

**Exhibit D**  
**Independent Fiscal Analysis**

# COMPREHENSIVE FISCAL ANALYSIS

Independent fiscal analysis of the proposed cooperative fire service agreement between the City of Pinole, CA, and Contra Costa County Fire Protection District. The purpose of the report is to estimate and compare the cost of service between similar agencies and forecast the expected impact to Pinole. This report is a required diligence item as part of the application to LAFCO and is intended to aide in the local decision-making process.

City of Pinole,  
California





October 5, 2022

This Independent Comprehensive Fiscal Analysis (“analysis”) was prepared for the City of Pinole, California (“City”) as its officials navigate the decision of whether to enter a cooperative shared services fire protection agreement with Contra Costa County Fire Protection District (“CCCFPD”). Per the Contra Costa County Local Agency Formation Commission (“LAFCO”), the initiation process includes a variety of required steps and due diligence items the City of Pinole must complete prior to applying for collaborative fire protection. Specifically, the State of California Government Code Section 56134 requires a submission of an independent fiscal analysis to ascertain whether the financial terms of the service contract are feasible and sustainable. The specific scope of this independent fiscal analysis must review and document all the following:

1. A thorough review of the plan for services submitted by the public agency.
2. Analysis of how the costs of the existing service provider compare to the costs of services provided in service areas with similar populations and of similar geographic size that provide a similar level and range of services and make a reasonable determination of the costs expected to be borne by the public agency providing new or extended fire protection services; and
3. Any other information and analysis needed to support the proposal.
4. Evaluation that the proposed affected territory is expected to receive revenues sufficient to provide public services and facilities and a reasonable reserve during the three fiscal years following the effective date of the contract or agreement between the public agencies to provide the new or extended fire protection services.

Our analysis was completed using budgetary, census, and departmental statistics that were publicly available on the individual units’ websites or data portals. We completed a thorough review of the plan for service and supporting documents during the month of June 2022 and communicated with city, county, and fire leadership officials on clarifying questions at that time over multiple worksessions. A list of the comparative agencies was selected with the assistance of city officials on June 15th . Assumptions were used in the estimation of certain direct and indirect costs and are noted within the contents of the report. It is our goal to be conservative in forward looking estimates while also illustrating what the potential fiscal impact may likely be from the proposed cooperative fire service plan. I can be reached at [Adam@StoneMunicipal.com](mailto:Adam@StoneMunicipal.com) or at (317) 476-2826 for questions or additional information as needed.

Sincerely,

*Adam D. Stone*

Adam D. Stone, CPA

Stone Municipal Group | Municipal Advisor | Principal-in-charge

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## Executive Summary

In November, 2021 the County Board of Supervisors approved certain expenditures of Measure X funds. Included in this decision was an intent to provide \$2 Million in funding from Measure X to assist in providing full funding, when combined with City of Pinole (“PFD”) funds, to reopen Fire Station 74 in Pinole Valley as part of a contract for fire services to be provided by Contra Costa County Fire Protection District (“CCCFPD”) for the full operation of fire, rescue, emergency medical, fire prevention, training, and administration to the City of Pinole.

Background information related to the contract for service:

- Fire Station 74 in Pinole Valley was closed in 2012.
- The proposed service plan will provide for the reopening and staffing of Fire Station 74.

## Purpose of Report

This report was prepared to assist the City of Pinole with the Contra Costa County Local Agency Formation Commission (“LAFCO”) process related to contracting with another unit or agency of local government to provide fire contractual services. An independent fiscal report is required and outlined by the State of California Government Code Section 56134 to ascertain whether the financial terms of the service contract are feasible and sustainable. To comply with the requirements, our firm completed a detailed and thorough review of the proposed service plan, comparable costs, and other documentation that outlines the proposed plan to contract with CCCFPD to provide fire service to City of Pinole residents.

## How to Use Navigate & Use Report

This report is prepared for external technical financial review purposes and is not intended to argue one method over another. This report does not make a recommendation or advice regarding negotiation terms, plan for service proposals, or details into day-to-day fire operations. This report is intended to project the most likely budget and financial outcomes of the options available to the City of Pinole and provide stakeholders with information to make an informed decision. As such, readers of this report are encouraged to review the table of contents to select areas of interest. The report is organized into broad sections to comply with California Government Code Section 56134.

## Plans and Document Review

This report was prepared using estimates, calculations, and management plans that were made available during June and July 2022. Specifically, we completed a detailed review of the CCCFPD proposed station budgets, proposed Pinole Fire Plan for Services, proposed staffing standards, staffing growth plans, position cost schedules, and operating statistics.

In addition to the plans for service and management reports, we reviewed the City of Pinole’s line-item budgetary and financial documents for fiscal years 2018-2022. We also reviewed the most recent CalPERS Annual Valuation Report for Pinole City safety. (i.e. Safety & PEPR Fire Safety) The FY21 report was not yet published at the time of this report. Therefore, all CalPERS related estimates are dated as of June 30, 2020.

Comparative entity data was sourced through publicly available data on comparable entities which included annual adopted budgets, annual reports, and Census data. For the comparison entities, major assumptions include Fire runs (incidents), staffing levels, and budgetary estimates.

Certain assumptions were made to project future cost of operations under different scenarios. To assist in this forecast, we enlisted the help of the report review team to help create growth plans into our forecast. The core report review team consisted of the following individuals:

- City of Pinole
  - Chief Chris Wynkoop
  - Ms. Markisha Guillory
- Contra Costa County Fire Protection District
  - Chief Lewis Broschard
- Contra Costa County
  - Mr. Adam Nguyen
  - Mr. Paul Reyes

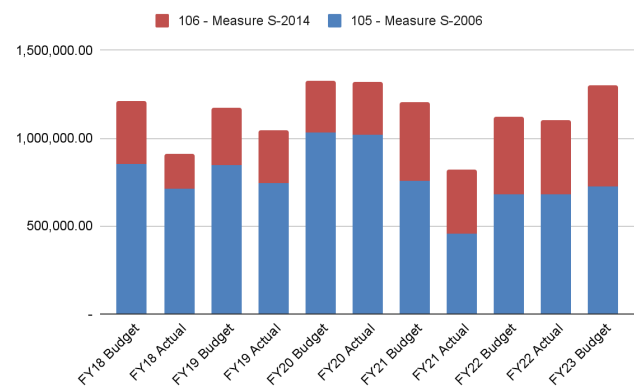
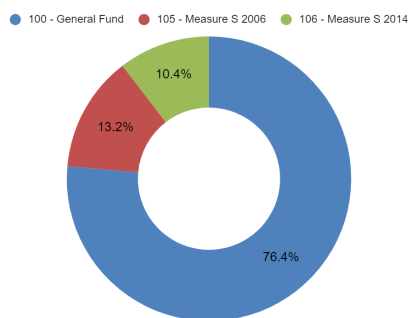
With the help of this group, we were able to prepare a seven-year capital improvement plan for the City of Pinole Fire Department that incorporates apparatus replacement, facility improvements, and necessary equipment needs. While an estimate, this plan will allow us to better compare the scenarios as they more accurately reflect the complete cost of operating the Fire Department long term. Note, the CCCFPD budget scenario assumes an annual programmatic apparatus replacement of \$250,000 per year. The City of Pinole Capital Improvement Plan (“CIP”) assumes a non-programmatic “pay-as-you-go” apparatus replacement project which results in large swings in the annual capital budget. Comparing the CCCFPD to the average annual capital outlay amount creates a better comparison. The average across all categories is \$417,286 per year including building improvements. (i.e. FY 24 - FY 30)

