
**JOINT MEETING OF BIG BEAR FIRE AUTHORITY
BIG BEAR LAKE FIRE PROTECTION DISTRICT AND BIG BEAR CITY
COMMUNITY SERVICES DISTRICT - FIRE
MINUTES FOR THE MEETING OF
April 25, 2017**

A Regular Meeting of the Big Bear Fire Authority was called to order by Chairman Putz at 4:30 p.m. and adjourned to Closed Session on Tuesday, April 25, 2017, at 39707 Big Bear Boulevard, Big Bear Lake, California.

PUBLIC FORMUM FOR CLOSED SESSION

None.

At the hour of 5:45, p.m., Board adjourned Closed Session.

OPEN SESSION

The Regular Meeting of the Big Bear Fire Authority was called to order by Chairman Putz at 6:05 p.m.

Moment of Silence: Observed

Pledge of Allegiance: Led by Director Walsh

Board Members Present: Chairman Randall Putz
Vice Chairman John Green
Director David Caretto
Director Rick Herrick
Director Bob Jackowski
Director Bill Jahn
Director Karyn Oxandaboure
Director John Russo
Director Larry Walsh
Director Al Ziegler

Board Members Excused: None

Others Present: Jeff Willis, Fire Chief
Mike Maltby, Assistant Chief/Fire Marshal
Shirley Holt, Senior Finance Officer
Dawn Marschinke, Board Secretary

RESULTS OF CLOSED SESSION:

CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8

Property: APNs 0312-311-16-0000, 0312-0311-17-0000, 0314-271-13-0000, 0314-271-12-0000

Agency Negotiators: Big Bear Fire Authority Fire Chief

Negotiating Parties: Mike Dolan, Diane Williams – Trustee of the Natural Heritage Foundation

Under Negotiation: Price and Terms of Payment

No reportable action.

CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Government Code Section 54957.6

Agency Representative: Fire Chief

Employee Organizations: Big Bear City Professional Firefighters' Assoc., IAFF, Local 935 and Big Bear Lake Professional Firefighters' Assoc., IAFF, Local 935

No reportable action.

ANNOUNCEMENTS

The Fire Authority's Administrative Office will be closed Monday, May 29, 2017, in observance of Memorial Day and will re-open on Tuesday, May 30, 2017 at 8:00 a.m.

Big Bear Fire Department will be co-hosting a Chamber of Commerce mixer along with Sonora Cantina on July 25, 2017, 5:00 p.m. – 7:00 p.m.

DIRECTORS' GENERAL ANNOUNCEMENTS

Director Herrick stated the Amgen Time Trial will take place in Big Bear on May 19, 2017 and tomorrow, April 26, 2017, is Denim Day in Support of DOVES of Big Bear Valley.

PUBLIC COMMUNICATIONS

None.

CHIEF'S REPORT

Chief Willis provided the following updates:

- Staff is reviving the Big Bear Valley Fire Safe Council

- The Department is assisting in rebuilding the Chaplain Program which will aid people during time of crisis
- The Curbside Chipping program begins June 1, 2017
- Defensible Space workshops will be provided throughout the summer
- The Department has launched a campaign to become active on Social Media to provide up to date information on fire department issues
- Fire Protection Master Plan consultant is scheduled to present preliminary Department profile information to the Administrative Committee on May 17, 2017

CONSENT CALENDAR (FIRE AUTHORITY BOARD)

FA1. Approval of Minutes for the Regular Meeting of February 7, 2017

Approved.

FA2. Approval of Monthly Activity Reports for January and February 2017

Received and filed.

Motion by Director Jahn, seconded by Director Caretto, to approve the Consent Calendar as follows:

AYES: Green, Herrick, Jackowski, Jahn, Oxandaboure, Russo, Walsh,
Ziegler, Caretto and Putz
NOES: none
ABSENT: none
ABSTAIN: none

CONSENT CALENDAR (FIRE PROTECTION DISTRICT BOARD)

FP3. Approval of Minutes from the Regular Meeting of February 7, 2017

Approved.

Motion by Caretto, seconded by Jahn to approve the Consent Calendar as follows:

The Consent Calendar was approved by the following vote:

AYES: Caretto, Herrick, Jackowski, Jahn and Putz
NOES: none
ABSENT: none
ABSTAIN: none

ITEMS REMOVED FROM THE CONSENT CALENDAR

None

PUBLIC HEARINGS

Any person may appear and be heard in support or opposition to the proposals at the time of the meeting. If you challenge the action in court, you may be limited to raising only those issues which you or someone else raised at the public meeting described in the notice or in written correspondence delivered to the Fire Authority at or before the public meeting.

