
MENLO PARK FIRE PROTECTION DISTRICT

STAFF REPORT

TO: Board of Directors
FROM: Administrative Services

MEETING DATE: May 20, 2025
PREPARED BY: Allain Mallari
APPROVED BY: Francine Hunt

**ITEM: ADOPT BY RESOLUTION THE DISTRICT'S FISCAL YEAR 2025-26
PRELIMINARY BUDGET AND FULL-TIME EQUIVALENT (FTE)
STAFFING LEVEL**

RECOMMENDATION

It is recommended that the Board of Directors:

1. Accept the report as presented; and
2. Adopt by Resolution the District's Fiscal Year (FY) 2025-26 Preliminary Budget and Full-Time Equivalent (FTE) staffing level.

BACKGROUND

Presented for your review is the Menlo Park Fire Protection District's (District) Fiscal Year 2024-25 Final Budget. The District's budget establishes a guideline for the anticipated revenues and operating expenditures to ensure inflows of resources will be adequate to support the delivery of services based on established priorities. It provides a logical structure to organize various program costs, projects, and other expenses, as well as a sound system of control for the District's revenues and expenditures.

DISCUSSION

The District's financial records are maintained in accordance with generally accepted accounting principles of the United States of America ("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 basis for budgeting revenues and expenditures is the same as the basis for accounting. Budgeted and actual revenues and expenditures are accounted for on a modified accrual basis. Revenues are recognized in the accounting period in which they become susceptible to accrual; that is when they become measurable and available to finance expenditures of the current period. "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon thereafter to be used to pay liabilities of the current period. Accrued revenues include property taxes received within 60 days after fiscal year-end and earnings on investments paid after year-end. Expenditures are recorded when the liability is incurred, if measurable, except for unmatured interest on long-term debt, if applicable, which is recognized when due.

The District’s Budget is adopted annually on a basis consistent with GAAP, which are the same guidelines used in the preparation of the year-end financial statements.

The District’s finances are accounted for within three major fund categories or types: General Fund (GF), Capital Improvement Projects (CIP) Fund, and Special Revenue (SRF) Fund.

The purpose of each major fund is described below:

- **General Fund** – The General Fund is the general operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in another fund.
- **Capital Improvement Projects Fund** - The Capital Improvement Projects Fund is used for the acquisition of property, renovation, or complete rebuild of the District’s fire stations and other facilities.
- **Special Revenue Fund** – The Special Revenue Fund is used to account separately for funds received and disbursed for federal emergencies. This fund includes federal grant activities from the Federal Emergency Management Agency’s (FEMA) Cooperative Agreements for the District’s California Task Force 3 (CATF3) Urban Search and Rescue (US&R).

GENERAL FUND

General Fund Preliminary Budget Summary

	2023-24 Actual	2024-25 Amended Budget	2024-25 Estimated Actual	2025-26 Preliminary Budget	FY26 vs FY25 Increase/ (Decrease)	Change in %
Revenue						
Property Taxes	\$81,945,388	\$83,033,600	\$84,921,502	\$87,296,100	\$4,262,500	5.1%
Other Operating	9,960,857	6,629,700	10,051,215	7,664,000	1,034,300	15.6%
Total	\$91,906,245	\$89,663,300	\$94,972,717	\$94,960,100	\$5,296,800	5.9%
Expenditure						
Salaries, Benefits, and Retirement	\$45,383,519	\$59,716,908	\$55,917,601	\$63,859,064	\$4,142,156	6.9%
Other Operating	10,474,054	12,259,484	10,744,114	12,359,790	100,306	0.8%
Total	\$55,857,573	\$71,976,392	\$66,661,715	\$76,218,854	\$4,242,462	5.9%
Other Financing Source/(Use)						
Transfer-in	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Transfer-out	(52,759,949)	(18,035,742)	(18,035,742)	(18,741,246)	(705,504)	3.9%
Total	(\$52,759,949)	(\$18,035,742)	(\$18,035,742)	(\$18,741,246)	(\$705,504)	3.9%
Net Current Operating Change	(\$16,711,277)	(\$348,834)	\$10,275,260	\$ -	\$348,834	-100.0%
General Fund Reserve						
Usage	\$540,944	\$348,834	\$348,834	\$ -	(\$348,834)	-100.0%
Allocation	16,170,333	-	(10,624,094)	-	-	0.0%
Total	\$16,711,277	\$348,834	(\$10,275,261)	\$ -	(\$348,834)	-100.0%
Excess/(Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	

GENERAL FUND REVENUE

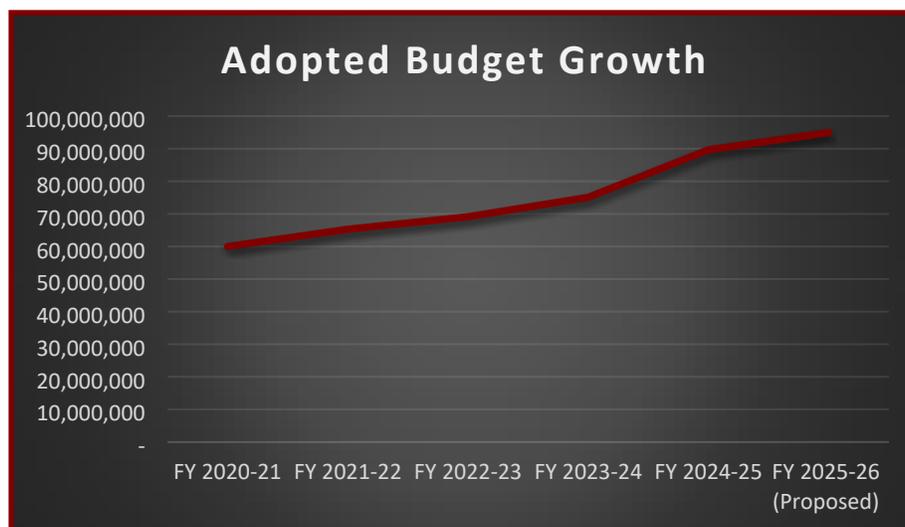
The District's main revenue source is property taxes, which account for around 92% of the proposed General Fund revenue budget for FY 2025-26. The local real estate market has seen substantial growth in assessed property values within the District's jurisdictions, maintaining its resilience despite the challenges of an inflationary environment, although growth has slowed. Other operating revenues for the District are generated through cost recovery from licenses and permit services, service contracts, use of money and property, intergovernmental sources, and various miscellaneous revenues.

The table and chart below illustrate the annual changes in the District's revenue budget over the past six years.

General Fund Revenue Budget Comparison

Fiscal Year	Adopted Budget	Increase/(Decrease)	Growth Rate (%)
FY 2020-21	\$59,971,511	(\$293,535)	-0.5%
FY 2021-22	\$65,276,470	\$5,304,959	8.8%
FY 2022-23	\$69,576,500	\$4,300,030	6.6%
FY 2023-24	\$75,082,699	\$5,506,199	7.9%
FY 2024-25	\$89,663,300	\$14,580,601	19.4%
FY 2025-26 (Proposed)	\$94,960,100	\$5,296,800	5.9%

General Fund Revenue Budget Growth



Historically, the District has exercised careful judgment when setting its revenue budget, particularly in response to economic uncertainties. By adopting a cautious approach to revenue growth projections, the District has been able to shield its core services from any negative financial impacts. This conservative approach, combined with a strong commitment to financial discipline, has helped ensure the stability and sustainability of its operations even during volatile times.

When forecasting the General Fund revenue budget for the upcoming fiscal year, staff took into account a wide range of factors to ensure the budget remained balanced and adequately funded to support service delivery. This included a thorough review of historical data and trends, which helped inform their estimates. In addition, staff closely considered the economic conditions that are expected to impact the District in the coming year.

By adopting a more realistic approach that focuses on providing the best possible estimates, staff has been able to project revenue for FY 2025-26 in a way that allows for a sound financial outlook. This prudent forecasting strategy reflects the District's ongoing commitment to maintaining fiscal responsibility while ensuring that essential services continue to be delivered effectively.

General Fund Revenue Budget Summary

Category	FY 2023-24 Actual	FY 2024-25 Amended Budget	FY 2024-25 Estimated Actual	FY 2025-26 Proposed Budget
Property Tax				
Property tax - secured	\$70,762,347	\$73,764,400	\$74,432,642	\$77,298,300
Property tax – unsecured	2,753,070	2,490,500	2,926,082	3,004,200
Property tax – SB 813	1,813,273	1,808,400	808,364	808,400
Unitary tax	445,009	496,600	504,415	569,500
HOPTR	209,239	204,500	203,242	204,500
RPTTF distributions	6,708,689	5,884,500	6,875,167	6,528,900
ERAF rebate	7,997,795	7,559,900	8,367,691	8,543,200
ERAF shift	(8,744,034)	(9,175,200)	(9,196,101)	(9,660,900)
Total Property Tax	\$81,945,388	\$83,033,600	\$84,921,502	\$87,296,100
Other Revenue				
Licenses and permits	\$1,046,528	\$1,100,000	\$881,002	\$881,000
Current service charges	470,448	470,100	470,100	479,200
Use of money and property	6,560,537	4,895,000	6,149,166	5,128,800
Intergovernmental	1,509,121	154,600	1,958,600	1,125,000
Miscellaneous	374,223	10,000	592,347	50,000
Total Other Revenue	\$9,960,857	\$6,629,700	\$10,051,215	\$7,664,000
Total Revenue	\$91,906,245	\$89,663,300	\$94,972,717	\$94,960,100
Change from FY 2024-25 Amended Budget (\$)				\$5,296,800
Change from FY 2024-25 Adopted Budget (%)				5.9%

*The proposed revenue budget is based on the analysis of historical and estimated actual numbers in conjunction with economic assumptions.

A. Property Taxes

Under the California property tax law, all taxable real and personal property are generally subject to a 1% tax rate on the assessed values. With the passing of Proposition 13 in 1978, the increase in the assessments of real property has been restricted to no more than 2% or the annual change in

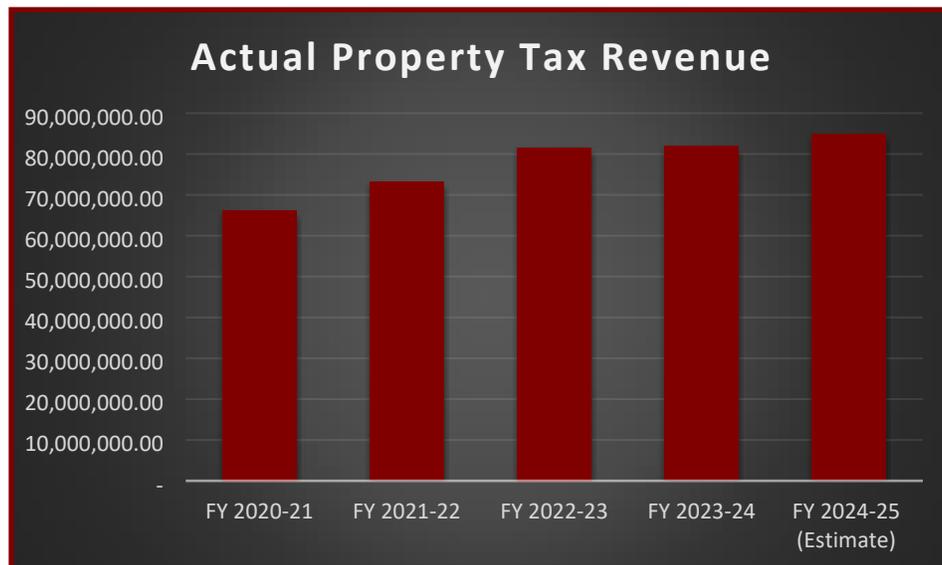
the Consumer Price Index (CPI), whichever is lower. The exceptions to this 2% limitation were those properties that underwent a change in ownership or newly constructed properties, in which the value is reassessed at its current full market value.

