels for different categories of reserves, including General Fund Operating Reserves.

A review of the Policy and current reserve balances presented to the Finance & Audit Committee on January 28, 2021 indicated that the minimum and maximum target levels remain appropriate and the District is largely in compliance with the established reserve targets. The review also identified that updates to the Policy are needed in order to reflect changes in other policies and practices that have occurred since the Policy was adopted in 2013.

The attached revised Policy incorporates the necessary updates including:

- Eliminating the Compensated Absence reserve, which has never been established as a reserve but rather is funded in the annual budget
- Eliminating the Deferred Compensation Plan reserve since the Board subsequently approved transferring this reserve to be held by the Plan
- Updating language for the post-retirement medical trust fund to reflect changes in actuarial practices
- Updating the Early Debt Extinguishment Reserve to reflect revisions to the Pension Funding Bonds Early Payoff Policy
- Adding references to the Development Impact Fees Fund and Intergovernmental Transfer Fund

The revised Policy was presented to the Finance & Audit Committee on March 25, 2021 and to the Policy Committee on April 8, 2021 and was approved for referral to the Board of Directors for consideration.

**RECOMMENDATION**

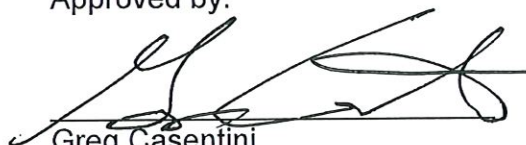
Staff recommends adoption of the attached revised Reserve Funding Policy.

Submitted by:



Amanda Thomas  
Chief Financial Officer

Approved by:



Greg Casentini  
Deputy Chief, Administration



- 5.3. **Bond Indenture:** A bond indenture is a legal document issued to lenders and describes key terms such as the interest rate, maturity date, convertibility, pledge, promises, representations, covenants, and other terms of the bond offering.
- 6.4. **Bondholders:** Investors who lend money to the bond issuer in return for interest and future repayment.
- 7.5. **California Employer's Retiree Benefit Trust (CERBT):** CERBT is Metro Fire's trust fund managed by the California Public Employees' Retirement System (CalPERS).
- CalPERS maintains a separate trust fund to benefit Metro Fire retirees. CERBT is accumulating and investing funds for post-retirement medical premiums.
  - Amounts cannot be removed from CERBT except to pay retiree premiums.
  - CERBT is a separate legal entity. As such, CERBT assets are only disclosed in Metro Fire's audited financial statements, and not included in Metro Fire's Governmental Fund balance sheet assets.
7. **Capital Facilities Fund:** A separate accounting for budgeting and reporting purposes used to track ~~Development Fee collection and spending expenditures for capital outlay not associated with new development. The reserves in this fund are used for new capital needed to serve new development.~~
8. **Capital Improvement Program (CIP):** A multi-year plan that identifies needed capital projects and equipment, provides a planning schedule, and financing options.
9. **CIP Reserves:** Reserves accumulated for the purchase of new infrastructure. Funding is from Development Impact Fees and General Fund transfers.
10. **Capital Replacement Reserves:** Reserves accumulated to fund replacement of existing infrastructure when the asset's useful life has ended.
11. **Committed Fund Balance:** A classification of Fund Balance. Committed Fund Balance amounts can only be used for specific purposes as determined by a formal action of the Metro Fire Board of Directors.
- ~~12. **Compensated Absence Reserves:** Reserves accumulated to satisfy obligations due to employees to settle compensated absence amounts upon employee retirement, termination, or other times when employees are allowed to cash out a portion of their compensated absence balances.~~
- ~~13. **Debt Service Reserves:** Money generally from bond proceeds that is set aside for additional security to Bondholders. This is a Restricted Reserve and documentation of the requirement is in the Bond Indenture.~~

14.12.