None.

DISCUSSION/ACTION ITEMS

FA4. Adoption of the 2016 Edition of the California Fire Code with Amendments, Including Penalties, and the 2016 Edition of the California Residential Code, with Amendments

Board consideration and discussion of introducing and waiving first reading to adopt the 2016 Edition of the California Fire Code with amendments, additions, deletions, and exceptions, including penalties and the 2016 Edition of the California Residential Code, along with certain changes, modifications, amendments, additions, deletions, and exceptions, and set a public hearing for second reading and adoption of the ordinance at the Fire Authority meeting of June 6, 2017.

Assistant Chief Maltby explained that the Department is presenting the Fire Code Ordinance with amendments for consideration and discussion. The Fire Code is required to be reviewed and updated every three years. There were minimal changes which are highlighted in the staff report.

Director Green had questions about the purpose and source of references and requirements regarding limited water supply and the size of driveways as well as thickness of pavement.

Assistant Chief Maltby responded.

At 6:22 p.m. Director Jahn left the meeting and returned at 6:26 p.m.

At 6:23 p.m. Director Herrick left the meeting and returned at 6:24 p.m.

Director Walsh asked if there was a redlined copy with changes available for review.

Assistant Chief Maltby responded.

Motion by Jackowski; seconded by Caretto to introduce and waive first reading and pass to public hearing and second reading at the June 6, 2017 meeting, an ordinance, as amended, entitled:

ORDINANCE NO. BBFA2017-001

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE BIG BEAR FIRE AUTHORITY, A CALIFORNIA JOINT POWERS AUTHORITY, ADOPTING THE 2016 EDITION OF THE CALIFORNIA FIRE CODE AND THE 2016 EDITION OF THE CALIFORNIA RESIDENTIAL CODE, ALONG WITH CERTAIN CHANGES, MODIFICATIONS, AMENDMENTS, ADDITIONS, DELETIONS, AND EXCEPTIONS THERETO

Said Motion was approved by the following vote:

AYES: Herrick, Jackowski, Jahn, Oxandaboure, Russo, Walsh, Ziegler,
Caretto, Green and Putz
NOES: None
ABSENT: None
ABSTAIN: None

At 6:29 p.m. Director Ziegler left the meeting and returned at 6:32 p.m.

FP5. Big Bear Lake Fire Protection District 2017-2018 Preliminary Budget Presentation in Preparation of Public Hearing

Board consideration of receiving preliminary budget presentation and authorizing staff to proceed with public noticing of Intent to Adopt the Fiscal Year 2017-2018 Budget at the next Regular meeting on June 6, 2017.

Senior Finance Officer Holt presented the FY 2017-18 preliminary draft budget for consideration. She provided a Budget Flow-Through Worksheet that showed high-level budget numbers in a side by side comparison of FPD, CSD-Fire, CSD-Ambulance and the Fire Authority.

Revenue assumptions are based on normal historical increases in property tax revenues and shifting ambulance contribution revenue across agencies.

Expense assumptions are primarily generated from payroll and benefit related increases. Each member agency pays their own payroll and agency specific expenses, less, an equal share of Ambulance operating losses. The proposed FY 2017-18 Budget is presenting the Fire Authority as receiving operating revenue from the excess revenues over expenses of CSD and FPD. In FY 2017-18, \$850,000 is the budgeted operational contribution from each the FPD and CSD to the Fire Authority, and \$171,300 from each for Ambulance services.

**COMBINED BUDGETS
 FLOW THROUGH WORKSHEET
 FY 2017 - 2018**

	Fire Authority	Fire Protection	CSD Fire	CSD Ambulance
Operating Revenue	2,380,732	6,204,019	4,822,025	2,573,903
Operating Expenses	3,039,689	5,043,036	3,780,061	2,573,903
Revenue Less Expenses	(658,957)	1,160,983	1,041,963	(0)
Ambulance Contribution		(171,300)	(171,300)	
FA Operations Contribution		(850,000)	(850,000)	
Excess Rev over Exp	(658,957)	139,683	20,663	(0)
Transfers Out	(420,000)	(664,346)		
Increase/(Decrease) in Fund Balance	\$(1,078,957)	\$(524,663)	\$20,663	\$(0)

Director Caretto expressed his concern about a deficit spending budget to pay the SBCERA liability out of reserves as well as paying for equipment and property. He believes this will force the Authority into a future fire tax and he is not comfortable with that. He does not understand why the Authority cannot live within its current means until there is a decision on what to do with the Authority.