The District’s revenue is largely derived from property taxes, which are directly linked to real estate valuations. These valuations have continued to show growth, contributing to a steady revenue stream despite ongoing economic uncertainties. In the face of fluctuating economic conditions, the real estate market has maintained stability, and property values have consistently risen, reinforcing the District’s financial outlook.

For the fiscal year 2024-25, the District expects a valuation growth of 4.6%. While this reflects a more moderate increase compared to previous years, it remains positive amidst challenges like inflation, layoffs in the tech sector, and decreased demand for office space, all of which have slowed down broader market activity. Despite these cooling factors, the District remains cautiously optimistic about the future, anticipating continued growth albeit at a slower pace.

The District’s long-term prospects for property tax revenue are bolstered by the planned industrial and residential development projects within its service area, which are expected to create new tax bases and drive sustained revenue growth. However, the continuation of this positive trend is not guaranteed and will depend on several unpredictable factors. The recovery of jobs and businesses, the balance of housing supply and demand, and the success of upcoming development projects will play a key role. Additionally, broader economic conditions such as inflation, interest rates, and shifts in the real estate market will influence whether the upward trajectory in property valuations remains intact or faces challenges in the coming years.

Actual Property Tax Revenue Growth

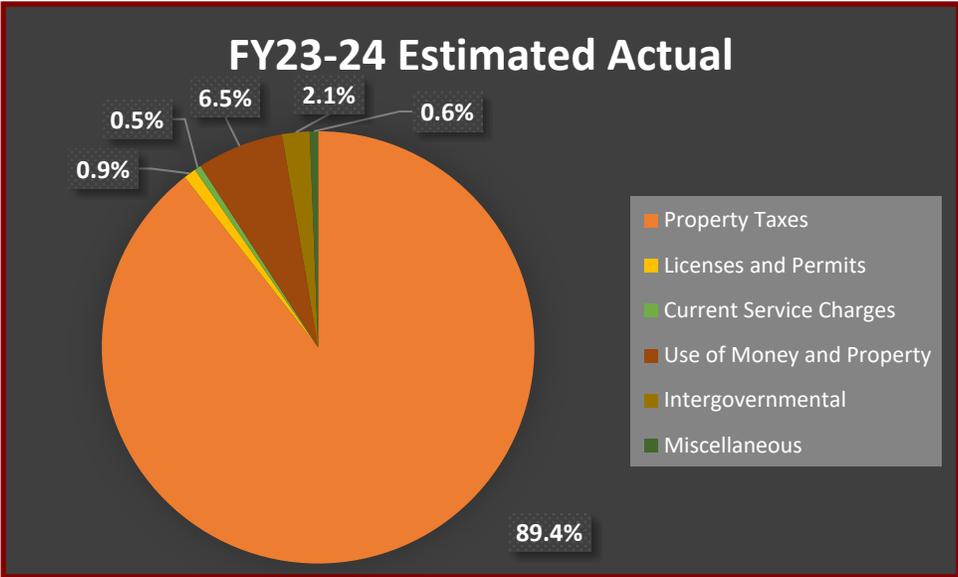


Over the past several years, property tax revenue has experienced consistent growth, averaging an increase of 6.3% annually over the last five years. While economic uncertainties continue to present challenges, property tax revenue is still expected to see a modest increase for fiscal year 2025-26, reflecting the continued resilience of the local real estate market.

Property taxes remain the District’s primary source of funding, accounting for approximately 89% of the estimated total revenues for FY 2024-25. This significant portion of revenue is derived from a variety of sources, including secured and unsecured property taxes, supplemental taxes under Senate Bill 813 (SB813), unitary taxes, the ERAF (Educational Revenue Augmentation Fund) rebate and shift, homeowner’s property tax relief (HOPTR), and Redevelopment Property Tax Trust Fund (RPTTF) distributions.

Together, these components contribute to a diverse yet stable revenue base that supports the District’s ongoing operations and services. Despite economic fluctuations, the reliance on property taxes provides a steady foundation for the District’s financial planning, allowing for a more predictable revenue stream even amidst broader economic challenges.

Revenue Breakdown Per Category



Secured Property Tax

Secured property tax is calculated based on the assessed value of real property, land, and personal property, such as structures located upon real property that cannot be moved.

Secured Property Tax Budget vs Actual Five-Year Comparison

	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	
Budget	\$55,171,445	\$59,474,818	\$61,853,800	\$67,592,500	\$73,764,400	
Actual	\$57,313,644	\$61,647,322	\$67,034,508	\$70,920,468	\$74,432,642	*
Variance	(\$2,142,199)	(\$2,172,504)	(\$5,180,708)	(\$3,327,968)	(\$688,242)	
Actual Growth Rate	7.3%	7.6%	8.7%	5.8%	5.2%	*

*FY24-25 actual secured property tax revenue and growth rate are estimated based on current information.

The estimated growth in secured property tax for FY 2025-26 is around 3.8%, based on the assessment roll provided by San Mateo County as of March 2025. This growth rate includes an inflation factor of 1.02. The remaining increase in assessed value is driven by properties that have been reassessed after being sold at current market values, as well as new developments added to the District’s property tax roll. While the growth in assessed values doesn't directly translate to a one-to-one increase in property tax revenue, it serves as a strong indicator of the potential rise in revenue for the District.

Staff recommends applying a 3.8% growth rate to the estimated actuals for FY 2024-25, which reflects the growth percentage shown on the preliminary property assessment roll. This projected growth rate results in a budget of \$77.3 million for FY 2025-26.

Unsecured Property Tax

Unsecured taxes are assessed against movable personal property such as business equipment, boats, and airplanes. The tax is considered unsecured because any tax not paid results in a lien filed against the owner of the property, not the property itself. The property tax rate on unsecured property is based on the previous year’s secured property tax rate.

Changes in this category are mainly driven by fluctuations in the value of tenant-owned personal property and business fixtures, such as office machinery and equipment. Luxury items like boats, jet skis, and airplanes are also classified as unsecured property. Over the past few years, the District’s unsecured property tax revenue has shown consistent growth, which can be attributed to the strength of the local business sector as it continues to recover from the pandemic.

Unsecured Property Tax Budget vs Actual Five-Year Comparison

	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	
Budget	\$2,791,481	\$2,791,481	\$2,539,800	\$2,341,800	\$2,490,500	
Actual	\$2,480,875	\$2,300,628	\$2,448,691	\$2,753,070	\$2,926,082	*
Variance	\$310,606	\$490,853	\$91,109	(\$411,270)	(\$435,582)	
Actual Growth Rate	-4.5%	-7.3%	6.4%	12.4%	6.3%	*

*FY24-25 actual unsecured property tax revenue and growth rate are estimated based on current information.

While the recovery is expected to persist despite ongoing economic uncertainties, factors such as inflation, high interest rates, and significant layoffs in the area could pose challenges to the business sector. Given these potential risks, staff recommends setting the FY 2025-26 budget at \$3.0 million. This figure is based on a 2.7% average increase over the past five years, applied to the estimated revenue for the current year.

Supplemental Senate Bill 813 (SB813) Tax

Supplemental SB813, also known as the Hughes-Hart Educational Reform Act of 1983, originally was designed to close a perceived loophole in Proposition 13 and generate much-needed additional funding for schools. The new law established a “floating lien date” and prevented property owners from delaying the taxation of their properties at higher value assessments.

A supplemental tax is the result of a reassessment of real property, effective when there is a change in ownership or new construction is completed. A supplemental assessment is the difference between the enrolled assessed value and the value as of the time of the sale or addition of new construction. The primary driver of this tax is the listing of all property that has undergone a change in ownership (sold) and new construction.

Historically, the District's revenue from SB813 has varied from year to year due to its unpredictable nature. While new developments within the District's jurisdiction are expected, as indicated by the estimated assessed growth rate from the County's assessment roll, these gains may be offset by the cooling housing market, which is influenced by high interest rates and recent job layoffs in the area. The District has already observed a notable decline in property sales, as reflected in the lower supplemental tax revenues received to date. Overall, both sales volume and median sale prices are down compared to the previous year, signaling a slowdown in the real estate market. As a result, the District plans to budget \$808 thousand to account for this ongoing market decline.

Unitary Tax

Unitary taxes cover such entities as railroads, electric, gas, water, and telecommunication companies. The State Board of Equalization assesses the value of these companies' operations and establishes a countywide tax rate system. Over the past five years, there has been a steady increase in this tax revenue. For fiscal year 2025-26, the proposed budget is \$570 thousand, reflecting the current year's estimated actual amount plus a 12.9% average growth rate over the past five years.

Homeowner's Property Tax Relief (HOPTR)

This revenue is reimbursed by the State to compensate for the loss in property tax revenue resulting from the \$7,000 reduction in the taxable value of qualifying owner-occupied homes. Over the past five years, the revenue received by the District has remained relatively stable, with fluctuations ranging between \$203 thousand and \$218 thousand. For FY 2025-26, staff is proposing to maintain the budget at \$205 thousand, the same amount as the previous fiscal year.

Redevelopment Property Tax Trust Fund (RPTTF) Distribution

Prior to 2011, the State of California allowed local counties and cities to create Redevelopment Agencies (RDAs), which received certain property tax revenues to assist in the economic redevelopment of various geographic areas. There were 13 RDAs established by cities in the County of San Mateo. After the passing of AB 26, which dissolved the RDAs, Successor Agencies were established to fulfill the obligations of the former RDAs. The monies are transferred to trust funds called Redevelopment Property Tax Trust Funds (RPTTF) which are allocated to Successor Agencies. The remaining monies in the RPTTF are then distributed to the local taxing agencies.

Out of the 13 RDAs established by cities in the County of San Mateo, there are two that apply to the District.

- a. East Palo Alto – University Circle Project, Ravenswood Industrial, and EPA Gateway - Corridor
- b. Menlo Park – Las Pulgas Project

RPTTF Five-Year Actual Distribution

University Circle Project	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	
Amount	\$1,996,950	\$2,466,440	\$2,411,750	\$2,360,997	\$2,509,528	*
Growth Rate	64.1%	23.5%	-2.2%	-2.1%	6.3%	*

Las Pulgas Project	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	
Amount	\$3,718,793	\$4,543,241	\$4,061,835	\$ 4,347,693	\$4,226,885	*
Growth Rate	38.9%	22.2%	-10.6%	7.0%	-2.8%	*

*FY24-25 actual amount and growth rate are estimated based on current information.

The amounts the District receives from RPTTF distributions have fluctuated significantly over the past five years. Since the revenue from this category is residual and pass-through, occurring after fulfilling the enforceable obligations for the fiscal year, it is highly unpredictable. Other factors, such as the sale of assets, where proceeds are also distributed to the agencies that funded the former RDAs, can influence the actual distribution each year.

Given the limited information available, the fiscal year 2025-26 budget will be based on the five-year average, totaling \$6.5 million.

This revenue stream is expected to continue in the foreseeable future, and staff is not aware of any developments regarding the complete dissolution of the successor agency to the former RDAs.

ERAF Shift

One of the most significant fiscal shifts of property tax revenue from the District by legislative action is the ERAF shift. The State passed into law two tax shifts, ERAF I (FY1992-93) and ERAF II (FY1993-94) which shifts local AB8 property tax revenues from counties, cities, special districts, and redevelopment agencies to K-12 schools and community colleges.

ERAF funds are used for schools that do not generate enough property tax to meet the minimum funding requirement determined by the State under Proposition 98. The calculated shift is approximately 12% of property tax revenue from secured, unsecured, and HOPTR. The estimated percentage is based on the figures provided by the County of San Mateo.