- ~~15. **Deferred Compensation Plan:** A retirement plan offered by Metro Fire under Internal Revenue Code 457. Metro Fire Employees voluntarily defer their compensation up to certain limits on a tax-deferred basis.~~
- ~~16. **Deferred Compensation Plan Committee (Committee):** A Committee that oversees the Deferred Compensation Plan. This Committee of employees and retirees is appointed by the Board of Directors.~~
- 13. Development Impact Fee:** A fee charged by Metro Fire to mitigate the costs associated with property acquisitions, site preparation, design, construction, and equipping of fire stations within Metro Fire's service areas. This fee serves to protect the health and safety of the general public and preserve lives and property, and is authorized by California Government Code Section 66000 et seq.
- 17.14. Development Impact Fees Fund:** A separate accounting for budgeting and reporting purposes used to track Development Impact Fee collection and spending. The reserves in this fund are used for new capital needed to serve new development.
- 18.15. Dry Period Funding:** Dry period funding is a borrowing from the County of Sacramento. Dry Period Funding is automatically activated should Metro Fire have a negative cash position from July through the last Monday in April. The County Treasurer will cover Metro Fire's negative cash up to 85% of anticipated tax collections. Metro Fire must have positive cash balances from the last Monday in April until fiscal year end.
- 19.16. Fund Balance:** Governmental Fund balance sheet assets less liabilities, equals Fund Balance. Accountants distinguish up to five separate categories of Fund Balance, based on the extent to which the government is bound to honor specific purposes spending constraints.
- a.** These five categories are: Non-spendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance (all separately defined herein).
- 20.17. Funding Policy Contribution (FPC):** A level of funding that if paid on an ongoing basis is projected to cover post-retirement medical explicit subsidies for current employees and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.
- 21. Early Debt Extinguishment Reserves:** Reserves accumulated to retire the Pension Obligation Bonds at the earliest dates allowed under the Bond Indenture.
- ~~22.18.~~
- ~~23. **Fiduciary Reserves:** Amounts set aside by the Committee on behalf of the Deferred Compensation Plan participants. The amounts pay the administrative expenses of the Committee.~~
- 24.19. General Fund:** For budgeting and reporting purposes, Metro Fire records all transactions in the General Fund that are not specifically accounted for in any other fund. The other funds include the Capital Facilities Fund, the Leased Properties

Fund, the Grant Fund, ~~and the Simulator Fund~~the Development Impact Fees Fund, and the Intergovernmental Transfer (IGT) Fund.

- ~~25-20.~~ **General Fund Operating Reserves:** These are Unassigned Reserves accounted for in the General Fund that are used for unexpected costs, revenue shortfalls, and smoothing cash flow prior to the receipt of expected revenue. In particular, cash flow is needed prior to the receipt of property taxes in January, May and June.
- ~~26-21.~~ **Governmental Fund Financial Statements:** Governmental Fund Financial Statements report using the modified accrual basis of accounting and generally reports financial resources collected and used within 90 days of fiscal year end. Capital assets are expenditures when purchased.
- ~~27-22.~~ **Government-Wide Financial Statements:** Government-Wide Financial Statements are reported using the accrual basis of accounting. The Statement of Net Assets in the Government-Wide Financial Statements include all capital assets, and the Statement of Activities shows annual depreciation of the capital assets
- ~~23.~~ **Grant Fund:** For budgeting and reporting purposes, Metro Fire records all grant related revenue and expenditures in the Grant Fund. ~~On occasion large grants may be assigned their own fund. Currently a federal grant is being accounted for in the Simulator Fund.~~
- ~~28-24.~~ **Intergovernmental Transfer (IGT) Fund:** For budgeting purposes, Metro Fire records all transactions associated with Medi-Cal intergovernmental transfers in the IGT Fund.
- ~~29-25.~~ **Labor Agreements:** All agreements with Local 522, along with resolutions and employment agreements passed by the Board of Directors covering ~~exempt unrepresented~~ employees.
- ~~26.~~ **Leased Properties Fund:** For budgeting purposes, Metro Fire records all transactions for surplus real property in the Leased Properties Fund. In addition, real property temporarily not in use is also recorded in this fund. Rent from these properties offsets non-operating expenditures such as utilities and special assessments.
- ~~30-27.~~ **Net Budgeted General Fund Operating Expenditures:** Current year budgeted operating expenditures in the General Fund, adjusted to exclude one-time expenditures and include transfers out for ongoing expenditures.
- ~~31-28.~~ **Non-spendable Fund Balance:** A classification of Fund Balance. Non-spendable Fund Balance amounts cannot be spent because they are not in spendable form or cannot be spent because legally or contractually are required to be maintained intact.
- a. Examples of Non-Spendable Fund Balance are inventory and prepaid items.