Project	Description	Funding Source	Budget Line Code	Today's Cost	Plan Year No.							Fire Dept. Total		
					0	1	2	3	4	5	6		7	
FF&E-Vehicles	Replace Staff Vehicle (Chief & Battalion)	Budget-Cash	47104	\$68,600		\$72,000				\$83,500				\$155,500
FF&E-Equipment	Station 74 Generator	Budget-Cash	47101	\$4,000	\$4,000									\$4,000
FF&E-Improvements/Building	Based on 3-Yr Average	Budget-Cash	47105	\$45,000		\$47,250	\$49,500	\$52,000	\$54,500	\$57,250	\$60,000	\$63,000	\$63,000	\$383,500
FF&E-Equipment	Misc. Equipment	Budget-Cash	47101	\$20,000		\$21,000	\$22,000	\$23,000	\$24,250	\$25,500	\$26,750	\$28,000	\$28,000	\$170,500
FF&E-Computer Equipment	Based on 3-Yr Average	Budget-Cash	47102	\$3,000		\$3,250	\$3,500	\$3,750	\$4,000	\$4,250	\$4,500	\$4,750	\$4,750	\$28,000
FF&E-Furniture	Based on 3-Yr Average	Budget-Cash	47103	\$2,500		\$2,750	\$3,000	\$3,250	\$3,500	\$3,750	\$4,000	\$4,250	\$4,250	\$24,500
FF&E-Equipment	Type VI Grass Rig	Budget-Cash	47101	\$275,000				\$318,250						\$318,250
FF&E-Equipment	Type III Wildland Engine	Budget-Cash	47101	\$450,000						\$574,250				\$574,250
FF&E-Equipment	Type I Front-Line Engine	Budget-Cash	47101	\$900,000									\$1,266,500	\$1,266,500
				\$1,625,000	\$4,000	\$146,250	\$78,000	\$400,250	\$169,750	\$665,000	\$95,250	\$1,366,500	\$2,925,000	

## Analysis of Existing Service Provider Cost

The City of Pinole Fire Department Budget is sourced by multiple governmental funds. The funds reviewed are General Fund, 2006 Measure S Fund, 2014 Measure S Fund, Equipment Reserve, and the Growth Impact Fund. We reviewed combined actual and budgeted results for fiscal years 2018, 2019, 2020, 2021, 2022, and 2023. Below is a categorical summary which shows combining current and historic results for the Fire Department.

Category	2017-2018 Actual	2018-2019 Actual	2019-2020 Actual	2020-2021 Actual	2021-2022 Actual	2022-2023 Total Budget
Category: 32 - INTERGOVERNMENTAL REVENUES	\$47,026	\$57,026	\$47,026	\$46,937	\$46,937	\$47,026
Category: 33 - LICENSES AND PERMITS	\$67,307	\$101,163	\$54,436	\$74,600	\$273,396	\$301,922
Category: 38 - MISCELLANEOUS REVENUE	\$0	\$1,190	\$1,071	\$110,484	\$139	\$1,746
Category: 39 - OTHER FINANCING SOURCES	\$10,000	\$0	\$0	\$0	\$0	\$0
<b>REVENUE TOTAL</b>	<b>\$124,333</b>	<b>\$159,379</b>	<b>\$102,533</b>	<b>\$232,022</b>	<b>\$320,472</b>	<b>\$350,694</b>
Category: 40 - SALARIES AND WAGES	\$1,832,416	\$1,878,300	\$2,182,339	\$2,205,603	\$2,560,590	\$2,663,740
Category: 41 - EMPLOYEE BENEFITS	\$604,578	\$860,471	\$1,038,920	\$1,097,045	\$1,341,532	\$1,602,331
Category: 42 - PROFESSIONAL/ADMINISTRATIVE SERVICES	\$637,373	\$640,483	\$684,184	\$857,617	\$560,089	\$843,700
Category: 43 - OTHER OPERATING EXPENSES	\$55,366	\$52,691	\$61,102	\$69,773	\$74,494	\$53,600
Category: 44 - MATERIALS AND SUPPLIES	\$43,413	\$26,969	\$65,351	\$48,148	\$84,323	\$66,000
Category: 46 - INTERFUND/INTERDEPARTMENTAL CHARGES	\$111,353	\$61,593	\$212,462	\$197,543	\$215,152	\$281,057
Category: 47 - ASSET ACQUISITION, IMPROVEMENT, DISPOSAL	\$0	\$168,113	\$200,019	\$954,080	\$10,905	\$4,000
Category: 48 - DEBT SERVICE	\$70,433	\$70,433	\$70,433	\$0	\$0	\$0
<b>EXPENSE TOTAL</b>	<b>\$3,354,931</b>	<b>\$3,759,053</b>	<b>\$4,514,810</b>	<b>\$5,429,808</b>	<b>\$4,847,084</b>	<b>\$5,514,428</b>
<b>NET TO BE COVERED BY GENERAL REVENUES</b>	<b>-\$3,230,598</b>	<b>-\$3,599,674</b>	<b>-\$4,412,277</b>	<b>-\$5,197,786</b>	<b>-\$4,526,612</b>	<b>-\$5,163,734</b>



Source: City of Pinole financial reports and budget documents provided July 14, 2022. (unaudited)

## Comparison of Existing Service Provided to Similar Entities

### Entity Selection

Part of the LAFCO process is to conduct comparative cost analysis. For this report, we selected comparison entities that were similar in population and geographic size. (i.e., land area) Additionally, we looked at entities that provide a similar range and level of service. We selected fire runs, number of stations, and staffing level as indicators for range and level of service. Lastly, we selected comparable entities of differing government structure and fire service. As each entity is different, the data for each was normalized to produce as close to an “apples-to-apples” comparison as possible. Therefore, the data was normalized on per capita, per full-time firefighter, and per run incident metrics to help in the comparability. It should be noted that comparing public safety departments on an apples-to-apples basis is extremely challenging as run data can be grossly under or over inflated due to different entities counting runs differently. (e.g. EMS, apparatus dispatched, etc.) For the purposes of this report, we are taking the publicly available data at face value and make no opinion on the type of runs reported.

### Entity Comparison

Category	Agency-Wide			Comparable Entities			
	Contra Costa	Pinole City	El Cerrito City	Mill Valley	Albany	Rodeo Hercules FPD	Benicia
Population estimates (1)	625,000	18,821	25,845	14,105	19,488	35,744	26,819
Land Area - Square Miles (2)	304	5.1	3.7	4.8	1.8	10.2	12.8
Fire Runs - Incidents (3) (4)	82,561	1,624	3,010	1,888	1,850	2,888	2,761
Service Level:							
Stations (3) (4)	26	1	2	2	1	2	2
Fulltime Firefighters (3) (4)	355	15	36	26	18	18	30
Fulltime Firefighters per 1,000 residents	0.57	0.80	1.39	1.84	0.92	0.50	1.12
Fire Runs per 100 residents	13.21	8.63	11.65	13.39	9.49	8.08	10.29
Population per square mile	2,056	3,690	7,042	2,951	10,887	3,515	2,094

#### Source:

- 1.) United States Census - July 1, 2021 (V2021) Population Estimates as collected by the five-year American Community Survey data. (2016-2020)
- 2.) United States Census - Population per square mile, 2020.
- 3.) Fire department websites, 2021 annual reports, and operational plans where available.
- 4.) Contra Costa, El Cerrito, and Rodeo fire incidents provided by CCCFPD dispatch.