Excess ERAF

These are the excess contributions that are required to be returned to the taxing entities once there is sufficient funding to fulfill the obligations to the school districts. The District has been receiving excess ERAF contributions since the County of San Mateo's announcement of the refund in October 2003. These refunds are primarily a result of the local tax base increasing at a rate faster than the increase in the funding limits of the schools and community colleges.

Excess ERAF is challenging to predict due to several factors, including potential changes in school funding data, the State's methodology for calculating school districts' required funding, and possible legislative adjustments. Given these unpredictable and complex variables, staff has projected \$8.5 million for FY 2025-26. This estimate is based on applying a 2.0% tax growth rate,

which reflects the property tax assessment percentage limit, to the current year's estimated ERAF rebate.

B. Licenses and Permits

License and permit revenues are collected for services provided by the District's Fire Prevention Bureau for fire code construction plan reviews, fire code inspections, and various permits and licensing fees.

While the new fee schedule implemented in March 2023 was anticipated to generate a roughly 12.4% increase in potential revenue, the District has experienced a slowdown in the volume of inspections and other permit-required activities. As a result, the decline in these activities is expected to offset the increase in fees.

The FY 2024-25 fire prevention fees are lower than expected due to a decline in related activities such as inspections, permit applications, and fire safety services. Staff is projecting a 20% reduction in plan submittals for this fiscal year. This decrease can be attributed to a variety of factors, including reduced construction and development projects in the area, fewer permit requests for fire safety measures, and potentially lower demand for inspections tied to fire safety compliance. These activities are typically the primary drivers of fire prevention revenue, so when they slow down, there is less need for the associated services. Additionally, economic factors like high interest rates, which can affect the pace of new developments, and a general cooling in the real estate market may be contributing to this slowdown. As a result, despite the fee increase, the overall volume of activities has not risen as anticipated, leading to a reduction in the projected fire prevention fees for the upcoming fiscal year. The proposed budget for FY 2025-26 is set at \$881 thousand.

C. Current Service Charges

The District entered into a contract with SLAC National Accelerator Laboratory to provide fire and emergency services outside the scope of the District's normal provision for public services. These fixed fees are collected on a monthly basis as stated in the formal contract agreements between the parties. Per the agreement, the revenue to be received by the District is \$464 thousand for FY 2025-26. Weed abatement charges forecasted at \$15 thousand are also included in this revenue category.

D. Use of Money and Property

Use of money and property revenue is generated from interest earnings and rent from District leased properties. The revenue sources in this category are investment earnings from investments of \$5.1 million and training site usage of \$20 thousand.

The interest revenue generated from the District's core managed account and liquid portfolio (CAMP and LAIF) is projected as follows: For the managed account, the interest revenue is calculated by multiplying the current portfolio's par value by 4%. For the liquid portfolio, the projected interest earnings are based on the anticipated average holdings for the next fiscal year, multiplied by an expected average interest rate of 3.5%. These reflect the anticipated rate cuts for the upcoming year.

E. Intergovernmental

The revenue for this category comes from two primary sources: the Joint Power Authority (JPA) paramedic services agreement and deployment reimbursements from Cal-OES. For the fiscal year 2025-26, the total budget is set at \$1.1 million, which includes \$990 thousand allocated for reimbursement claims and \$135 thousand for the paramedic JPA agreement.

The deployment reimbursement is particularly difficult to forecast because it varies significantly from year to year, primarily due to the unpredictable nature of deployment activities. These activities depend on factors such as the frequency and scale of emergencies or disasters requiring fire services, which can fluctuate dramatically. As a result, it is challenging to estimate this revenue stream accurately. To address this uncertainty, the budget is based on the average reimbursement received over the past five years, providing a more stable estimate despite the inherent volatility of deployment reimbursements.

F. Miscellaneous

This consists of miscellaneous revenues from the sale of assets, insurance claims reimbursement, and donations. The FY 2025-26 proposed budget for this revenue stream is \$50 thousand.

GENERAL FUND EXPENDITURE

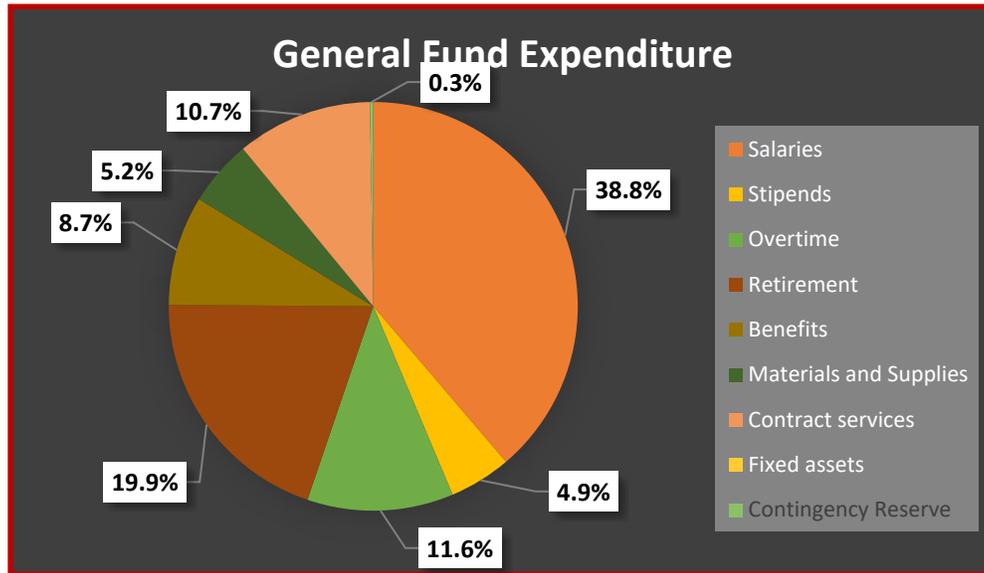
For FY 2025-26, staff maintained a budgeting approach where budgets are created from the ground up, rather than basing them on the previous year's budget with a set percentage increase or decrease. Each program is thoroughly analyzed to assess its needs, and the associated expenses are justified, regardless of whether the budget is higher or lower than the previous year.

FY 2025-26 General Fund Expenditure Budget Summary

Category	2023-24 Actual	2024-25 Amended Budget	2024-25 Estimated Actual	2025-26 Preliminary Budget	FY26 vs FY25 Increase/ (Decrease)	Change in %
Salaries	\$25,228,056	\$28,222,591	\$26,856,096	\$29,542,910	\$1,320,317	4.7%
Stipends	2,935,473	3,139,478	3,422,336	3,732,972	593,494	18.9%
Overtime	6,430,410	8,892,400	7,578,489	8,812,800	(79,600)	-0.9%
Retirement	5,849,922	13,234,221	12,779,943	15,163,489	1,929,268	14.6%
Benefits	4,939,658	6,228,218	5,280,737	6,606,893	378,675	6.1%
Materials and supplies	2,576,454	4,293,936	3,662,438	3,980,800	(313,136)	-7.3%
Contract services	5,167,978	7,765,548	7,333,700	8,178,990	413,442	5.3%
Fixed assets	2,729,622	-	-	-	-	0.0%
Contingency reserve	-	200,000	47,976	200,000	-	0.0%
Total Expenditure	\$55,857,573	\$71,976,392	\$66,961,715	\$76,218,854	\$4,242,462	5.9%

The preliminary general fund expenditure budget for FY 2025-26, excluding operating transfers, totals \$76.2 million. This represents a \$4.2 million increase, or 5.9%, compared to the amended budget for FY 2024-25. Of this increase, approximately \$1.5 million has already been approved by the Board through the memoranda of understanding (MOU).

FY 2025-26 General Fund Expenditure Budget Breakdown by Category



Salaries

This represents the standard compensation for all District personnel, including salaries, annual leave, holiday pay, leave cash-outs, workers' compensation, and other paid leaves. For FY 2025-26, the preliminary budget for compensation is set at \$29.5 million, reflecting a 4.7% increase from the amended budget of the previous year. The increase is primarily attributed to the addition of one full-time equivalent (FTE) position for a training captain and the adjustments related to the MOUs.

The District has five distinct work groups, each with its own set of benefit terms and arrangements. The budget incorporates the cost increases resulting from the approved agreements, such as general wage increases, performance-based increases, step advancements, and other compensation-related adjustments. Additionally, the budget accounts for anticipated cost increases from upcoming labor negotiations, based on reasonable assumptions drawn from historical trends and current market surveys.

For compensation arrangements that are reviewed annually, such as those for Unrepresented employees and Chief Officers, staff has made cost assumptions based on current contracts and past data. Given the timing of these agreements, any incremental cost increases may necessitate adjustments to the budget during the mid-year review process.

Authorized Staffing Level

FTE Personnel				
	2023-24	2024-25	2025-26	Change (FY25 vs FY26)
All District Personnel	152.00	152.00	153.00	1.00

Training Captain FTE

The District takes immense pride in having some of the most highly trained fire professionals in the nation. The District's comprehensive training program ensures that fire line personnel are thoroughly equipped to respond to a wide range of emergencies, from structural fires to natural disasters like floods and earthquakes, as well as medical incidents and hazardous materials situations. This training ensures that our first responders have the critical skills and knowledge necessary to serve our community effectively and efficiently. By consistently updating and refining the program, the District maintains a workforce that is always prepared for the unpredictable challenges that may arise.

As the needs of the community evolve and the complexities of emergency services grow, the demands on the training program continue to increase. Additionally, the growing workload of the training department has placed increasing strain on the current resources. To address these pressures, staff is proposing the addition of a new Training Captain position. This role will provide dedicated support to ensure that the District's training efforts remain robust, timely, and aligned with industry standards.

The Training Captain will ensure the District's fire personnel receive top-tier training. This role will lead the organization and improvement of training programs, improve task delegation, and manage the training calendar. The Captain will also identify emerging training needs and ensure that personnel are ready for the community's growing demands. This position will enhance the District's reputation in fire service training and ensure our fire professionals are highly qualified and prepared.

Payroll Function

For the fiscal year 2025-26, the District proposes to move the payroll function from the Human Resources (HR) department to the Finance department. This transition is aimed at improving operational efficiency by streamlining payroll processes and integrating them more closely with financial operations. Payroll inherently involves various financial tasks, including accounting entries, payments, accruals, and the reconciliation of payroll liability accounts, all of which align closely with the responsibilities of the Finance department. This change will also support more efficient budgeting and forecasting by providing Finance with direct access to detailed payroll data, allowing for more accurate projections of personnel-related expenses.

Stipends

Stipends are a component of the personnel compensation package and include various specialty and incentive pays. These stipends encompass a wide range of payments, such as bilingual pay, advanced degree pay, paramedic pay, EMT pay, uniform and tool allowances, residency stipend, deployment stipend, adjutant pay, notary pay, special assignment pay, and out-of-grade pay.

For FY 2025-26, the budget for stipends is set at \$3.7 million, which represents an increase of \$593 thousand, or 18.9%, compared to the prior year's budget. This increase is driven by adjustments made in the approved labor agreements. Some elements within the stipends category are directly linked to the salaries category, so the increase in stipends is somewhat of a ripple effect from the salary increases. However, the main driver of this increase is the significant rise in

deployment stipends. These stipends are paid to Battalion Chiefs and Chief Officers when they are deployed, and for FY 2024-25, there has been a notable surge in deployment numbers. This increase has directly contributed to the higher deployment stipend costs.

Given the unpredictable nature of deployments, staff has proactively adjusted the budget for deployment stipends to ensure sufficient funding is available for this expenditure in the upcoming fiscal year. The unpredictability of deployment levels and the associated costs necessitate this budget increase to accommodate potential variations in deployment frequency and duration.

Overtime

Overtime expenditures encompass a range of costs, including project or program work, backfilling for paid time off, workers' compensation injuries, training requirements, emergency operations, and emergency deployments. The District's policy requires maintaining a minimum staffing level for frontline apparatus, ensuring that essential staffing functions are consistently met. This staffing policy is crucial to ensure that the District can effectively respond to emergencies and continue operations without disruption.