Ms. Safie responded that the pool movement could be done at a later date, but future costs are unknown and it could cost more to make the movement later.

Director Jahn appreciates Director Caretto's concerns, but he does not know where else besides reserves that the money would come from. Director Jahn asked for Chief Willis to respond.

Chief Willis responded that an alternative to reduce the deficit is to reduce service from administrative and response capabilities. This is a value statement for the Board and the community to decide.

Director Herrick expressed that the numbers must pan-out for the change to the SBCERA pool, and that long-term, it makes sense.

Chairman Putz stated that he does not presume that passing a budget now means something will happen in the future, such as a parcel tax. For him, he wants to make sure the budget makes sense right now.

Motion by Herrick; seconded by Jahn, to approve staff's recommendation to accept the presentation of the Fiscal Year 2017-18 Preliminary Operating Budget for Big Bear Lake Fire Protection District and authorize public noticing of intent to adopt the proposed budget.

Said Motion was approved by the following vote:

AYES: Herrick, Jackowski, Jahn, and Putz
NOES: Caretto
ABSENT: None
ABSTAIN: None

FP6. Authorization to Proceed to Move Big Bear Lake Fire Protection District (FPD) Employees from SBCERA County Other Safety Pool to the SBCERA County Safety Pool and Authorize Officers or Agents of the City of Big Bear Lake and FPD to Sign All Necessary Documentation

Board consideration of authorizing to move FPD employees from the County Other Safety Pool to the County Safety Pool, and authorize officers or agents of the City of Big Bear Lake and FPD, the authority to initiate and execute any, and all contracting documents necessary to move FPD employees from the Other Safety Pool to the County Safety Pool. The employer required contribution is presented within the draft budget.

Legal Counsel Isabel Safie provided an update to the FPD Board with decision points regarding the possibility of moving FPD employees from the County Other Safety Pool to the County Safety Pool.

Phase I: Determine whether to transfer FPD group from “other safety” to “County safety” effective June 30, 2017

Phase II: Determine whether to contract with CalPERS or SBCERA for the Authority, effective June 30, 2018

New Developments

- CalPERS Board approved lowering rate from 7.5% to 7.0% over a three-year period.
- SBCERA has agreed to offer the option of merging the Other Safety Pool with the County Safety Pool.

Based on direction from the Board, an actuarial company was engaged and last month staff received a report of two scenarios. The first scenario for the Board to consider would be the movement of FPD SBCERA employees from the Other Safety Pool to the County Safety Pool, effective June 30, 2017, with the following impacts:

- Transfer would increase unfunded liability contribution rate of 0.20%
- To offset increase, FPD would need to pay \$6,508,000
- This can be paid in a lump sum or in installments over a 20-year period of \$593,846 each July 1 for an aggregate cost of \$11,876,911

Movement will reduce the contribution rate for Tier 1 employees from 82.25% to 49.13%, a reduction of 33.12%. This is a projected savings of \$475,603. The \$593,846 first year payment, less \$475,603 in contribution savings equals a net cost of \$118,242 for FY 2017-18. The decision to move should be independent of whether CSD safety group is transferred to SBCERA.

Scenario 2 considered moving CSD active safety group to SBCERA pursuant to AB 868 with a proposed effective date of June 30, 2018. The prior accrued assets and benefits of the CSD group transferred, would also be transferred to SBCERA. The assumed amount of assets to be transferred has been reduced from the original estimation due to retirements. The current estimated amount is \$4.4 million as provided by CalPERS. The actuarial company, Segal, has been asked to redo their study with the new numbers provided by CalPERS. The revised report is due by the end of the week.

The Fire Authority engaged a second actuarial company, Van Iwaarden Associates, to evaluate the work produced by Segal. This is the same actuarial company utilized by Barstow Fire Department. The report received, concluded that the \$6.5 million transfer cost in the report produced by Segal was overstated by approximately \$2.7 million. The basis for that determination is that the Segal report assumed the increase in the contribution rate to the County pool caused by the FPD transfer would be level at 0.20% over 20 years. Van Iwaarden says there

is an alternative way to make the calculation and there is data that would allow this calculation to be done annually, with the rate likely decreasing over time. Ms. Safie is awaiting a response from SBCERA to see if they will consider revising their calculations based on the Van Iwaarden report and expects to have an answer by the end of this week.