#### Notes:

Budget Comparison (FY2022 Adopted Budget)

Assumes (2) civilian positions for Mill Valley listing. SMFPD listed 4,720 fire incidents in FY21. Assumes 40% of runs allocated to Mill Valley.

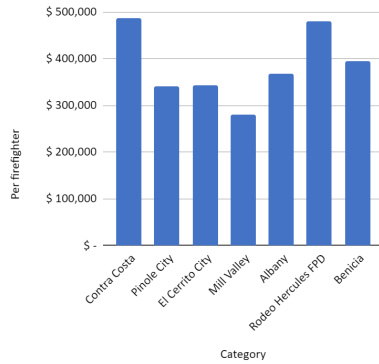
Rodeo Hercules FDP includes Census Designated Place (“CDP”) population estimates.



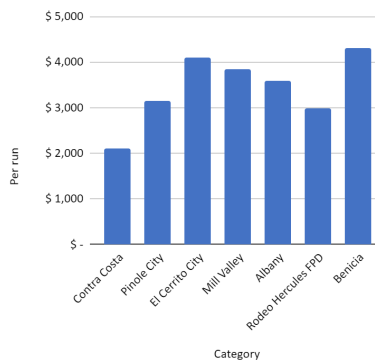
# Comparison of Existing Service Provided to Similar Entities (Cont.)

## Budget Comparison

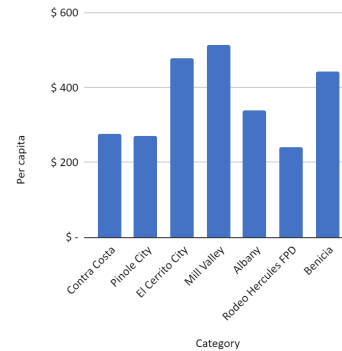
FY22 Budget Per Full-time Firefighter



FY22 Budget Per Run



FY22 Budget Per Capita



Category	Contra Costa	Pinole City	El Cerrito City	Mill Valley	Albany	Rodeo Hercules FPD	Benicia
Salaries & Benefits	127,023,000	\$ 3,826,010	\$ 11,084,920	\$ 6,011,043	\$ 5,197,300	\$ 7,121,509	\$ 9,442,290
Services & Supplies	18,964,000	1,193,632	1,226,382	1,256,970	580,840	1,218,423	1,175,940
Capital Outlay	3,498,000	72,600	37,100	-	-	20,500	810,700
Debt Service	-	-	-	-	-	269,114	-
Other Financing Uses	14,057,000	-	-	-	843,755	-	196,630
Special Items	9,182,000	-	-	-	-	3,420	238,600
<b>Total Adopted Budgets</b>	<b>\$ 172,724,000</b>	<b>\$ 5,092,242</b>	<b>\$ 12,348,402</b>	<b>\$ 7,268,013</b>	<b>\$ 6,621,895</b>	<b>\$ 8,632,966</b>	<b>\$ 11,864,160</b>

### Normalized Expenditures:

Per Capita	\$ 276	\$ 271	\$ 478	\$ 515	\$ 340	\$ 242	\$ 442
Per Firefighter	\$ 486,546	\$ 339,483	\$ 343,011	\$ 279,539	\$ 367,883	\$ 479,609	\$ 395,472
Per Run	\$ 2,092	\$ 3,136	\$ 4,102	\$ 3,850	\$ 3,579	\$ 2,989	\$ 4,297

### Source:

- 1.) United States Census - July 1, 2021 (V2021) Population Estimates as collected by the five-year American Community Survey data. (2016-2020)
- 2.) United States Census - Population per square mile, 2020.
- 3.) Fire department websites, 2021 annual reports, and operational plans where available.
- 4.) Contra Costa, El Cerrito, and Rodeo fire incidents provided by CCCFPD dispatch.

### Notes:

Budget Comparison (FY2022 Adopted Budget)

Assumes (2) civilian positions for Mill Valley listing. SMFPD listed 4,720 fire incidents in FY21. Assumes 40% of runs allocated to Mill Valley.

Rodeo Hercules FDP includes Census Designated Place ("CDP") population estimates.

Comparable entities selected by City of Pinole.

## Scenarios Overview

For the comparison of current service level (“Scenario One”) and CCCFPD cooperative agreement (“Scenario Two”) we made several significant assumptions. First we calculated the most likely cost projections under the two primary options being considered; 1.) Continuation of “in-house” Pinole Fire Department service to operate one station, and 2.) Contractual Service for Fire Service with CCCFPD to operate two stations. Within each scenario we also calculated the worst case and best case scenarios to illustrate the sensitivity based on different assumptions. (e.g. inflation, Measure X allocations, economic conditions)

### Scenario 1 - Continuation of Current Service Level

In this scenario we assumed no transition to CCCFPD and no change in existing level of service. (i.e. stations or staffing) This scenario forecasts operating and capital expenditures for the budget periods FY 2022/23 – 2029/30.

- Budget estimates based on FY 2022-23 Fire Department combined budget of \$5,514,428. (General, Measure S 2006, and Measure S 2014 funds.)
- Assumes no growth in existing staffing or funded staffing levels. (17 current FTEs)
- Assumes six percent (6%) annual increase in salary and wages. (e.g., 3% cost of living increase and 3% market equity increase)
- Assumes employee benefits remain constant as a percentage of gross salaries and wages.
- Assumes a stair-stepped inflation of eight percent to five percent (8% - 5%) annual increase in materials, supplies, and services due to rising prices.
- Assumes an initial \$146,250 capital outlay expenditures. (e.g., equipment replacement, vehicle replacement, and station improvements)
- Assumes a seven-year capital improvement plan of \$2,925,000, average of \$417,286 per year including facility and computer equipment. The average vehicle and apparatus replacement need is estimated at \$292,875 per year. To help with apples-to-apples comparison we have assumed a level sinking fund replacement to smooth out large budget differences in future years.
- Assumes five percent (5%) annual increase in capital expenditures due to rising prices.
- Includes communication and weed abatement.