To effectively manage these costs, staff has been diligently monitoring overtime expenditures and implementing ongoing measures to control them. This includes reviewing overtime usage regularly and identifying areas where efficiency improvements can help minimize unnecessary overtime while still meeting staffing needs.

For FY 2025-26, the budget for overtime is set at \$8.8 million, reflecting a modest 0.9% decrease from the prior year. Given the careful monitoring and proactive management of overtime expenses, staff is proposing a slight decrease of \$80 thousand for the upcoming fiscal year. This is primarily attributable to the elimination of non-recurring project-related overtime expenditures in FY 2024-25. This minimal decrease reflects the ongoing efforts to maintain a balance between operational demands and cost control, ensuring the District has the resources needed for emergencies and other critical operations without excessive overtime spending.

Retirement

Retirement expenditures primarily consist of the District's contributions to the California Public Employees' Retirement System (CalPERS) and Medicare. The preliminary budget for FY 2025-26 is \$15.2 million, reflecting an increase of \$1.9 million, or 14.6%, compared to the previous year's budget. This change is driven by the following factors:

- a. An increase in the unfunded accrued liability due to CalPERS achieving a 6.1% return, which was below the target return rate of 6.8%, along with differences in actuarial experience versus assumptions related to salary increases, inflation, and demographics in the most recent valuation report for the year ending June 30, 2023.
- b. An increase in pensionable salaries due to the general wage increase; and
- c. A slight rise in the District's CalPERS contribution rates.

These factors together contribute to the higher retirement expenditures for the upcoming fiscal year.

CalPERS Employer Contribution Rates

Retirement Group	FY 2024-25	FY 2025-26	Difference
Safety			
Classic	29.30%	29.35%	0.05%
PEPRA	14.72%	14.96%	0.24%
Miscellaneous			
Classic	16.94%	17.02%	0.08%
PEPRA	8.18%	8.27%	0.09%

The unfunded liability is expected to stabilize over time due to the District’s adoption of the 10-year soft ("virtual") fresh start approach for managing the unfunded accrued liability. This strategy helps to smooth out fluctuations and provides a more manageable path for addressing the liability. However, it's important to note that there is typically a two-year lag between the valuation date and the start of the contribution year. As a result, any contributions made during the current fiscal year (2024-25) will not reflect their impact or benefits until the following fiscal years. This time delay is a natural part of the process, but the long-term approach is designed to provide stability and more predictable outcomes in managing the District's retirement obligations.

CalPERS (UAL) Annual Payment

In addition to the District’s normal contributions, the District is required to pay the CalPERS employer amortization of unfunded accrued liability (UAL) in the amount of \$2.8 million for the District’s four CalPERS groups in July 2025. This amount is provided in the actuarial valuation report as of June 30, 2023, which is the basis for the District’s FY 2025-26 required contributions.

CalPERS Required UAL Payment

Retirement Group	FY 2025-26
Safety	
Classic	\$2,392,461
PEPRA	\$83,281
Miscellaneous	
Classic	\$342,974
PEPRA	\$11,101

CalPERS (UAL) Excess Payment

This amount represents the annual optional excess payment to CalPERS applied to the District's Unfunded Accrued Liability (UAL). In the previous fiscal year, the District adopted a pension funding policy that implements a 10-year soft ("virtual") fresh start. In CalPERS terminology, a "Fresh Start" means consolidating all amortization bases and paying them off over a shorter period. While this approach results in higher UAL payments in the short term, it will generate significant long-term savings by reducing the amount of interest that would have accrued under the original, longer amortization schedule. For FY 2025-26, the budget, based on the adopted pension funding policy, is set at \$5.5 million across all of the District’s pension plans.

Benefits

Benefit expenditures include a variety of employee benefits, such as the cafeteria allowance, dental plan, life insurance, and post-employment health plan (PEHP). For FY 2025-26, the proposed budget for these benefits is \$6.6 million, an increase of \$379 thousand, or 6.1%, from the previous fiscal year's budget. This increase is primarily driven by approved enhancements to the cafeteria and dental plans for certain employee groups. Additionally, staff has set aside funds to accommodate potential adjustments in labor contracts related to these benefits. As the District continues with labor negotiations, any changes to these benefits will be incorporated into the budget, ensuring that sufficient funding is available to cover any anticipated increases. The budget also includes provisions for inflationary adjustments and potential improvements to benefits that may arise from upcoming labor negotiations.

Materials and Supplies

Materials and supplies expenditures encompass tangible items such as materials, equipment, and supplies used for both operational and administrative purposes. This category also includes costs associated with conference and training registrations, memberships and licenses, and travel and transportation. These expenditures are vital to the ongoing operation of the District, supporting key services like Fire Suppression, Fire Prevention, and Administrative Support.

For FY 2025-26, the preliminary budget for materials and supplies is set at \$4.0 million, representing a \$313 thousand decrease, or 7.3%, from the prior year's budget. This reduction is primarily due to the elimination of one-time costs that were included in last year's budget. Additionally, the decrease reflects the staff's updated approach to budgeting, which involves a detailed analysis of anticipated needs for the upcoming fiscal year. By carefully evaluating expected expenditures, staff has refined the budget to more accurately reflect the essential purchases required to sustain operations, ensuring that funds are allocated efficiently while optimizing costs.

Contract Services

Contract services are a crucial component of the District's operational expenditures, encompassing a broad range of services provided through agreements with various vendors. These services include, but are not limited to, insurance contracts, workers' compensation administration, legal counsel, audit services, actuarial services, banking services, software and licenses, IT support, repairs and maintenance, training instructors, consulting services, and other general contract services. These services are vital to maintaining the District's operations and supporting its ability to provide essential services to the community.

For FY 2025-26, the preliminary budget for contract services is set at \$8.2 million, reflecting an increase of \$413 thousand, or 5.3%, compared to the previous year's budget. This increase can be attributed to several factors, including rising service costs, the expansion of existing services, and the planned implementation of new program initiatives for the upcoming fiscal year. As the District continues to grow and adapt to changing needs, these additional resources are necessary to ensure the continued effectiveness and efficiency of the services provided under contract.

Contingency Reserve

Contingency reserves are budget allocations set aside for unexpected or unforeseen circumstances that may require additional funding during the fiscal year. These funds are available at the discretion of the Fire Chief, allowing for flexibility in addressing urgent needs or emergencies that arise outside of the planned budget. If the contingency funds remain unspent by the end of the fiscal year, they will be factored into the fund reserve allocation analysis.

This contingency reserve is reviewed annually as part of the overall budget-balancing strategy, ensuring that the District remains prepared for unanticipated events while maintaining fiscal responsibility. For FY 2025-26, the requested amount for contingency reserves is maintained at \$200 thousand, providing a cushion for any unforeseen needs while allowing for efficient management of the District's resources.

OTHER FINANCING SOURCE/(USE)

Operating Transfer Summary

	2023-24 Actual	2024-25 Amended Budget	2024-25 Estimated Actual	2025-26 Preliminary Budget	FY26 vs FY25 Increase/ (Decrease)	Change in %
Transfer-In	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Transfer-Out	(52,759,949)	(18,035,742)	(18,035,742)	(18,741,246)	(705,504)	3.9%
Total	(\$52,759,949)	(\$18,035,742)	(\$18,035,742)	(\$18,741,246)	(\$705,504)	3.9%

These are general fund allocations transferred to or from the District's major funds. This process also serves as a mechanism to balance the operating revenue and expenditure budget within a given fiscal year. For FY 2025-26, the preliminary transfer-out budget to the CIP fund is set at \$18.7 million. Of this total, \$6.6 million will be used to cover fixed assets and construction projects outlined in the CIP fund budget section. The remaining \$12.1 million will be retained as a reserve for future capital projects.

GENERAL FUND RESERVE

The general fund reserve does not represent an actual cash inflow or outflow to or from the general fund. Instead, it reflects reserves accumulated in previous years that have been set aside for specific purposes. These reserves may also be utilized to supplement funding if the budgeted revenue falls short of the budgeted expenditures for the current fiscal year. This practice helps maintain a balanced operating budget.

Any budgeted amount from the general fund reserve, if applicable, will be used to draw down these reserves to offset planned expenses for the fiscal year.

General Fund Reserve Summary

	2023-24 Actual	2024-25 Amended Budget	2024-25 Estimated Actual	2025-26 Preliminary Budget	FY26 vs FY25 Increase/ (Decrease)	Change in %
Usage	\$540,944	\$348,834	\$348,834	\$ -	(\$348,834)	-100.0%
Allocation	16,170,333	-	(9,330,018)	-	-	0.0%
Total	\$16,711,277	\$348,834	(\$8,981,184)	\$ -	(\$348,834)	-100.0%

BUDGET HIGHLIGHTS AND NEW INITIATIVES

Community Emergency Response Team (CERT) Cache

As part of an ongoing effort to enhance community engagement and build resilience, staff proposes the establishment of a Community Emergency Response Team (CERT) cache. The CERT cache will be a carefully organized stockpile of essential emergency supplies and equipment, maintained by the District, to support volunteers in responding to local emergencies and disasters. It is specifically designed to provide immediate resources for CERT teams during the critical early stages of a disaster before additional aid or larger-scale resources can be deployed.

The proposed budget for this project is \$400 thousand, which will cover the purchase of storage containers for the cache as well as outfitting them with the necessary supplies and equipment. This includes essential CERT items such as first-aid kits, personal protective equipment (PPE) including gloves, helmets, safety goggles, and communication tools like radios or satellite phones. Additionally, the cache will be stocked with search-and-rescue gear, such as flashlights, ropes, and blankets, as well as water, food, and sanitation supplies to sustain volunteers during extended operations.

The cache will be strategically stored in a central location for easy access and quick deployment during emergencies. Its primary purpose is to ensure that CERT volunteers are equipped with the tools they need to respond effectively and swiftly when disaster strikes, enabling them to assist in the community's immediate recovery and resilience efforts.

Emergency Power Connect: Public Charging Stations

The objective of this project is to establish public charging stations that will enable individuals to charge their electronic devices and access the internet during emergencies or natural disasters. By providing this vital service, the project aims to support the community's communication needs, enhance public safety, and ensure people can stay connected during times of crisis when power outages may disrupt essential services. The budget allocated for this project is \$22 thousand.

Enterprise Resource Planning (ERP) System Upgrade

Staff is planning to replace our existing accounting system (MIP Fund Accounting) and payroll system (ADP) and potentially integrate our current HR system (NeoGov). At present, these systems operate independently, requiring extensive manual integration between them. While they continue to function, they are becoming outdated and may struggle to support future operational changes and organizational growth. Staff are seeking to upgrade to a more comprehensive system

that offers enhanced functionality, greater capabilities, improved reporting flexibility, and increased automation. Given the rapidly changing technological landscape and evolving business needs, transitioning to a more advanced system will help improve operational efficiency, security, and scalability. Additionally, it will provide better support for both current and future reporting requirements and ensure alignment with the District's growing administrative operations. For the initial phase of this project, staff has allocated a budget of \$100 thousand, which may include hiring a consultant to assist with a detailed needs assessment and to facilitate the creation and execution of the RFP (Request for Proposal) process.

Explorer Scholarship Program

During the last fiscal year, the District successfully piloted the Explorer Scholarship Program, designed to offer young adults the chance to gain hands-on experience and knowledge in the fire service through structured training. This program is specifically tailored for individuals aged 14 to 21 and operates as a work-site-based initiative, providing a practical learning environment. The scholarship helps offset the cost of entry into the fire service profession, particularly for applicants who demonstrate financial need. Each participant's maximum program cost is \$4,311.