Discussion ensued.

Concern was expressed over how SBCERA will make the decision to change the calculation. Once the decision is made, it is a binding contract and there will be no further changes. The opportunity to potentially reduce the amount of money FPD will be paying is the function of the decision tonight and is unrelated to the decision CSD makes in the future. There will be fiscal consequences depending on which pension system is chosen for the Fire Authority: CalPERS or SBCERA.

If the Board votes tonight to approve the movement, the Department might be putting itself at a disadvantage, losing negotiating power to reduce the transfer cost. The decision should be made based on what can be achieved today, which is a reduction in contribution rate. Rates could increase exponentially as the pool gets smaller. Future rates could be in the high 90% range. \$2.7 million is an opportunity cost of achieving that benefit. Either way, there is only an upside to the movement in the long-term.

The decision to move FPD employees from one pool to another is independent of the decision of which pension plan the Authority will end up with. The net financial outcome for FPD will be a lower amount paid to SBCERA in the long-term by way of a lower contribution rate.

There is a risk of waiting 30 days to decide while waiting to find out the SBCERA decision to recalculate the transfer cost. The movement of the group must go before the SBCERA Board on June 30, 2017. If it does not go on that agenda, there is a risk that the proposal with an effective transfer date of June 30, 2017 will not go forward.

There is some motivation for SBCERA to recalculate the transfer cost which would require adjusting both Big Bear Fire Department and Barstow Fire Department. They have a fiduciary responsibility, and therefore, motivation to reduce escalating costs and bring them under control.

Motion by Herrick; seconded by Jackowski, to accept staff's recommendation to authorize the movement of FPD employees from the Other Safety Pool to the County Safety Pool, and authorize officers or agents of the City of Big Bear Lake

and FPD to execute supporting documents and contracts as required with SBCERA to the highest benefit, protecting FPD's future position.

Director Herrick called for the vote.

Said Motion was approved by the following vote:

AYES: Jackowski, Jahn, Caretto, Herrick, and Putz
NOES: None
ABSENT: None
ABSTAIN: None

At 7:40 p.m. Director Herrick left the meeting and returned at 7:43 p.m.

CS7. Big Bear City Community Services District Fiscal Year 2017-2018 Preliminary Budget Presentation in Preparation of Public Hearing

Board consideration of receiving preliminary budget presentation and authorizing staff to proceed with public noticing of Intent to Adopt the Fiscal Year 2017-2018 Budget at the next Regular meeting on June 5, 2017.

Senior Finance Officer Holt presented the FY 2017-18 preliminary draft budget for consideration (see FP5 discussion detail).

Motion by Walsh; seconded by Oxandaboure, to approve staff's recommendation to accept the presentation of the Fiscal Year 2017-18 Preliminary Operating Budget for Big Bear City Community Services District and authorize public noticing of intent to adopt the proposed budget.

Said Motion was approved by the following vote:

AYES: Oxandaboure, Russo, Walsh, Ziegler and Green
NOES: None
ABSENT: None
ABSTAIN: None

FA8. Fire Authority Fiscal Year 2017-2018 Preliminary Budget Presentation in Preparation of Public Hearing

Board consideration of receiving preliminary budget presentation and authorizing staff to proceed with public noticing of Intent to Adopt the FY 2017-18 Budget at the next Regular meeting on June 6, 2017.

Senior Finance Officer Holt presented the FY 2017-18 preliminary draft budget for consideration (see FP5 discussion detail).

Director Caretto commented that the transfer of funds for the purchase of equipment and land seems an inappropriate use of funds, and does not believe the unequal transfer of fund balance is a fair allocation. He believes there is an excess of contribution from FPD well above what CSD will contribute upon consolidation. We need to direct the Chief to determine parity and to create a long-term agreement that ensures all agencies continue to contribute to the Fire Authority as initially established.

Director Jahn agrees with Director Caretto that we need a long-term agreement in place and staff should start working on this now.

Director Putz is also in agreement.

Director Green reminded the Board that if CSD moves to SBCERA, \$4.4 million will be coming over to the Authority. The cost going forward will be a shared cost. He does not believe the gap is as great as it seems right now.