### Expected Costs of Current Service Level (“Most Likely”)

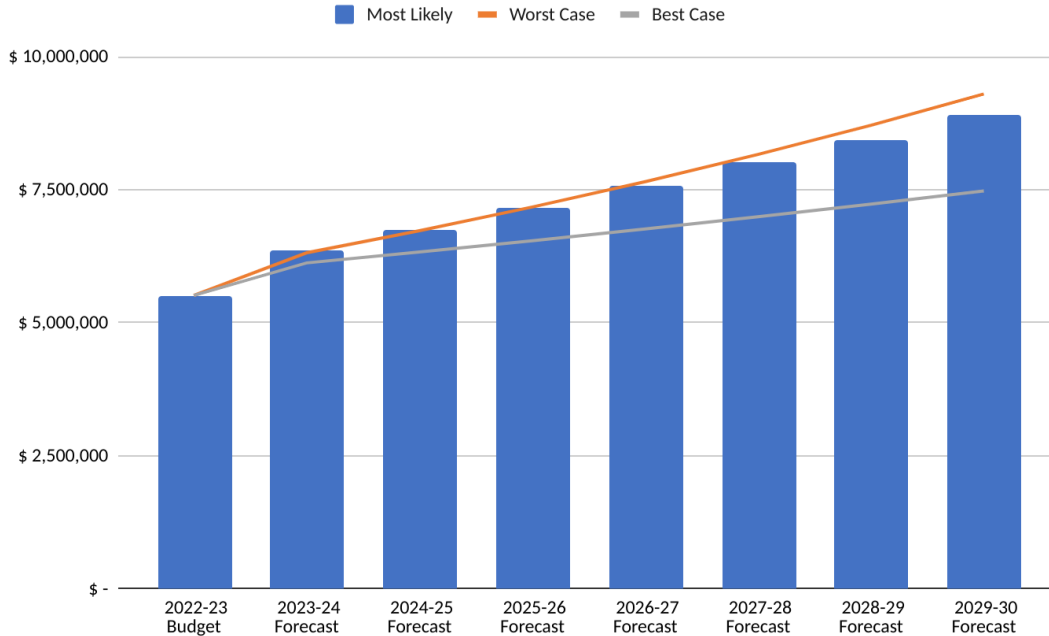
If the City of Pinole chooses to not enter into a cooperative fire agreement with CCCFPD, 100% of current employee salary and employee benefit costs will remain in the City’s budget. The current level of service does not include any of the recommendations outlined in the capital improvement plan.

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
<b>Budget Forecast:</b>								
Personnel Cost (Salaries and Wages)	\$ 2,663,740	\$ 2,823,564	\$ 2,992,978	\$ 3,172,557	\$ 3,362,910	\$ 3,564,685	\$ 3,778,566	\$ 4,005,280
<b>Employee Benefits:</b>								
PERS Retirement (~40%)	\$ 1,105,953	\$ 1,129,426	\$ 1,197,191	\$ 1,269,023	\$ 1,345,164	\$ 1,425,874	\$ 1,511,426	\$ 1,602,112
Employee Medical-Active (~15%)	\$ 285,646	\$ 423,535	\$ 448,947	\$ 475,884	\$ 504,437	\$ 534,703	\$ 566,785	\$ 600,792
Workers Compensation (~5%)	\$ 138,122	\$ 141,178	\$ 149,649	\$ 158,628	\$ 168,146	\$ 178,234	\$ 188,928	\$ 200,264
Other Employee Benefits (~3%)	\$ 72,610	\$ 84,707	\$ 89,789	\$ 95,177	\$ 100,887	\$ 106,941	\$ 113,357	\$ 120,158
Other Operating Expenses	\$ 1,244,357	\$ 1,343,906	\$ 1,451,418	\$ 1,567,531	\$ 1,677,259	\$ 1,777,894	\$ 1,866,789	\$ 1,960,128
Capital Outlays	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Improvement Plan	\$ -	\$ 417,000	\$ 417,000	\$ 417,000	\$ 417,000	\$ 417,000	\$ 417,000	\$ 417,000
Operating Expenses before other costs	\$ 5,514,428	\$ 6,363,316	\$ 6,746,973	\$ 7,155,799	\$ 7,575,803	\$ 8,005,331	\$ 8,442,852	\$ 8,905,735

Notes:  
Per Capital Improvement Plan v3  
Based on adopted FY 2023 City of Pinole Fire Department budget.

## Current Service Level Sensitivity Analysis

For scenario one we projected future expected costs using the most likely, worst case, and best case assumptions. Across the different potential outcomes, we assumed different sets of future inflation and economic assumptions.



We calculated the future expected budget outcome and annual budget variance between the CCCFPD scenario two and City provided service scenario one cost forecasts. These are intended to provide the City of Pinole a reasonable range of likely future cost of service as well as the favorable (unfavorable) results of each.

		Budget Projections							
		2022-23 Budget	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast	2027-28 Forecast	2028-29 Forecast	2029-30 Forecast
<b>Most Likely</b>	\$	5,514,428	6,363,316	6,746,973	7,155,799	7,575,803	8,005,331	8,442,852	8,905,735
<b>Worst Case</b>	\$	5,514,428	6,314,987	6,730,355	7,175,564	7,652,798	8,164,404	8,712,902	9,301,003
<b>Best Case</b>	\$	5,514,428	6,124,787	6,329,670	6,542,382	6,763,241	6,992,581	7,230,749	7,478,107

		Budget Impact (Favorable) Unfavorable by Outcome							
		2022-23 Budget	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast	2027-28 Forecast	2028-29 Forecast	2029-30 Forecast
<b>Worst Case</b>	\$	-	(48,328)	(16,617)	19,765	76,995	159,073	270,051	395,268
<b>Best Case</b>	\$	-	(238,528)	(417,303)	(613,418)	(812,562)	(1,012,750)	(1,212,103)	(1,427,628)

		Budget (Favorable) Unfavorable Change Compared to Scenario 2							
		2022-23 Budget	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast	2027-28 Forecast	2028-29 Forecast	2029-30 Forecast
<b>Most Likely</b>	\$	-	255,870	253,562	204,976	142,126	68,113	(27,382)	(135,665)
<b>Worst Case</b>	\$	-	207,542	64,070	(143,346)	(374,885)	(627,482)	(911,733)	(1,231,198)
<b>Best Case</b>	\$	-	17,342	18,208	(24,112)	(67,332)	(105,640)	(146,582)	(190,329)

## Scenario 2 – Cooperative Fire Service Agreement with CCCFPD

In this scenario we assumed a complete staffing transition to CCCFPD and that the City would effectively outsource 100% of its going forward costs for fire protection staffing to CCCFPD. This scenario forecasts operating and capital expenditure for the budget periods 2022-23 through 2029-30.