The District plans to continue offering the Explorer Scholarship Program in the upcoming fiscal year and for the foreseeable future. For FY 2025-26, the District has allocated a budget of \$20 thousand to support the continued growth and expansion of this valuable initiative. The program not only provides career development opportunities for young adults but also fosters the next generation of fire service professionals

Facility Condition Assessment

For fiscal year 2025-26, staff plans to engage a vendor to conduct a comprehensive facility condition assessment for all District buildings. This assessment will provide a detailed evaluation of the current state of the facilities, identifying areas that require immediate attention as well as those that may need long-term maintenance or upgrades. The results will be invaluable in helping staff prioritize repairs, plan for necessary maintenance, and strategically allocate resources for upcoming capital projects, ensuring the longevity and functionality of District properties. Staff is allocating \$100 thousand for this project.

Internal Controls Assessment

As part of the Grand Jury response approved by the Board in September 2024, the District plans to initiate a project aimed at formally documenting organizational risks and evaluating internal controls, in line with the recommendations. The results of this project will be reported to the Board of Directors. Based on the outcomes of the project, the District will also determine if there is a need for annual reassessments moving forward.

The project will involve hiring a consultant to assist the District with the following:

- Identifying organizational risks that could potentially impact the District's accounting and financial management functions.
- Conducting an assessment of the District's existing internal controls to determine if they adequately address the identified risks.

- Recommending modifications to current controls and identifying any new controls that should be implemented to strengthen the District’s internal control framework.

Additionally, the scope of the project may include support in implementing any new or modified controls, as well as providing a questionnaire for annual reassessments, should they be deemed necessary. The allocated budget for this project is \$30 thousand.

Training Props Relocation

The District’s current training site is situated at a Pacific Gas and Electric (PGE) facility within the Ravenswood Substation, located on Willow Road, approximately half a mile west of Dumbarton Bridge in Menlo Park, CA. Recently, PGE notified staff that they would require the lot where the training props are currently located. However, PGE has confirmed that the training props can be relocated within the same facility, just to a different area of the lot. These fire-training props are crucial for a variety of emergency response training exercises, enabling personnel to practice in realistic, hands-on scenarios. In response to the need for relocation, staff has allocated a budget of \$225 thousand for this project. This budget will cover the costs associated with moving the props, as well as the purchase and installation of additional necessary equipment, including dumpsters, porta-potties, and moving containers, ensuring the site remains fully operational and equipped for ongoing training activities.

Wellness Initiatives

Last fiscal year, with the Board's approval, the District launched an initiative focused on supporting the mental health and well-being of both fire line personnel and administrative staff. The program provides employees with access to up to 25 psychological counseling sessions annually. Specifically designed to address the unique stressors and trauma experienced by fire line personnel, the program also extends its services to administrative staff, ensuring comprehensive support for all members of the team. By addressing mental health concerns, the program aims to enhance overall employee well-being, allowing staff to function more effectively, reduce burnout, and improve work performance. The positive impact on mental health is expected to result in increased job satisfaction, improved morale, and greater efficiency within the workplace.

For fiscal year 2025-26, staff has allocated a budget of \$225 thousand to continue and expand this essential program. In addition to this funding, staff are proposing an additional \$26 thousand to hire an on-call crisis advisor. This professional would be available 24/7 to provide immediate support in times of urgent mental health needs. The presence of an on-call crisis advisor would significantly enhance the program’s ability to address emergencies, provide timely interventions, and ensure that employees receive prompt assistance during high-stress situations. This addition is designed to strengthen the District’s commitment to prioritizing mental health and ensuring that support is available whenever it’s needed most, contributing to a more resilient and mentally healthy workforce.

Workers’ Compensation

The District is currently self-insured for workers' compensation claims up to a limit of \$1 million. For claims exceeding this amount, the District pays an insurance premium to cover the additional costs. Over the past year, however, both the number and severity of claims, as well as the

associated insurance premiums, have increased significantly compared to historical trends. This rise in costs is partly due to the unpredictable nature of workers' compensation claims, which can fluctuate based on various factors, such as the frequency of incidents and the complexity of medical treatments. Given the ongoing upward trend in both claims and premiums and the need to ensure adequate financial coverage for the District's workforce, staff is proposing an increase of \$450 thousand to the workers' compensation budget for the upcoming fiscal year. This adjustment will help offset the rising costs and ensure that the District remains adequately prepared to manage any future claims.

CAPITAL IMPROVEMENT PROJECT (CIP) FUND

The Capital Improvement Project Fund is used for the acquisition of property, renovation, or complete rebuild of fire stations and other facilities. The District funds capital improvement projects through direct transfers of funds from the general fund or through the diversion of one-time funds and savings. The District provides its services through ten facilities. These facilities include seven fire stations, the special operations warehouse located at 2470 Pulgas Avenue, and the administration buildings on Middlefield Road and Santa Margarita Avenue, along with the ancillary buildings at each location.

The process for identifying capital projects and including them in the budget proposals begins with discussions among staff to determine which projects involve necessary improvements, upgrades, or enhancements. During these discussions, staff assesses the specific needs, potential benefits, and the expected outcomes of each project. This includes evaluating whether the project will extend the useful life of existing assets or contribute to significant improvements in operations or services.

Once these assessments are made, the Fire Chief reviews the identified projects and decides which ones should be included in the budget proposal. The decision is based on factors such as the project's alignment with strategic priorities, available resources, and its potential impact on the department's overall performance.

For ongoing projects that have already been approved by the Board, the remaining budget will simply carry over into the new fiscal year. If there are any increases in the overall project budget, these will be incorporated into the new budget request, with appropriate justifications provided to explain the need for additional funding. This ensures that all capital projects are carefully reviewed, justified, and aligned with the department's goals before being included in the official budget proposal.

The preliminary expenditure budget for FY 2025-26 CIP is estimated at \$6.7 million. This amount includes the projected carry-over budget from ongoing board-approved projects, new project budget requests, and fixed assets. The carry-over budget from FY 2024-25 is subject to change based on the progress of current projects throughout the remainder of the fiscal year. The budget will be adjusted at year-end to align with the actual carry-over amount.

Capital Improvements Projects Fund Summary

	2023-24 Actual	2024-25 Amended Budget	2024-25 Estimated Actual	2025-26 Preliminary Budget	FY26 vs FY25 Increase/ (Decrease)	Change in %
Beginning Fund Balance	\$62,683,578	\$113,437,912	\$113,437,912	\$127,827,294		
Revenue						
Other Financing Sources	\$9,657	\$ -	\$ -	\$ -	\$ -	0.0%
Total Revenue	\$9,617	\$ -	\$ -	\$ -	\$ -	0.0%
Expenditure						
Land and Buildings	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Construction and Other Improvements	2,015,144	4,525,517	2,300,855	4,504,260	(21,257)	-0.5%
Fixed Assets	-	1,638,952	1,345,505	2,100,000	461,048	28.1%
Total Expenditure	\$2,015,144	\$6,164,469	\$3,646,360	\$6,604,260	\$439,791	7.1%
Operating Transfer						
Transfer-In	\$52,759,821	\$18,035,742	\$18,035,742	\$18,741,246	\$949,004	5.3%
Transfer-Out	-	-	-	-	-	0.0%
Total Operating Transfer	\$52,759,821	\$18,035,742	\$18,035,742	\$18,741,246	\$949,004	5.3%
Ending Fund Balance	\$113,437,912	\$125,309,185	\$127,827,294	\$139,964,280		

Ongoing Board-Approved Projects

Station 1 – Rebuild

At the October 17, 2023, board meeting, the Board of Directors awarded a contract to PBK Architects, Inc. for the design of Station 1, including a fire station, multipurpose room, training facility, administration building, and storage for equipment. The contract is divided into five phases, each authorized by Board-approved directives. Phase 1, covering programming and conceptual design, was completed in June 2024, after which the Board approved Work Directive 2 for the next phase, which includes schematic design and design development. This phase will take 18 months and involve design, permitting, and environmental review costs. Following this, construction documents will be prepared over 12 months, followed by a 3-month bidding period, with construction planned to begin in July 2027 and be completed by October 2031. For FY 2025-26, the proposed budget to continue Work Directive 2 services is \$1.8 million.

Station 77 – Fitness Room, Mechanic Shop Extension, and Kitchen Remodel

In June 2021, the Board of Directors approved a budget to build a fitness room at Fire Station 77, along with a carport and a metal building to expand the mechanic shop. The design for these structures was completed in 2023, and permitting took place in FY 2023-2024. The project was awarded to Greenberg Construction in August 2024, with work beginning on October 7, 2024. Exploratory digging was completed, and the PEMB (Pre-Engineered Metal Building) design was finalized in late December 2024, with permitting for the two PEMBs occurring in early 2025. The framing, roofs, windows, and doors of the buildings should be completed by the end of June 2025, with the remaining work finished in the following months. This project also includes a kitchen remodel for the station. The FY 2025-26 estimated carry-over budget for this project is \$1.3 million.

Station 77 – Generator

The generator at Fire Station 77 is failing, and replacement parts are difficult to find. The project will involve a complete replacement of the generator and the automatic transfer switch (ATS). Additionally, it has been requested that the new generator provide emergency backup power to the swamp and mechanic shop buildings, which it currently does not. An architect and electrical engineer have completed the design, and project permitting and bidding will be finalized in FY 24-25. Once awarded, the contractor will apply for the necessary permit to construct and operate with BAAQMD, a process that typically takes around 8 months. After receiving the permits, the contractor will install and connect the new generator and remove the old one.

The original budget was \$250,000, but the revised total project budget is now \$420,000. Initially, we planned to remove and replace the generator in its existing location, but during the design phase, this option was ruled out. As a result, additional site work is now necessary, including trenching, paving, a concrete pad, and a CMU wall to reduce noise. There is also a slight increase in electrical work (underground conduits) and higher development costs for design, permitting, and special inspections.

The estimated carryover budget for FY 2025-26 is \$220 thousand. Staff is requesting an additional \$170 thousand to cover the extra work needed, as described above.

Warehouse Generator

In April 2023, the District hired an electrical engineer to assess the current power system and recommend a standby solution to back up the entire warehouse. Following this assessment, staff proposed the procurement and installation of an 80 KW diesel generator, and the Board approved a budget for the project in FY 2023-24.

The design was completed by the end of 2023, and bids were presented for approval in March 2024. The original construction budget was \$270 thousand, excluding soft costs. However, the current estimate has risen to \$369 thousand due to project expansion. This increase is mainly due to additional site work, including the installation of a pull box to accommodate a request from neighboring Harvest Properties to remove the District's overhead electrical service. Other additions include a concrete pad for the generator and bollards to protect the equipment.

The site and electrical work are expected to be completed in FY 2024-25, while the generator installation is on hold pending BAAQMD permit approval. The anticipated carryforward for FY 2025-26 is \$124 thousand.

New Project Budget Requests

Administration Building – Kitchen Remodel

In 2009, the District purchased the administration building, which included a small kitchen on the second floor. This kitchen is primarily used by staff for food preparation during lunch, but it is also occasionally used for work-related events such as holiday parties and potlucks. Over time, the kitchen's linoleum floors and cabinetry have experienced significant wear and tear.

The planned project involves several demolition activities, including removing the existing linoleum floor, cabinets, countertops, and appliances. The new design proposes installing polished concrete floors, which will provide a more durable and modern look. The cabinetry layout will remain largely the same, though some minor adjustments will be made. The existing countertop will be replaced with a solid surface countertop, offering better functionality and aesthetic appeal. Additionally, new appliances will be installed, and the walls will be repainted to refresh the space.

The estimated cost for the entire remodel is \$50 thousand, which will address both the need for upgraded functionality and improved overall appearance in the kitchen.