~~32. **Operating Reserves: General Fund reserves** that are used for unexpected costs, revenue shortfalls, and smoothing cash flow prior to the receipt of expected revenue. In particular, cash flow is needed prior to the receipt of property taxes in January, May and June.~~

33.29. **Pension Obligation Bonds:** Bonds issued by Metro Fire in 2004 to pay down unfunded pension liabilities with CalPERS and the Sacramento County Employee Retirement System (SCERS).

34.30. **Reserve Analysis:** Comparing actual reserve levels to target reserve levels.

35.31. **Restricted Fund Balance:** A classification of Fund Balance. Restricted Fund Balance amounts can only be spent for specific purposes, which are stipulated outside the control of Metro Fire's Board of Directors by State law, granting entities, legal agreements, or enabling legislation, etc.

- a. Restricted Fund Balance examples are grant funds, debt proceeds, and Development Impact Fees, and special assessment fees.

36.32. **Self-Insurance Reserves:** Reserves accumulated for the payment of workers' compensation claims.

~~37. **Simulator Fund:** For budgeting purposes, all transactions related to the Homeland Security Grant Program CalEMA award for the development of disaster simulation.~~

38.33. **Unassigned Fund Balance:** A classification of Fund Balance. Any Fund Balance amounts not classified as Restricted Fund Balance, Committed Fund Balance, and Assigned Fund Balance.

## *Policy*

1. Unassigned Fund Balance
  - a. General Fund Operating Reserves will be used for unexpected costs or revenue shortfalls.
    - I. The minimum amount of General Fund Operating Reserves shall be 1.8 months of Net Budgeted General Fund Operating Expenditures (15%). Metro Fire is able to operate with this minimum amount due to a County of Sacramento "Dry Period Funding" credit line used in anticipation of property tax receipts.
    - II. The maximum amount of General Fund Operating Reserves shall be 6 months of Net Budgeted General Fund Operating Expenditures (50%) as reflected in the most current Metro Fire budget. This amount would allow Metro Fire the cash flow needed to operate without the County of Sacramento "Dry Period Funding" credit line.
2. Committed Fund Balance