- Budget estimates based on FY 2022-23 Fire Department combined budget of \$5,514,428. (General, Measure S 2006, and Measure S 2014 funds.)
- Assumes Pinole Fire would transfer all positions, equipment, and apparatus to CCCFPD at no cost.
- Assumes existing (1) active and (1) inactive Fire Stations would remain as a fixed capital asset of the City of Pinole. Facility repairs and replacement to be the responsibility of City of Pinole
- Assumes (1) inactive station would be activated and staffed by CCCFPD to restore the level of service achieved in the past.
- Assumes Pinole Fire would continue to be responsible for following existing budgetary items moving forward: Fire allocated CalPERS Unfunded Accrued Liability (“UAL”), abatement services, station utilities, station repairs and maintenance, legal charges, and property liability. Total remaining budgetary cost estimated at \$753,489 or 13.66% of current budget.
- Assumes CCCFPD staffing of (3) Captains, (3) Engineers, and (3) Firefighters per station. Pass-through and/or of other CCCFPD related expenditures. (e.g. employee benefits, operating expenses, apparatus replacement)
  - Assumes direct station staffing related costs of \$3,000,786 per station.
  - Operating cost of \$114,436, and equipment replacement of \$125,000 per station.
  - Assumes \$172,498 in allocated communication center dispatch cost. Assumes the communication center allocated cost grows at 4% per year.
  - Assumes a shared services administrative cost of 10% billed to the City of Pinole. The administrative cost will be charged on all budgeted costs minus the communication center charges. The basis for the 10% administrative cost is the annual adopted budget, of which the City of Pinole will be made known of increases or decreases year to year. A list of indirect costs are included in the additional information section of this report.
- Assumes initial gross annual contract amount of \$7,300,987 or \$441,749 per month beginning January 1, 2023 net Measure X. Cost to be billed out monthly based on the annual budget less the two million in Measure X allocation. Future budgets are subject to change and appropriation by the fiscal body.
- Assumes \$2M in Measure X allocated with an annual escalator of 2.30%. While the allocation is not expressly stated in the contract beyond the initial 5-year contract term, we carried forward the assumption throughout the 7-year projection.
- One-time budgetary impact to the City of Pinole Fire Department in the amount of \$52,969.63 to cover the payout of accrued vacation.
- Assumes fiscal impact under full budget year scenario. Contract likely to become effective mid-fiscal year (January 1, 2023) and therefore the initial cost will be based on the remaining six fiscal months of budget year 2023.
- Assumes that from the date CCCFPD hires such staff, CCCFPD will be responsible for all salaries, employee benefits, including contributions for retiree-related benefits, and future accruals of unfunded liability for retiree-related benefits.
- Assumes the City of Pinole will be responsible for 100% of retiree-related and other post-employment benefits, including accrued CalPERS unfunded liability for retiree-related benefits, for such staff for the period during which they were employed by the City of Pinole.

- Assumes personnel costs at the top step for each class of employee.
- Assumes a stair-stepped inflation of eight percent to three percent (8% - 3%) annual increase in materials, supplies, services, and personnel services.

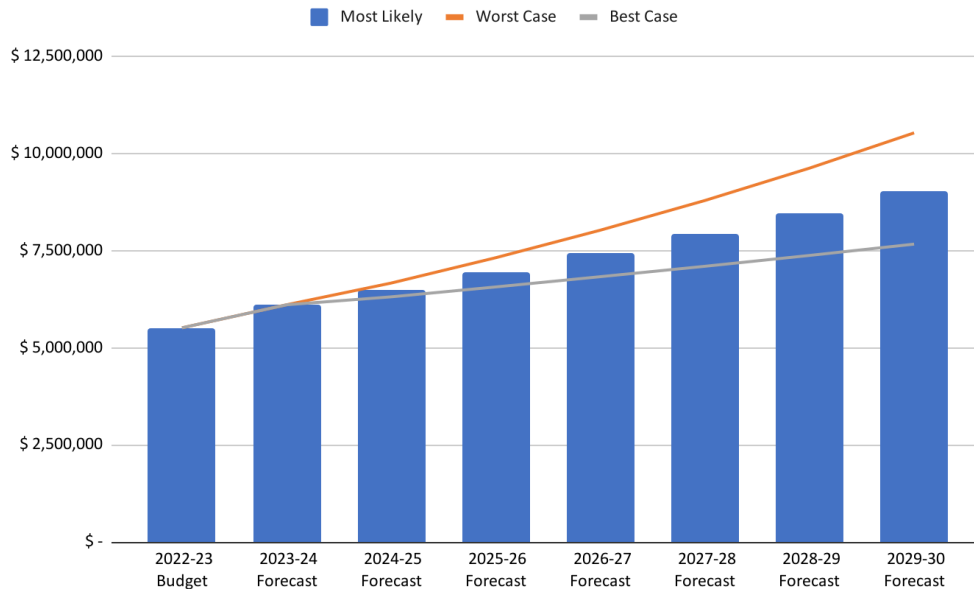
### Expected Costs of Cooperative Fire Agreement (“Most Likely”)

If the City of Pinole enters into a cooperative fire agreement with CCCFPD, 100% of current employee salary and employee benefit costs will be converted into a contractual service expenditure. The initial contract value is based on the budgeted cost of the positions and it is expected to increase over the contract period as cost-of-living adjustments are approved. To recover indirect administrative costs, CCCFPD is expected to charge an administrative cost of 10%. This administrative cost is included within the initial proposed two-station budget of \$7,300,987. Adjusted for the Measure X allocation, the initial budget to be billed to the City of Pinole is anticipated to be \$5,300,987, or \$441,749 per month. In addition to the personnel costs, the City of Pinole will continue certain services and supplies costs associated with the department.

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
<b>Proposed CCCFPD Contractual Costs:</b>								
Personnel Cost (Pass-Through)	\$ -	\$ 2,540,000	\$ 2,616,200	\$ 2,694,686	\$ 2,775,527	\$ 2,858,792	\$ 2,944,556	\$ 3,032,893
Employee Benefits (Pass-Through)	\$ -	\$ 3,461,572	\$ 3,738,498	\$ 4,037,578	\$ 4,360,584	\$ 4,709,431	\$ 5,086,186	\$ 5,493,080
Direct cost allocations (materials and supplies)	\$ -	\$ 173,872	\$ 187,782	\$ 202,804	\$ 217,001	\$ 230,021	\$ 241,522	\$ 253,598
Direct cost allocations (equipment replacement)	\$ -	\$ 305,000	\$ 320,250	\$ 336,263	\$ 353,076	\$ 370,729	\$ 389,266	\$ 408,729
Communication Center Allocation	\$ -	\$ 172,498	\$ 179,398	\$ 186,574	\$ 194,037	\$ 201,798	\$ 209,870	\$ 218,265
Administration Allocation (10%)	\$ -	\$ 648,044	\$ 686,273	\$ 727,133	\$ 770,619	\$ 816,897	\$ 866,153	\$ 918,830
Operating Expenses before Measure X	\$ -	\$ 7,300,987	\$ 7,728,401	\$ 8,185,038	\$ 8,670,843	\$ 9,187,669	\$ 9,737,552	\$ 10,325,395
Measure X County Allocation	\$0	-\$2,000,000	-\$2,046,000	-\$2,093,058	-\$2,141,198	-\$2,190,446	-\$2,240,826	-\$2,292,365
Net Shared CCCFPD Contractual Cost	\$0	\$5,300,987	\$5,682,401	\$6,091,980	\$6,529,644	\$6,997,223	\$7,496,726	\$8,033,030
<b>Operating Budget Impact:</b>								
Personnel Cost (Salaries and Wages)	\$ 2,663,740	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Benefits	\$ 1,195,404	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Remaining UAL Payment	\$ 406,927	\$ 439,100	\$ 471,470	\$ 492,140	\$ 511,660	\$ 524,080	\$ 536,797	\$ 549,824
Other Operating Expenses	\$ 1,244,357	\$ 314,389	\$ 339,540	\$ 366,703	\$ 392,372	\$ 415,915	\$ 436,710	\$ 458,546
NEW Contractual Service Agreement (From Above)	\$ -	\$ 5,300,987	\$ 5,682,401	\$ 6,091,980	\$ 6,529,644	\$ 6,997,223	\$ 7,496,726	\$ 8,033,030
Capital Outlays	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Improvement Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PLUS: One-Time Transition Cost (Vacation Payout)	\$ -	\$ 52,970	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expected Cost of Contractual Fire Service	\$ 5,514,428	\$ 6,107,445	\$ 6,493,411	\$ 6,950,823	\$ 7,433,677	\$ 7,937,218	\$ 8,470,233	\$ 9,041,400