Fire Station Alerting System Upgrade

The Fire Station Alerting System has not been updated in several years, and the equipment in use is now outdated, less reliable, and no longer under warranty or serviceable. The planned update will involve replacing key components at each of the seven fire stations, including firewalls, power supplies, power distribution panels, mobile radio decoders, panel PCs, relays, and other necessary equipment. The estimated cost per station for the required equipment is approximately \$15 thousand, with an additional \$10 thousand for labor.

Some of the equipment will be supplied by TEA, which is the sole source vendor for specific components. Other equipment may be procured directly from different manufacturers; however, to do so, the District would need to contract with a technician to specify the exact requirements for the equipment. Once received, the equipment would need to be provided to TEA for customization and installation, with TEA also handling the warranty.

Given that this project involves enhancing and replacing parts of an existing system rather than a full replacement, and considering the reasons mentioned, it is recommended that the entire procurement, including both materials and services, be handled through TEA. The total proposed project budget is \$175 thousand.

Fire Station 2 – Dorm Rooms

Fire Station 2 was built with eight dorm rooms on the second floor, each featuring exposed ceilings that extend up to the metal roof. This open design results in poor noise control, especially during rainfall. Additionally, four of the dorm rooms have limited control over their HVAC systems. It is essential for the health and well-being of the firefighters to have individual sleeping spaces that are dark, quiet, and temperature-controlled.

To enhance these dorm rooms, it is recommended to add acoustic treatment to all eight rooms and modify the HVAC systems in the four rooms with limited control. The proposed improvements include installing acoustic panels with insulation in all eight dorms, modifying the fire sprinkler system, lowering the fire alarm devices, and replacing the existing branch selectors serving the four dorm rooms that have inadequate temperature control.

Once completed, all eight dorm rooms will benefit from improved noise reduction and full temperature control. The estimated cost for this ceiling and HVAC upgrade project is \$150 thousand.

Fire Station 6 – Driveway

The drivers of our apparatus at Fire Station 6 have identified an ongoing issue that is causing undue stress on our fire engines. When traffic is present in the eastbound lane of Oak Grove, the driver is forced to drive over the driveway curb when exiting the station. This has led to noticeable damage, with chunks missing from the Captain's side dual wheels. This not only presents a potential safety hazard with the rear wheels but could also lead to more frequent and costly wheel replacements. Both issues could be addressed by softening the curb. The proposed project involves extending the driveway by approximately 5 feet. The estimated budget for this project is \$25 thousand.

Fire Station 77 – Shop Office HVAC

The mechanic shop at Fire Station 77 consists of an apparatus bay, storage closets, and two offices. However, these offices currently do not have any controlled heating or cooling, which can make the work environment uncomfortable for staff, particularly during extreme weather conditions. To address this issue, a solution is being proposed to install a new HVAC system. This would include mounting an exterior HVAC unit and installing two fan coil units within the offices to ensure proper climate control. The addition of this system will help regulate the temperature and improve the overall comfort and productivity of personnel working in the offices. The project budget is estimated at \$55 thousand.

Traffic Pre-Emption System

The District has traffic pre-emption devices installed on several traffic light poles along our primary response routes. However, these devices are no longer compatible with the District's newer apparatus. The updated system operates via GPS, allowing the traffic light to automatically turn green when a code three-response vehicle approaches, thus speeding up our emergency response. To ensure the pre-emption system works, the pole-mounted devices and the associated cabling to the traffic control boxes will need to be replaced. The equipment required to integrate with the newer Pierce engines is only available from a single vendor. Additionally, the two new battalion chief vehicles will require equipment installations, along with a test unit for the mechanic shop. The budget allocated for this project is \$400 thousand.

Construction Projects Budget

Description	Approved Project Budget	FY 2024-25 Estimated Cumulative Expenditure	Remaining Budget	FY 2025-26 Estimated Carry-over Budget	FY 2025-26 Project Budget Request	FY 2025-26 Total Budget
Ongoing Projects						
Station 1 – Rebuild	\$1,139,700	\$1,139,700	\$ -	\$ -	\$1,800,300	\$1,800,300
Station 2 – Apparatus Bay Door	375,000	265,000	110,000	-	-	-
Station 3 – Accessory Building	1,250,000	1,119,044	130,956	-	-	-
Station 77 – Fitness Room, Mechanic Shop Extension, and Kitchen Remodel	2,569,250	1,008,717	1,560,533	1,334,600	-	1,334,600
Station 77 – Generator	250,000	30,000	220,000	220,000	170,000	390,000
Warehouse Generator	368,860	244,500	124,360	124,360	-	124,360
New Projects						
Administration Building Kitchen Remodel	-	-	-	-	50,000	50,000
Fire Station Alerting System Upgrade	-	-	-	-	175,000	175,000
Station 2 - Dorm Rooms	-	-	-	-	150,000	150,000
Station 6 - Driveway	-	-	-	-	25,000	25,000
Station 77 - Shop Office HVAC	-	-	-	-	55,000	55,000
Traffic Pre-Emption System	-	-	-	-	400,000	400,000
Total	\$5,952,810	\$3,806,961	\$2,145,849	\$1,678,960	\$2,825,300	\$4,504,260

Fixed Assets

Fixed assets are defined as purchases exceeding \$10,000 per unit. These assets include items such as fire engines, fire trucks, IT equipment, mobile radios, vehicles, self-contained breathing apparatus (SCBA), audio-visual equipment, airboats, and forklifts. Beginning in FY 2024-25, the budget for fixed assets has been allocated to the Capital Improvement Project (CIP) fund rather than the general fund to allow for more streamlined tracking and management of all capital assets within a single fund. The proposed budget for FY 2025-26 is \$2.1 million. Below are some of the key capital asset acquisitions planned for the fiscal year 2025-26.

- Two new fill stations: \$150,000
- Two storage area network (SAN) servers: \$100,000
- Second airboat: \$150,000
- Defibrillator for California Office of Emergency Services (CalOES) deployments: \$50,000
- Upgrades to Unmanned Aerial System (UAS) technology infrastructure components: \$60,000
- One new Lifepak defibrillator: \$50,000
- One Freightliner truck: \$230,000
- CERT cache storage containers: \$200,000
- Water tender and replacement of two district staff vehicles, including outfitting (e.g., radios, lights, and sirens): \$990,000
- JALTEST scanner: \$65,000
- Iron worker steel cutting fabrication machine: \$20,000
- Fitness equipment: \$35,000

Combined Funds (GF and CIP) Expenditure Budget Summary by Division

	2023-24 Actual	2024-25 Amended Budget	2024-25 Estimated Actual	2025-26 Preliminary Budget	FY26 vs FY25 Increase/ (Decrease)	Change in %
Administrative Services						
Board of Directors	\$300,951	\$553,155	\$408,579	\$434,122	(\$119,033)	-21.5%
District Administration	2,358,949	3,541,522	3,124,437	4,200,823	659,301	18.6%
Financial Management	1,485,985	1,887,696	1,754,695	2,301,675	413,979	21.9%
Human Resources	1,688,212	1,936,352	2,832,159	1,911,735	(24,617)	-1.3%
Information Technology	2,277,399	2,592,148	1,756,721	2,757,402	165,254	6.4%
Subtotal	\$8,111,496	\$10,510,873	\$9,876,591	\$11,605,757	\$1,094,884	10.4%
Operations						
Facilities	\$1,364,516	\$1,461,290	\$1,335,215	\$1,646,690	\$185,400	12.7%
Fire Suppression	36,343,290	46,489,646	45,527,578	49,944,104	3,454,458	7.4%
Fitness	61,838	64,087	58,664	61,044	(3,043)	-4.7%
Heavy Rescue	191,071	469,940	279,810	292,175	(177,765)	-37.8%
Honor Guard	10,153	61,735	55,114	68,880	7,145	11.6%
Personal Protective Equipment	280,790	440,774	383,421	387,663	(53,111)	-12.0%
Radio Communication	91,501	117,232	110,983	158,732	41,500	35.4%
Safety	39,507	60,718	50,306	60,218	(500)	-0.8%
Self-Contained Breathing Apparatus	1,441,482	182,730	158,067	344,725	161,995	88.7%
Tactical Medic	5,062	85,827	68,650	83,027	(2,800)	-3.3%
Unmanned Aerial System	79,105	198,271	164,630	518,198	319,927	161.4%
Urban Search and Rescue	290,416	380,757	366,386	406,083	25,326	6.7%
Water Rescue	122,508	361,553	319,005	464,885	103,332	28.6%
Subtotal	\$40,321,239	\$50,374,560	\$48,877,829	\$54,436,424	\$4,061,864	8.1%
Fire Prevention						
Community Engagement and Resiliency	\$510,021	\$1,444,880	\$738,597	\$1,353,070	(\$91,810)	-6.4%
Fire Prevention and Life Safety	2,053,267	3,610,015	2,804,014	3,047,401	(562,614)	-15.6%
Subtotal	\$2,563,288	\$5,054,895	\$3,542,611	\$4,400,471	(\$654,424)	-12.9%
Fire Suppression Training						
Apparatus and Fleet Maintenance	\$1,732,626	\$2,157,243	1,625,269	\$2,595,394	\$438,151	20.3%
Cadets	30,862	89,769	65,183	89,769	-	0.0%
Emergency Medical Services	485,063	906,219	677,812	749,872	(156,347)	-17.3%
Explorer	17,780	68,508	50,749	67,008	(1,500)	-2.2%
Operations Audio and Visual	32,177	102,435	66,644	67,363	(35,072)	-34.2%
Tools and Equipment	359,899	447,521	323,622	277,621	(169,900)	-38.0%
Training	1,859,494	2,703,977	2,068,888	2,898,332	194,355	7.2%
Training Site	114,382	431,450	207,209	393,950	(37,500)	-8.7%
Wellness	198,666	688,064	570,920	676,458	(11,606)	-1.7%
Wildland	30,601	79,830	53,893	60,435	(19,395)	-24.3%
Subtotal	\$4,861,550	\$7,675,016	\$5,710,189	\$7,876,202	\$201,186	2.6%
Capital Improvements						
Construction Projects	\$2,015,144	\$4,525,517	\$2,300,855	\$4,504,260	(\$21,257)	-0.5%
Subtotal	\$2,015,144	\$4,525,517	\$2,300,855	\$4,504,260	(\$21,257)	-0.5%
Total Expenditure	\$57,872,717	\$78,140,861	\$70,308,075	\$82,823,114	\$4,682,253	6.0%

Administrative Services

The Administrative Services Division provides oversight of all personnel, financial, capital, and operational needs. The programs included under this division are the Board of Directors, District Administration, Financial Management, Human Resources, and Information Technology. Each program supports and reinforces the District’s operations. These include administration of funds and financial accountability assurance, management of all employment-related matters, administration of information technology systems, management of capital improvement projects, and Board of Directors meeting facilitation.

Division Goals and Objectives

1. Document and preserve accurate records of all board meetings and actions, ensuring compliance with transparency laws such as the Public Records Act, FOIA, and the Brown Act.
2. Safeguard, organize, and maintain the Board’s official records, oversee board elections, and enforce the District's records retention schedule in compliance with legal requirements.
3. Oversee administrative, logistical, and operational services, ensuring compliance with best practices, labor relations, and applicable laws, while managing daily operations such as fire suppression, training, and emergency management.
4. Review organizational matters, prioritize capital improvement projects, and oversee the preparation of agendas and materials for Board and Committee meetings.
5. Oversee all financial activities, including budgeting, accounting, investments, purchasing, and financial reporting, ensuring compliance with laws, regulations, and GAAP.
6. Supervise the annual audit, coordinate the preparation of the District’s budget, and ensure financial decisions align with organizational goals and maintain accuracy and accountability.
7. Strengthen cybersecurity measures and maintain a stable, reliable IT infrastructure to support District operations and protect information assets.
8. Implement a modern IT infrastructure to ensure seamless access to resources and provide high-quality customer service to meet stakeholders' IT needs.
9. Recruit, retain, and develop a talented, diverse workforce, ensuring alignment with the District’s evolving needs and organizational goals.
10. Oversee employee benefits, payroll, workers' compensation programs, and maintain positive labor relations while fostering employee engagement and inclusion.