- a. Metro Fire is self-insured for most workers' compensation claims, and maintains excess coverage for extraordinary claims of \$3 million or more. This coverage amount may be adjusted each budget cycle.
  - I. To allow for future payment of workers' compensation claims, the minimum General Fund Self-insurance Reserves should equal the most recent short-term liability disclosed in Metro Fire's Audited Financial Statements.
  - II. The maximum General Fund Self-insurance Reserve should equal the most recent total liability of unpaid claims and expenses as reported in the most recent Audited Financial Statements.
- ~~a. Metro Fire has obligations to its employees for certain earned but unused compensated absences for sickness, vacation, paid time-off, and time off in lieu of overtime pay. Reserves should be accumulated to settle compensated absence amounts upon employee retirement, termination or other times when employees are allowed to cash-out a portion of their compensated absence balances.~~
  - ~~I. The minimum General Fund Compensated Absence Reserves should be the amount expected to be paid in the next 12 months.~~
  - ~~II. The maximum General Fund Compensated Absence Reserves should be the total obligation owed to all employees.~~
- e.b. Reserves should be accumulated to replace existing infrastructure upon the end of the assets' useful life. Capital Replacement Reserves should be in keeping with the Metro Fire CIP.
  - I. The minimum ~~General Fund~~ Capital Replacement Reserves should be equivalent to the annual depreciation in Metro Fire's most recent audited Government-Wide Financial Statements.
  - II. The maximum ~~General Fund~~ Capital Replacement Reserves should be equal to the accumulated depreciation in Metro Fire's most recently audited Government-Wide Financial Statements.
- c. The District's Pension Funding Bonds Early Payoff Policy, ~~456-0401.014.02~~, adopted in 2008 and revised in 2017, extinguishes the Pension Obligation Bonds at the earliest dates allowed under the Bond Indenture, to avoid the interest rate associated with the variable rate securities. Each year additional reserves will be budgeted pursuant to the Pension Funding Bonds Payoff Schedule incorporated within the revised Early Payoff Policy.
  - I. The minimum amount of Early Debt Extinguishment Reserves should be the ratable amount needed to retire the Pension Obligation Bonds at the earliest dates provided for in the Bond Indenture beginning balance plus the annual deposit amount calculated according to the procedures outlined in the Early Payoff Policy.

- II. The maximum amount of Early Debt Extinguishment Reserves should be the total outstanding Pension Obligation Bond principal due to the Bondholders.

3. Restricted Reserves

- a. ~~Capital Facilities~~Development Impact Fees Fund CIP Reserves will be accumulated to fund Metro Fire's new infrastructure needed to maintain Metro Fire's service level standards. CIP funding will be from the Development Impact Fees that mitigate the impact of new development. All Development Impact Fee amounts collected are restricted in use until such time as they are spent on capital outlay as provided for in State law. Capital spending over and above the Development Impact Fees should be provided as a transfer from the General Fund.
  - I. The minimum CIP Reserves shall be 10% of the current year's planned CIP expenditures. These reserves are a buffer for deviations in bid amounts or construction costs.
  - II. The maximum CIP Reserves shall be the amount needed to fully fund the CIP plan.
- ~~b.~~ Bondholders and other lenders require Debt Service Reserves to provide additional security for obligations due to them from Metro Fire. Metro Fire will maintain at all times the Debt Service Reserve levels provided for in all outstanding debt and capital lease agreements.
- ~~c.b. Metro Fire receives funding to operate its Deferred Compensation Plan (Plan) from participants via the record keeper. Metro Fire will maintain an accounting of these Fiduciary Reserves, and will use them exclusively for the benefit of Plan participants.~~

4. Trust Fund

- a. Post-retirement medical insurance coverage is currently, and will continue to be, pre-funded in CERBT:
  - I. At a minimum, an amount should be the cumulative of ~~ARC contributions~~Funding Policy Contributions plus earnings. This amount is reported to Metro Fire by CERBT on a quarterly basis.
  - II. At a maximum, an amount should be accumulated in CERBT to equal the Actuarial Present Value. This amount is determined by Metro Fire's actuary in its most recent Actuarial Valuation of Other Post-Employment Benefits.

5. Transition to Target Reserve Amounts

- a. Any budgeted Unassigned Reserve amounts remaining at fiscal year-end will initially be General Fund Operating Reserves. The Board of Directors will review appropriate levels and uses for reserves during the budget process and may reclassify reserves as deemed appropriate.

- b. When reclassifying reserves, consideration will be made to all Metro Fire contractual obligations including the agreements with Local 522.