## Cooperative Fire Agreement Sensitivity Analysis

For scenario two we continued with projecting costs using the most likely, worst case, and best case assumptions. In addition to inflation and economic assumptions, we added a worst case scenario where the Measure X income tax allocation increases at a slower rate. (i.e. 2% vs. 2.3%) This change materially affected the future net budget impact to the City of Pinole and is one of the single largest future cost variables. Under the best case scenario, we assumed Measure X would continue for every year services are contracted and would increase annually at a reasonable growth rate.



We calculated the future expected budget outcome and annual budget variance between the CCCFPD scenario two and City provided scenario one cost forecasts. These are intended to provide the City of Pinole a reasonable range of likely future cost of service as well as the favorable (unfavorable) results of each.

		Budget Projections							
		2022-23 Budget	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast	2027-28 Forecast	2028-29 Forecast	2029-30 Forecast
<b>Most Likely</b>	\$	5,514,428	6,107,445	6,493,411	6,950,823	7,433,677	7,937,218	8,470,233	9,041,600
<b>Worst Case</b>	\$	5,514,428	6,107,445	6,666,285	7,318,910	8,027,683	8,791,886	9,624,636	10,532,201
<b>Best Case</b>	\$	5,514,428	6,107,445	6,311,462	6,566,494	6,830,573	7,098,221	7,377,331	7,668,436

		Budget Impact (Favorable) Unfavorable by Outcome						
		2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast	2027-28 Forecast	2028-29 Forecast	2029-30 Forecast
<b>Worst Case</b>	\$	-	172,875	368,087	594,006	854,668	1,154,402	1,490,802
<b>Best Case</b>	\$	-	(181,949)	(384,329)	(603,104)	(838,997)	(1,092,902)	(1,372,964)

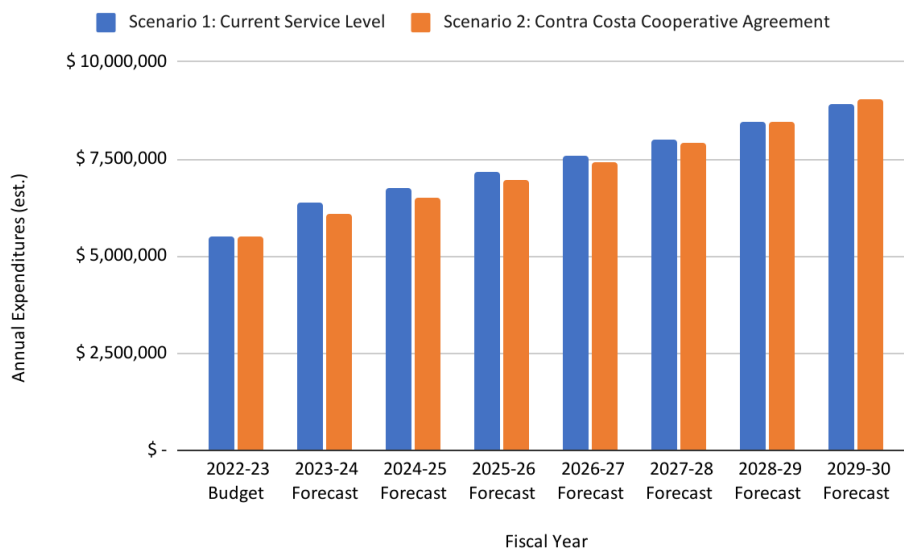
		Budget (Favorable) Unfavorable Change Compared to Scenario 1						
		2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast	2027-28 Forecast	2028-29 Forecast	2029-30 Forecast
<b>Most Likely</b>	\$	(255,870)	(253,562)	(204,976)	(142,126)	(68,113)	27,382	135,665
<b>Worst Case</b>	\$	(207,542)	(64,070)	143,346	374,885	627,482	911,733	1,231,198
<b>Best Case</b>	\$	(17,342)	(18,208)	24,112	67,332	105,640	146,582	190,329

# Additional Information & Analysis

## Cost Comparison of Scenarios

	City of Pinole	CCCFPD Contract
Scenario Reference	001	002
Active Stations	1	2
Full Time Firefighters	15	18
Expected Annual Cost - Yr 1 of Contract (Gross)	\$6,363,316	\$7,300,987
Measure X Allocation	\$0	\$2,000,000
Expected Annual Cost - Yr 1 of Contract (Net)	\$6,363,316	\$5,300,987
City Annual Cost (On-going)	\$0	\$753,489
City Cost (one-time)	\$0	\$52,970
Total Cost - Yr 1	\$6,363,316	\$6,107,445
Expected Monthly Cost - Yr 1 of Contract	\$530,276	\$508,954
Expected Cost - 7-Yr Plan Average	\$7,599,401	\$7,490,601
Expected Monthly Cost - 7-Yr Plan Average	\$633,283	\$624,217

Based on the most likely assumptions and the annual sinking fund for capital outlays, the CCCFPD (“scenario two”) option provides the lowest net budget impact to the City of Pinole in FY 2023-24 (“Yr 1”) . Over time, the CCCFPD contract is expected to cost less than the current operations by \$108,800 per year on average. This amount assumes the Measure X allocation grows at 2.3% for all years a contract for service is in place. Note the City’s current staffing of fifteen full time equivalents (15 firefighters) supplies one station currently, whereas CCCFPD staffs two stations.



## Contra Costa County Fire Protection District Administrative Cost

Below is a list of indirect costs that together represent the rationale behind the 10% proposed administrative cost.

- Administration - Fire Chief, Deputy Fire Chief, Fire Marshal
- Public Information Officer
- General and automobile liability
- Information Technology Support and Infrastructure
- Payroll, Accounting, Fire District Human Resources
- Fire Investigation Services
- Training Administration, Vector Solutions
- EMS Training and Quality Improvement
- County General (legal, County Administration, Auditor) Charges

## Contra Costa County Fire Protection District Revenue Sufficiency

For this report, we assume year one (“Yr 1”) for scenario two is FY 2023-24. Based on the assumptions, the anticipated monthly CCCFPD cost of service incurred and billed to Pinole Fire Department during the first three years would be as follows:

	Yr 1	Yr 2	Yr 3
Estimated Annual Cost of Service, gross	\$ 7,300,987	\$ 7,728,401	\$ 8,185,038
Less: Measure X Allocation	\$ (2,000,000)	\$ (2,046,000)	\$ (2,093,058)
Net Cost of Service Billable to Pinole	\$ 5,300,987	\$ 5,682,401	\$ 6,091,980
Percentage of FY 2023 Budget	96%	103%	110%
Percentage of Scenario One Expected Cost	83%	84%	85%
Percentage of FY 2023 Measure S Sources	16%	17%	18%
Estimated Monthly Charge for Service	\$441,749	\$473,533	\$507,665



## City of Pinole Financial Feasibility & Sustainability

The City of Pinole maintains five separate funds which have supported the Fire Department over the past few fiscal years. Two of those funds relate to the City of Pinole's Measure S funds. (i.e. 2006 & 2014) For the 2023 fiscal year budget, the total Measure S funds are estimated at \$4,902,000. Historically, the Fire Department has received approximately 25%, or \$1,039,873, of the total Measure S funding. The City of Pinole's Measure S funds do not currently have a predetermined sunset or expiration date. As of the FY 2023 budget, there were \$4.9M of Measure S funds appropriated, which represented 13% budget growth year over year.