Performance Measures	Division Goals and Objectives	FY 2025-26 Target
Complete the annual financial audit by December 31 and achieve the most favorable audit opinion	#6	Unmodified Opinion
Publish the Annual Comprehensive Financial Report (GFOA) and receive the GFOA Financial Reporting Excellence Award program	#5	GFOA Financial Reporting Excellence Award
Monitor and manage employee retention by tracking the rate at which employees leave the organization	#9	6% Turnover Rate (excludes retirements)
Percentage of employee performance reviews submitted within 60 days of the end of the rating period	#9	100%
Maintain uptime and availability for business applications and databases	#7	95%
Reduce unplanned internal network outages	#8	5 hours
Facilitate the timely completion of capital improvement projects within 60 days of the planned timeline	#4	90%

Operations

The Operations Division is responsible for the deployment of resources and emergency response, as well as personnel management, safety training, and the daily operations of the department. This division is also tasked with investigating and, when appropriate, implementing modern fire suppression methods, technologies, and equipment. The Operations Division oversees several key areas, including Fire Suppression, Radio Communications, Personal Protective Equipment, Unmanned Aerial Systems, Audio and Visual Production, and the Safety Committee.

The Operations Division plays a central role in fulfilling the Fire District's mission: to protect and preserve life and property from the effects of fire, disasters, injury, and illness. It accomplishes this by providing 24/7, year-round, all-hazard response to both emergency and non-emergency calls within the District and neighboring jurisdictions.

Also, included in this division is Special Operations. Special Operations manages California Task Force Three (CA-TF3), California Swift Water Rescue Three (CA-SWR3), Water Rescue, Heavy Rescue, Tactical Emergency Medicine Support (TEMS), and Joint Honor Guard. This incorporates management of the FEMA Cooperative Agreements, CalOES Awards, adherence to various federal and state laws and standards, various contracts, internal Special Operations policies, procedures, and guidelines, relationships with federal, state officials, and local government officials, as well as, training and record retention for 220 Urban Search and Rescue Team Members.

Division Goals and Objectives

1. Maintain adequate staffing levels for daily operations, training, and emergency coverage, including planning for scheduled leaves, absences, and large-scale incidents.
2. Oversee the budget for staffing, training, and backfilling needs to ensure financial resources are available for operational readiness.
3. Ensure the proper maintenance, safety, and regulatory compliance of all District buildings, equipment, and fitness facilities.
4. Provide ongoing training and certification for personnel to ensure preparedness for fire suppression, emergency response, and specialized operations, to achieve optimal outcomes during fire and other emergency incidents.
5. Maintain and regularly update personal protective equipment (PPE) inventory, ensuring compliance with safety standards and operational readiness.
6. Manage radio communications equipment, ensuring connectivity and compliance with local and statewide requirements.
7. Conduct safety committee meetings, investigate accidents, and implement corrective measures to enhance safety protocols and reduce risks.
8. Oversee and maintain tactical medical care, collaborating with SWAT teams and offering emergency medical training for improved survivability.
9. Expand and enhance the UAS (Unmanned Aerial Systems) program, training additional pilots and exploring technology partnerships to improve fire service capabilities.
10. Develop and maintain water rescue training, equipment, and partnerships, ensuring personnel are well-prepared for swift water and flood rescue operations.

Performance Measures	Division Goals and Objectives	FY 2025-26 Target
Improve response time from dispatch to on-scene arrival for emergency medical calls	#1	90% of calls within 6 min and 59 sec
Maintain all structure fires (residential and commercial) confined to the room of origin	#4	50%
Maintain the readiness of fire suppression equipment through daily checks and monthly maintenance	#3	100%

Fire Prevention

The Bureau of Fire Prevention and Life Safety (Fire Prevention) Division consists of two main components: the Bureau of Fire Prevention and the Community Engagement and Resiliency Team. The division's mission is to professionally review all plan submissions for new construction and significant building remodels to ensure compliance with current fire and life safety standards. Services provided by the division include inspecting all permitted construction projects, as well as overseeing inspections for events, permitted occupancies, hazardous materials storage, and use facilities. Additionally, the division conducts state-mandated annual inspections.

The Bureau plays an active role in developing and advocating for fire codes to be adopted by local governing bodies. Fire investigations are also conducted as part of specialized efforts to enhance community safety. The division oversees several key programs, including weed abatement, fire prevention, hydrant maintenance, and engine company inspections.

Division Goals and Objectives

1. Review building plans and inspect construction stages to ensure compliance with fire and life safety standards and regulations.
2. Oversee fire company inspections and manage hazardous material inspections and permit safety compliance.
3. Investigate the cause and origin of fires to identify safety risks and prevent future incidents.
4. Conduct community outreach and safety awareness campaigns, including targeted education on hazards and emergency preparedness.
5. Provide specialized safety training for high-risk populations and collaborate with local schools for fire safety education.

Performance Measures	Division Goals and Objectives	FY 2025-26 Target
Increase attendee participation in emergency preparedness training classes through targeted outreach and engagement strategies	#4	500 attendees
Provide fire and life-safety education programs for preschool through middle school students	#5	40 events
Perform annual state-mandated inspections	#1	100%
Complete inspections for the issuance or renewal of hazmat/operational permits	#2	250
Conduct non-mandated business inspections	#1	25% of known occupancies

Training

The Training Division develops, coordinates, and delivers comprehensive training programs to ensure District personnel meet established standards for fire suppression, emergency medical services (EMS), and mandated certifications. It also manages educational reimbursements, task books, testing processes, and the master training calendar. Beyond training, the division oversees key operational programs including EMS, Apparatus, Tools and Equipment, Cadets and Explorers, Wildland, and Wellness, and collaborates closely with the Fire Suppression Operations Division to support daily staffing, training, and overall operational readiness.

Division Goals and Objectives

1. Ensure continuous training for all suppression staff, tracking their progress and anticipating future training needs, while incorporating new techniques and tools.
2. Manage EMS-related activities, including training, equipment, and continuous quality improvement (CQI) plans, fostering communication with ALS providers and LEMSA personnel.
3. Develop and execute a strategic plan to identify and purchase suitable fire apparatus and vehicles based on operational and budget needs, ensuring regular maintenance and repairs.
4. Mentor and manage cadets, providing them with training and experience through fireground operations, recruitment, and community service projects.
5. Organize and execute Explorer and Cadet programs to educate youth about fire service careers and offer training, mentorship, and volunteer opportunities.
6. Enhance multimedia capabilities by collecting visual content and training personnel to document and preserve the District's history and achievements.
7. Oversee the maintenance and repair of training facilities and equipment, ensuring compliance with safety standards and meeting training requirements set by state agencies.
8. Manage the acquisition, inventory, and outfitting of apparatus and vehicles with the necessary tools and equipment to ensure operational readiness.
9. Maintain a comprehensive health and wellness program, including mental health support, physical training, and rehabilitation services for District employees.
10. Ensure personnel are well-trained and equipped for wildland fire operations, while continuously researching new tools, equipment, and protective gear to improve safety and effectiveness.

Performance Measures	Division Goals and Objectives	FY 2025-26 Target
Provide comprehensive non-EMS training and maintain a robust system for tracking and reporting all training hours	#1	12,000 hours
Maintain and improve cardiac arrest treatment by conducting case reviews and ensuring proper application of protocols and documentation	#2	100% case review completion
Provide opportunities for safety personnel to complete the required and continuing EMS education in alignment with certification standards	#2	24 hours per safety personnel
Complete all manufacturer-suggested preventative maintenance on the District fleet	#7	100% for emergency vehicles 90% for support vehicles
Complete all in-house shop repairs within 2 weeks (8 business days) when the vehicle goes out of service	#7	90% of repairs

Change in Fund Balance and Five-Year Financial Forecast

General Fund	2023-24 Actual	2024-25 Amended Budget	2024-25 Estimated Actual	2025-26 Preliminary Budget	2026-27 Projected Budget	2027-28 Projected Budget	2028-29 Projected Budget	2029-30 Projected Budget
Beginning Fund Balance	\$37,119,614	\$20,408,537	\$20,408,537	\$29,959,721	\$29,959,721	\$29,959,721	\$29,959,721	\$29,959,721
Revenue								
Property Taxes	\$81,945,388	\$83,033,600	\$85,026,221	\$87,296,100	\$89,042,022	\$90,822,862	\$92,639,319	\$94,492,105
Other Operating Revenue	9,960,857	6,629,700	10,051,215	7,664,000	6,917,617	7,227,393	7,237,364	7,247,535
Total Revenue	\$91,906,245	\$89,663,300	\$95,077,436	\$94,960,100	\$95,959,639	\$98,050,255	\$99,876,683	\$101,739,640
Expenditure								
Salaries, Benefits, and Retirement	\$45,383,519	\$59,716,908	\$56,447,886	\$63,859,064	\$65,327,688	\$66,843,014	\$68,406,547	\$70,019,845
Other Operating Expenditure	10,474,054	12,259,484	11,042,624	12,359,790	12,724,584	13,100,322	13,487,332	13,885,952
Total Expenditure	\$55,857,573	\$71,976,392	\$67,490,510	\$76,218,854	\$78,052,272	\$79,943,336	\$81,893,879	\$83,905,797
Revenue Over/(Under) Expenditure	\$36,048,672	\$17,686,908	\$27,586,926	\$18,741,246	\$17,907,367	\$18,106,919	\$17,982,804	\$17,833,843
Operating Transfer In/(Out)	(\$52,759,821)	(\$18,035,742)	(\$18,035,742)	(\$18,741,246)	(\$17,907,367)	(\$18,106,919)	(\$17,982,804)	(\$17,833,843)
Change in Fund Balance	(\$16,711,077)	(\$348,834)	\$9,551,184	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Fund Balance	\$20,408,537	\$20,059,703	\$29,959,721	\$29,959,721	\$29,959,721	\$29,959,721	\$29,959,721	\$29,959,721

Assumptions

1. Property Tax: The projected growth rate for FY 2026-27 and beyond is estimated at 2%.
2. Other Operating Revenue:
 - Licenses and Permits: The amount is fixed at \$880,000 per year.
 - Current Service Charges: An annual increase of 2% is anticipated based on historical contracts.
 - Use of Money and Property: Starting in FY 2026-27, the interest rate used to calculate revenue from investments will be 3%, a reduction of about 150 basis points from the current rate.
 - Intergovernmental: Deployment reimbursements are based on average historical claims.
 - Miscellaneous: Set at a fixed amount of \$50,000 annually.
3. Salaries, Stipends, Benefits, and Retirement (Excluding CalPERS UAL): The projected cost increase is based on historical data and current market surveys.
4. CalPERS Retirement Cost: For the UAL, following the implementation of the 10-year soft ("virtual") fresh start approach to manage the unfunded liability, the cost is expected to remain stable at approximately \$8.3 million annually. Additionally, the normal cost contribution rate is expected to stay consistent from FY 2025-26 through FY 2029-30 due to the smoothing effect of the fresh start approach.
5. Overtime: Overtime costs will be maintained at the same level as FY 2025-26 and applied to subsequent fiscal years.

6. Other Operating Expenditures: Materials and supplies, as well as contract services, are projected to increase by 3% each year.
7. Excess Revenue: Any surplus revenue over expenditure will be fully transferred to the CIP fund to support capital projects.