6. Use of Reserves

- a. Operating ~~and~~; Self-Insurance ~~and Compensated Absence~~ Reserves can be used at any time to meet cash flow requirements ~~and~~; Workers' Compensation claims, ~~and retirement of compensated absence liabilities~~ respectively. Authority to use the funds should be consistent with Metro Fire's budget, Purchasing and Contract Policy, and Labor Agreements. Any other use requires authorization of the Board of Directors.
- b. The Board of Directors will authorize use of ~~General Fund~~ Capital Replacement; and CIP Reserves during the budget process. ~~General Fund~~ Capital Replacement and CIP Reserves are also available for unplanned (unbudgeted) capital replacement. Authorization for the use of Capital Replacement Reserves for unplanned capital replacement will be consistent with Metro Fire's Purchasing and Contract Policy.
- c. Early Debt Extinguishment and Debt Service Reserves use, is limited to the repayment of principal and interest of the related debt obligations.
- ~~d. Use of the Fiduciary Reserves is under the authority of the Committee.~~
- e.d. CERBT Reserves will be used exclusively for the payment of retiree medical premiums and CERBT management fees.

### *Procedures*

1. The Chief Financial Officer shall perform a Reserve Analysis to be submitted to the Board of Directors upon the occurrence of the following events:
  - a. Board of Directors' budget deliberations; or
  - b. When changes are made to the amount of Workers' Compensation self-insurance excess insurance coverage; or
  - c. When updated Post-Retirement Medical or Workers' Compensation actuarial valuations are issued; or
  - d. When a major change in conditions threatens the targeted reserve levels established within this policy.
2. If the Reserve Analysis indicates projected or actual reserve levels are not within the target levels outlined in this policy, the following shall be included with the analysis:
  - a. An explanation of why reserve levels are not at the targeted level, and;
  - b. A course of action to bring reserve levels within the minimum and maximum levels prescribed.

## References

- ~~1. Sacramento Metropolitan Fire District, Actuarial Valuation of Other Post-Employment Benefits as of July 1, 2012, issued by Bickmore, June 12, 2013.~~
- ~~2. Sacramento Metropolitan Fire District, Audited Financial Statements, June 30, 2012, dated December 20, 2012.~~
- ~~3. Sacramento Metropolitan Fire District, Actuarial Review of the Self-Insured Workers' Compensation Program, as of June 30, 2011 and June 30, 2012, Forecast for Program Years 2011-12 and 2012-13, issued by Bickmore Risk Services, October 12, 2011.~~
- ~~4.1. Sacramento Metropolitan Fire District, Pension Fund Bonds Early Payoff Policy, 156.01 effective June 12, 2008 01.014.02 revised as of September 28, 2017.~~
- ~~5. Sacramento Metropolitan Fire District, Purchasing and Contracting Policy, 140.01 01.010.02, adopted August 23, 2008 revised as of June 12, 2014.~~
- ~~6. \_\_\_\_\_~~
- ~~7. Sacramento Metropolitan Fire District, Ordinance 2-05, An Ordinance Amending the Capital Fire Facilities Fee Schedule for new Construction and Development within the District.~~
- ~~9. Sacramento Metropolitan Fire District, Pension Funding Bonds Early Payoff Policy 156.01, adopted June 12, 2008.~~
- ~~10.2. \_\_\_\_\_~~
- ~~8. National Advisory Council on State and Local Budgeting, Recommended Practices 4.1.~~
- ~~93. [Government Finance Officers Association of United States and Canada, Best Practice for Appropriate Level of Unrestricted Fund Balance in the General Fund.](#)~~
- ~~104. [Governmental Accounting Standards Board \(GASB\) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, effective for fiscal years June 30, 2011 and later.](#)~~
- ~~11. California Special District Association, Special District Reserve Guidelines, Second Edition.~~
- ~~12. Moody's Investors Service, Rating Update, February 20, 2013.~~

## Appendix

- ~~1. Appendix 1 (link below), is a table of the various reserves covered in this memo showing various target reserve amounts as of June 30, 2013. This is a dynamic table that will be adjusted when obligations or resources available change over time.~~