Funding Sources	FY 2021/22 Budget	FY 2022/23 Budget	% Change
General Fund Revenues (all sources)	\$21,627,288	\$28,111,479	30%
2014 Measure S	\$2,173,000	\$2,451,000	13%
2006 Measure S	\$2,163,746	\$2,451,000	13%
	<u>\$25,964,034</u>	<u>\$33,013,479</u>	27%
Fire Department Expenditure Budget	\$5,092,242	\$5,514,428	8%
Fire Department Utilization - Measure S (in dollars)	\$1,124,737	\$1,301,724	16%
Fire Department Utilization - Measure S (in percent)	\$0	\$0	
Measure S as Percent of General Fund Revenues	20%	17%	-13%
Fire Department Budget as Percent of General Fund Revenues	24%	20%	-17%
Fire Department Funding Sources by Fund:			
General Fund	\$3,967,505	\$4,212,704	6%
Measure S 2006	\$679,488	\$727,182	7%
Measure S 2014	\$445,249	\$574,542	29%
Governmental Reserves	6/30/2020	6/30/2021	% Change
General Fund Balance	\$38,763,912	\$41,473,658	7%
Cash and investments	\$17,713,884	\$19,457,868	10%
Unassigned General Fund Balance	\$10,828,937	\$12,488,562	15%

Source: City of Pinole Budget (FY 2021-22, FY 2022-23, & ACFR 06/30/2020 & 06/30/2021)

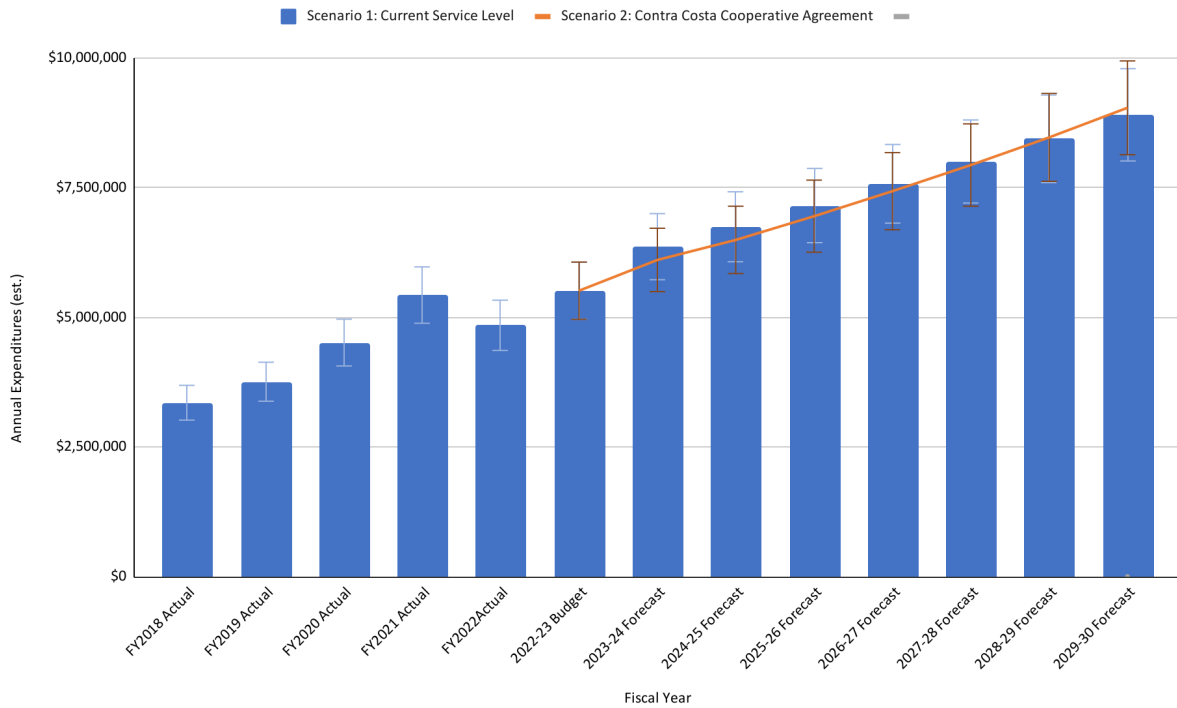
Looking beyond the Measure S funds, the Fire Department has averaged \$187,748 in department specific revenues that are expected to remain as a local funding source.

Additionally each year the City Finance Department prepares a detailed budget and annual report that has certain financial policies to drive decisions. One such policy is a general reserve policy of 50%. That reserve level is currently met and the last audited financial statement reflects a General Fund Unassigned balance of \$12,488,526. This amount is up 15% year over year and creates an unrestricted funding source to help stabilize operations in a period of budget contraction.

Based on the anticipated lower cost of scenario two, Measure S revenues, Measure X allocation, and the annual appropriation process, it appears that the City of Pinole has the financial means to enter into an agreement if their fiscal body finds that appropriate.

## City of Pinole Financial Feasibility & Sustainability

The City of Pinole Fire Department’s actual expenditures have increased an average of 10% per year between FY 2018 and FY 2022. Based on the current assumptions, the annual cost escalation under scenario one is 7.09%. Comparatively, scenario two is expected to grow by 7.32% per year based on the current assumptions. Below is a comparison of actuals versus projected future cost under both scenarios. To be conservative with forward estimates, the forecast for both scenarios include a plus or minus 10% margin of safety.



## CalPERS Fire Department Unfunded Accrued Liability

Using the most recent June 30, 2020 valuation report the cumulative unfunded accrued liability (UAL) is \$22,253,952 across the PERS-PEPRA Safety Fire and PERS-Safety plan. In order to allocate the amount retained by the City of Pinole, the percentage of full-time Fire Department employees vs total safety related positions could be used. At the time of this report, the pro rata portion of total CalPERS unfunded liability and amortization payments was allocated to the Fire Department was 23%. Therefore, for the 2022-23 budget cycle the remaining UAL budget impact that would remain with the City of Pinole is estimated to be \$406,927.