CIP Fund	2023-24 Actual	2024-25 Amended Budget	2024-25 Estimated Actual	2025-26 Proposed Budget	2026-27 Projected Budget	2027-28 Projected Budget	2028-29 Projected Budget	2029-30 Projected Budget
Beginning Fund Balance	\$62,683,578	\$113,437,912	\$113,437,912	\$127,827,294	\$139,964,280	\$142,375,447	\$142,216,070	\$128,528,866
Revenue								
Other Operating Revenue	\$9,657	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$9,657	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure								
Construction Projects	\$2,015,144	\$4,525,517	\$2,300,855	\$4,504,260	\$13,496,200	\$16,266,296	\$27,170,008	\$30,093,908
Fixed Assets/Capital Outlay	-	1,638,952	1,345,505	2,100,000	2,000,000	2,000,000	4,500,000	2,000,000
Total Expenditure	\$2,015,144	\$6,164,469	\$3,646,360	\$6,604,260	\$15,496,200	\$18,266,296	\$31,670,008	\$32,093,908
Revenue Over/(Under) Expenditure	(\$2,005,487)	(\$6,164,469)	(\$3,646,360)	(\$6,604,260)	(\$17,907,367)	(\$18,266,296)	(\$31,670,008)	(32,093,908)
Operating Transfer In/(Out)	\$52,759,821	\$18,035,742	\$18,035,742	\$18,741,246	\$17,907,367	\$18,106,919	\$17,982,804	\$17,833,843
Change in Fund Balance	\$50,754,334	\$11,871,273	\$14,389,382	\$12,136,986	\$2,411,167	(\$159,377)	(\$13,687,204)	(\$14,260,065)
Ending Fund Balance	\$113,437,912	\$125,309,185	\$127,827,294	\$139,964,280	\$142,375,447	\$142,216,070	\$128,528,866	\$114,268,801

Assumptions

1. Operating Transfer: This transfer is sourced from the general fund and is expected to partially or fully fund the current capital projects.
2. Construction Projects: The projected cost for the Station 1 rebuild over the next five years is based on analyzed estimates, assuming that the construction phases align with the projected timeline. Other capital projects are estimated at \$3 million annually.
3. Fixed Assets/Capital Outlay: Fixed asset purchases are set at \$2 million per year based on historical spending patterns, with the exception of FY 2028-29. During this year, an additional \$2.5 million will be allocated to account for the purchase of a tiller truck, as previously approved by the Board.

SPECIAL REVENUE FUND

The budget for the special revenue fund covers the Cooperative Agreements between the Department of Homeland Security, Federal Emergency Management Agency (FEMA), and the Menlo Park Fire Protection District, which is the sponsoring agency for Urban Search and Rescue, California Task Force 3. Each Cooperative Agreement, which is a reimbursement-based grant, has four program areas: Administration, Training, Equipment, and Storage/Maintenance. In addition to the District's US&R staff, District administration staff also support this program.

The following is a brief description of the goals and objectives of those four program areas:

Administration

The program's purpose is to provide staff for the management and administration of the US&R Task Force with day-to-day activities to accomplish the required supervisory, administrative, training, and logistical duties. The primary areas of focus are program management, grants management, administrative support, training coordination, instruction, logistics management, and accountability. This includes, but is not limited to, funding personnel salaries and expenses relating to Task Force development and management, record-keeping, inventory and maintenance of the US&R Equipment Caches, correspondence with Task Force members and parties who support Task Force activities, and similar management and administrative tasks. Wages and benefits are budgeted for 12 months.

Equipment

The program's purpose is to purchase equipment as listed in the most current approved DHS/FEMA Task Force Equipment Cache List or any subsequently approved DHS/FEMA US&R Equipment list.

Storage/Maintenance

The program's purpose is to cover the costs for the storage/maintenance portion of the Readiness Cooperative Agreement for CA-TF3. The costs will cover a maximum amount of time of 12 months for any warehouse lease or maintenance costs for the equipment/vehicles. CA-TF3 intends to provide the required storage and maintenance for the equipment to ensure mission readiness, safety, and management of the Task Force. The storage and maintenance will be in accordance with the requirements of the Urban Search & Rescue Program Office's statement of work, program guidance, and directives.

Training

The program's purpose is to provide US&R-related or US&R-required training for Task Force personnel, including the delivery of local US&R training courses or other courses specifically required by the current US&R Position Descriptions or the US&R Program Office.

FEMA Consolidated Cooperative Agreement Budget Summary

	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Amended Budget	2024-25 Estimated Actual	2025-26 Preliminary Budget
Source of Funds						
Cooperative Agreements	\$394,762	\$845,354	\$1,139,033	\$3,218,418	\$1,467,381	\$1,751,037
Total Source of Funds	\$394,762	\$845,354	\$1,139,033	\$3,218,418	\$1,467,381	\$1,751,037
Use of Funds						
Administration	\$318,721	\$637,443	\$755,961	\$1,753,374	\$801,859	\$951,515
Equipment	565	56,777	175,661	961,979	425,083	536,896
Storage/Maintenance	68,147	140,137	109,209	175,137	94,052	81,085
Training	7,329	10,997	98,202	327,928	146,387	181,541
Total Use of Funds	\$394,762	\$845,354	\$1,139,033	\$3,218,418	\$1,467,381	\$1,751,037
Savings/(Deficit)	-	-	-	-	-	-

The FY 2025-26 US&R (FEMA) Special Revenue Fund’s preliminary budget is balanced. The reimbursable expenditures and revenues budgeted in the fiscal year totaled \$1,751,037. There are currently three Cooperative Agreements still open, EMW-2024-CA-5159, EMW-2023-CA-05403, and EMW-2022-CA-00049. Since any unspent funds are carried forward to the new fiscal year, changes to the estimated carry-over budget will have to be amended once the year-end numbers are finalized. New cooperative agreements to be received in the next fiscal year will also be added to the budget.

Budget Summary per Cooperative Agreement

Cooperative Agreement 2024

	2024-25 Amended Budget	2024-25 Estimated Actual	2025-26 Preliminary Budget
Source of Funds			
Cooperative Agreement	\$1,406,384	\$137,291	\$1,269,093
Total Source of Funds	\$1,406,384	\$137,291	\$1,269,093
Use of Funds			
Administration	\$948,025	\$19,110	\$928,915
Equipment	197,014	47,110	149,914
Storage/Maintenance	81,385	19,324	62,061
Training	179,960	51,757	128,203
Total Use of Funds	\$1,406,384	\$137,291	\$1,269,093
Savings/(Deficit)	-	-	-

The Cooperative Agreement award in FY 2024 (EMW-2024-CA-5159) was in the amount of \$1,406,384. The period of performance for this grant is September 1, 2024, through August 31, 2027. The FY 2024-25 budgeted reimbursable expenditures were set at \$1,406,384. It is anticipated that at fiscal year-end, the total estimated reimbursable expenditures will be \$137,291. The remaining funds of \$1,269,093 will be carried forward to FY 2025-26 budget year.

Cooperative Agreement 2023

	2023-24 Actual	2024-25 Amended Budget	2024-25 Estimated Actual	2025-26 Preliminary Budget
Source of Funds				
Cooperative Agreement	\$48,061	\$1,356,767	\$1,049,133	\$307,634
Total Source of Funds	\$48,061	\$1,356,767	\$1,049,133	\$307,634
Use of Funds				
Administration	\$33,736	\$798,834	\$776,234	\$22,600
Equipment	-	331,766	119,094	212,672
Storage/Maintenance	13,975	83,875	64,851	19,024
Training	350	142,292	88,954	53,338
Total Use of Funds	\$48,061	\$1,356,767	\$1,049,133	\$307,634
Savings/(Deficit)	-	-	-	-

The Cooperative Agreement award in FY 2023 (EMW-2023-CA-05403) was in the amount of \$1,263,456. In addition, there was a supplemental award in the amount of \$145,372 for a total award of \$1,408,828. The period of performance for this grant is September 1, 2023, through August 31, 2026. The FY 2024-25 budgeted reimbursable expenditures were set at \$1,356,767. It is anticipated that at fiscal year-end, the total estimated reimbursable expenditures will be \$1,049,133. The remaining funds of \$307,634 will be carried forward to FY 2025-26 budget year.

Cooperative Agreement 2022

	2022-23 Actual	2023-24 Actual	2024-25 Amended Budget	2024-25 Estimated Actual	2025-26 Preliminary Budget
Source of Funds					
Cooperative Agreement	\$401,939	\$759,216	\$206,972	\$32,662	\$174,310
Total Source of Funds	\$401,939	\$759,216	\$206,972	\$32,662	\$174,310
Use of Funds					
Administration	\$325,465	\$654,049	\$80	\$80	\$ -
Equipment	2,256	35,563	203,917	29,607	174,310
Storage/Maintenance	65,728	68,804	2,975	2,975	-
Training	8,490	800	-	-	-
Total Use of Funds	\$401,939	\$759,216	\$206,972	\$32,662	\$174,310
Savings/(Deficit)	-	-	-	-	-

The Cooperative Agreement award in FY 2022 (EMW-2021-CA-00049) was in the amount of \$1,209,650. In addition, there was a supplemental award in the amount of \$158,477 for a total award of \$1,368,127. This grant's performance period is September 1, 2022, through August 31, 2025. The FY 2024-25 budgeted reimbursable expenditures were set at \$206,972. It is anticipated that at fiscal year-end, the total estimated reimbursable expenditures will be \$32,662. The remaining funds of \$174,310 will be carried forward to FY 2025-26 budget year.

Cooperative Agreement 2021

	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Amended Budget	2024-25 Estimated Actual	2025-26 Preliminary Budget
Source of Funds						
Cooperative Agreement	\$394,762	\$443,415	\$331,756	\$248,295	\$248,295	\$-
Total Source of Funds	\$394,762	\$443,415	\$331,756	\$248,295	\$248,295	\$-
Use of Funds						
Administration	\$318,721	\$311,978	\$68,176	\$6,435	\$6,435	\$-
Equipment	565	54,521	140,098	229,282	229,282	-
Storage/Maintenance	68,147	74,409	26,430	6,902	6,902	-
Training	7,329	2,507	97,052	5,676	5,676	-
Total Use of Funds	\$394,762	\$443,415	\$331,756	\$248,295	\$248,295	\$-
Savings/(Deficit)	-	-	-	-	-	-

The Cooperative Agreement award in FY 2021 (EMW-2020-CA-00028) was in the amount of \$1,263,878. An additional Supplemental Award was granted in the amount of \$181,350 for a total award of \$1,418,228. The period of performance for this grant is September 1, 2021, through August 31, 2024. The FY 2024-25 budgeted reimbursable expenditures were set at \$248,295. This fund has been fully spent.

Special Revenue Fund Revenue and Expenditure Budget Summary

General Fund	2023-24 Actual	2024-25 Amended Budget	2024-25 Estimated Actual	2025-26 Preliminary Budget	FY26 vs FY25 Increase/ (Decrease)	Change in %
Beginning Fund Balance	(\$101,808)	\$ -	\$ -	\$ -		
Revenue						
Intergovernmental	\$1,312,311	\$3,218,419	\$2,866,016	\$1,751,037	(\$1,467,382)	-45.6%
Total Revenue	\$1,312,311	\$3,218,419	\$2,866,016	\$1,751,037	(\$1,467,382)	-45.6%
Expenditure						
Salaries, Benefits, and Retirement	\$633,193	\$1,488,987	\$1,149,703	\$795,778	(\$693,209)	-46.6%
Other Operating Expenditure	577,438	1,729,432	1,716,313	955,259	(774,173)	-44.8%
Total Expenditure	\$1,210,631	\$3,218,419	\$2,866,016	\$1,751,037	(\$1,467,382)	-45.6%
Operating Transfer In/(Out)	\$128	\$ -	\$ -	\$ -	\$ -	0.0%
Change in Fund Balance	\$101,808	\$ -	\$ -	\$ -	\$ -	0.0%
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -		

ATTACHMENTS

- A. Full-Time Equivalent Personnel Listing
- B. Preliminary Expenditure Budget by Program
- C. Preliminary Budget Changes
- D. Preliminary Budget Resolution