Director Herrick believes there are ways to balance it out and now it is time to take it to the Administrative Committee.

Director Caretto stated that the coming budget includes purchasing land with Fire Authority funds. If there is a dissolution, each agency would end up with a piece of the land. Director Caretto stated that we need to have a clear picture of how this is going to be done, and it is not clear to him at this point. We're just leaping with faith. It needs to be set up in a clear, legal fashion.

Director Walsh commented that he supports Director Caretto's concerns. The Fire Authority does not seem to have enough money to keep the status quo going, so it does not seem to be the right time to purchase land when we need new equipment soon.

Motion by Herrick; seconded by Green, to approve staff's recommendation to accept the presentation of the Fiscal Year 2017-18 Preliminary Operating Budget for Big Bear Fire Authority and authorize public noticing of intent to adopt the proposed budget.

Said Motion was approved by the following vote:

AYES: Jackowski, Jahn, Oxandaboure, Russo, Walsh, Ziegler, Caretto,
Green, Herrick and Putz

NOES: None
ABSENT: None
ABSTAIN: None

FA9. Fire Authority Authorization Changing the Designation of the Capital Fund from a Committed Fund Balance to an Unassigned Fund Balance

Board consideration of adopting Resolution No. BBFA2017-001, approving changing the Capital Fund from Committed to the Unassigned Fund Balance subcategory and approving the revision of Administrative Instruction Number: 2016-04, Big Bear Fire Authority Reserve Policy.

Chairman Putz asked for assurance that Funds could be moved back, if needed.

Ms. Holt responded.

Chairman Putz asked when Ms. Holt would recommend recommitting the funds.

Ms. Holt responded.

Director Caretto questioned if the State might consider appropriating any portion of the undesignated fund balance.

Ms. Holt responded.

Motion by Caretto; seconded by Jahn, to approve revision of Administrative Instruction Number 2016-04 and adopt the following Resolution entitled:

RESOLUTION NO. BBFA2017-001

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
BIG BEAR FIRE AUTHORITY, A CALIFORNIA JOINT
POWERS AUTHORITY, CHANGING THE DESIGNATION
OF THE CAPITAL FUND FROM A COMMITTED FUND
BALANCE TO AN UNASSIGNED FUND BALANCE**

Said Motion was approved by the following vote:

AYES: Jahn, Oxandaboure, Russo, Ziegler, Caretto, Green, Herrick,
Jackowski and Putz
NOES: Walsh
ABSENT: None
ABSTAIN: None

COMMITTEE REPORTS

Fire Authority Administrative Committee meeting held on February 15, 2017, represented by Board Chairman Putz, Vice Chairman Green, Director Walsh and Director Herrick.

Director Herrick commented that as a member of the Administrative Committee, they have had the benefit of seeing the SBCERA presentation three times now. With each presentation comes more clarity, and after tonight he has an understanding and a confidence of how the process will move forward. But there needs to be an agreement in place between the agencies that safeguards the agencies after consolidation (like the BBARWA agreement).

The Board directed the Chief to bring to the Administrative Committee, the question of equity, and to create an agreement between the member agencies that protects them after consolidation

Received and filed.

DIRECTORS' CLOSING COMMENTS

Director Ziegler commented on the great partnership that exists between the three Boards. He is not worried about the actions of the CSD Board, but he is still worried about the Board sitting across from him.

Director Walsh reported on attending the Firefighter Survival Training held on March 9, 2017. He learned a lot by watching this training and thanked the Firefighters for all they do.

Director Oxandaboure commented that the main reason the Fire Authority was started was to provide the best fire protection for this valley. She agrees that we need to fine-tune things, but she said with the Authority in place, if there was a big fire, no one would worry where the money would come from.

Director Green stated he agrees the Board needs to put policies in place that will not change since faces of the Board will change in the future. He cannot believe how far the agencies come, and knows it is from all the cooperation between agencies.

Jahn stated, "It's all about the love."

Jackowski stated that there are 10 people that all want the same thing. He believes we will come to an end with one Fire Agency that is equitable for everyone.

Herrick thanked all the Board members and Firefighters/Paramedics. And said to keep up the good work.

ADJOURNMENT

There being no further business to come before the Fire Authority at this session, Chairman Putz adjourned the meeting at 8:18 p.m.

Dawn E. Marschinke

Dawn E. Marschinke, Board Secretary

APPROVED AT THE MEETING OF JUNE 6, 2017.