### PERS-PEPRA Safety Fire:

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio
06/30/2014	\$12,401	\$12,927	(\$526)	104.2%
06/30/2015	70,859	66,043	4,816	93.2%
06/30/2016	95,388	81,870	13,518	85.8%
06/30/2017	95,847	83,023	12,824	86.6%
06/30/2018	113,140	97,740	15,400	86.4%
06/30/2019	194,870	174,467	20,403	89.5%
06/30/2020	241,958	212,197	29,761	87.7%

### PERS-Safety:

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio
06/30/2011	\$46,103,119	\$36,824,707	\$9,278,412	79.9%
06/30/2012	47,888,593	36,109,991	11,778,602	75.4%
06/30/2013	51,681,999	41,436,450	10,245,549	80.2%
06/30/2014	56,111,018	46,686,286	9,424,732	83.2%
06/30/2015	57,996,772	45,575,302	12,421,470	78.6%
06/30/2016	60,809,793	44,325,488	16,484,305	72.9%
06/30/2017	64,072,583	47,307,038	16,765,545	73.8%
06/30/2018	70,371,785	50,957,506	19,414,279	72.4%
06/30/2019	72,486,976	52,024,491	20,462,485	71.8%
06/30/2020	74,783,071	52,558,880	22,224,191	70.3%

### UAL Cost Projection:

	Year 0 2022-23 Budget	Year 1 2023-24 Forecast	Year 2 2024-25 Forecast	Year 3 2025-26 Forecast	Year 4 2026-27 Forecast	Year 5 2027-28 Forecast	Year 6 2028-29 Forecast	Year 7 2029-30 Forecast
Projected UAL Payment (PERS Safety)	\$1,762,095	\$1,900,000	\$2,039,000	\$2,128,000	\$2,212,000	\$2,266,000	\$2,321,290	\$2,377,930
Future Projected Growth		8%	7%	4%	4%	2%	2%	2%
Fire Department Allocation	23%	23%	23%	23%	23%	23%	23%	23%
Allocated UAL (est.)	\$405,282	\$437,000	\$468,970	\$489,440	\$508,760	\$521,180	\$533,897	\$546,924
Projected UAL Payment (PERS PEPRA Fire)	\$1,645	\$2,100	\$2,500	\$2,700	\$2,900	\$2,900	\$2,900	\$2,900
Future Projected Growth		28%	19%	8%	7%	0%	0%	0%
Fire Department Allocation	100%	100%	100%	100%	100%	100%	100%	100%
Allocated UAL (est.)	\$1,645	\$2,100	\$2,500	\$2,700	\$2,900	\$2,900	\$2,900	\$2,900
Total Remaining UAL	\$406,927	\$439,100	\$471,470	\$492,140	\$511,660	\$524,080	\$536,797	\$549,824

## Budget Impacts - Remaining Items

Below is the current budget for the Pinole Fire Department itemized by expenditure account. Were the City to enter a contract for service with CCCFPD, certain expenditure amounts would remain the responsibility of the City of Pinole and be incurred above and beyond the contractual services agreement cost. The current 2022-23 budget includes \$1,105,953 for 41004 - Employee Benefits PERS Retirement. This amount includes the CalPERS Unfunded Accrued Liability (“UAL”) related to the Fire Department. Under scenario two, a portion of that budget expense would become the responsibility of Contra Costa County. However, the UAL portion would remain the financial responsibility of the City of Pinole. Therefore, we have estimated the allocation and incorporated the remaining UAL component within the retained budgetary expenditures.

### Remains in City of Pinole Budget

Account	2022-2023 Budget Estimate
41004 - Emp Benefits/PERS Retirement ("UAL")	\$406,927
42108 - Prof Svcs/Building-Structure Maintenance	\$14,370
42512 - Admin Exp/Abatement	\$120,000
43101 - Utilities/Telephone	\$100
43102 - Utilities/Water	\$10,000
43103 - Utilities/Electricity & Power	\$40,000
43105 - Utilities/Cable	\$500
46126 - Legal Charges	\$10,000
46201 - Insurance/General Liability	\$151,592
Sub-Total	<u>\$753,489</u>

## Budget Impacts - Transitioning Items

Below is the current budget itemized by the expenditure account. The expenditure accounts are anticipated to be included within the cost of contractual services agreement cost.

Transitions to Contractual Service			
Account	2022-2023 Budget Estimate	Account	2022-2023 Budget Estimate
40101 - Salary & Wages/Full Time	\$2,080,171	42201 - Office Expense	\$4,000
40102 - Salary & Wages/Part Time	\$0	42202 - Office Exp/Printing & Binding	\$0
40103 - Salary & Wages/Vacation Leave	\$5,262	42203 - Office Exp/Shipping & Mailing	\$0
40105 - Salary & Wages/Floating Holiday Leave	\$123,893	42301 - Travel & Training/Conf-Registration	\$98,845
40106 - Salary & Wages/Admin Leave	\$0	42302 - Travel & Training/Mileage	\$500
40201 - Overtime	\$250,000	42303 - Travel & Training/Meal Allowance	\$0
40202 - FLSA Overtime	\$59,936	42401 - Dues & Pub/Memberships	\$1,175
40303 - Other Pay/Acting	\$43,861	42506 - Admin Exp/Bonds	\$0
40305 - Other Pay/Uniform Allowance	\$13,200	42508 - Admin Exp/Settlement	\$0
40306 - Other Pay/Medical In Lieu	\$14,400	42509 - Admin Exp/Misc Expense	\$0
40307 - Other Pay/Education Incentive	\$6,570	42510 - Admin Exp/Software Purch	\$15,000
40311 - Other Pay/Cell Phone	\$0	42514 - Admin Exp/Special Depart	\$58,000
40314 - Other Pay/Paramedic	\$66,447	43201 - Taxes/Property Tax	\$3,000
41001 - Emp Benefits/Medical-Active	\$285,646	44301 - Other Mat & Sup/Fuel	\$25,000
41002 - Emp Benefits/Dental	\$18,893	44304 - Other Materials Supp/Permit Fee	\$0
41003 - Emp Benefits/Vision Care	\$3,796	44306 - Other Materials Supp/Maintenance Supplies	\$0
41004 - Emp Benefits/PERS Retirement, net UAL	\$699,026	44410 - Safety Clothing	\$41,000
41005 - Emp Benefits/Employee Assistance Prg	\$794	46121 - Admin Credits	\$0
41007 - Emp Benefits/Life-ADD	\$1,679	46122 - Admin Debits	\$0
41008 - Emp Benefits/Long Term Disability	\$5,667	46124 - IS Charges	\$119,465
41009 - Emp Benefits/Workers Comp	\$138,122	47101 - FF&E/Equipment	\$4,000
41010 - Emp Benefits/FICA - Medicare	\$38,625	47102 - FF&E/Computer Equipment	\$0
41012 - Emp Benefits/Unemployment Insurance	\$3,156	47103 - FF&E/Furniture	\$0
42101 - Prof Svcs/Professional Service	\$386,110	47104 - FF&E/Vehicles	\$0
42104 - Prof Svcs/Paramedic Service	\$53,600	47105 - FF&E/Equipment (not-capitalized)	\$0
42105 - Prof Svcs/Network Maintenance	\$0	47106 - FF&E/Computer Equipment (not-capitalized)	\$0
42106 - Prof Svcs/Software Maintenance	\$15,000	47201 - Improvements/Building	\$0
42107 - Prof Svcs/Equipment Maintenance	\$77,100	48101 - Debt Principal	\$0
		48102 - Debt Interest	\$0

END OF REPORT