

**ROSS VALLEY FIRE DEPARTMENT
STAFF REPORT**

For the meeting of January 14, 2026

To: Board of Directors

From: Dan Mahoney, Fire Chief
Jeff Zuba, Finance Director

Subject: Budget Revision to FY 2025-2026 Operating Budget

RECOMMENDATION:

Staff recommends that the Board consider approving Resolution 26-01 (Attachment 1), adopting the proposed line-item budget revisions for the Fiscal Year 2025-2026 Operating Budget.

DISCUSSION:

On July 9, 2025, the Board approved the revised Fiscal Year 2025-2026 Operating Budget for the Ross Valley Fire Department (Department). At each Board meeting, staff provides financial updates, including monthly revenue and expenditure reports, with explanations of any variances from the adopted budget.

During the first half of the fiscal year, several factors necessitated revisions to the adopted budget:

- Multiple employees were on workers' compensation leave.
- The deployment of fire personnel to assist in the California wildfire season, for which Cal OES reimburses the Department for overtime costs.
- The completion of the sixth and final personnel transition under the Third Amendment.

To reflect these changes, staff has prepared a line-item budget revision (Attachment 2) for Board consideration and approval. Below is a summary of the key adjustments, with additional details provided in the attached budget revision resolution.

BUDGET REVISIONS:

Beginning Fund Balance

The beginning fund balance for all funds has been updated to \$4,073,401, based on the final audit of FY 2024-2025 financial statements.

Revenues

Projected revenue increases total \$164,272 and includes:

- **Workers' Compensation Reimbursement:** \$49,499. Workers' compensation reimbursements are not budgeted due to their unpredictable nature.
- **Cal OES Reimbursement Out of County Overtime:** \$114,773. Cal OES Out of County Overtime is not budgeted due to its unpredictable nature based on wildfire season or whether staffing levels will allow the Department to participate.
- **Third Amendment Personnel Transition Savings:** \$46,076.76 in additional savings for the Town of Ross from the sixth and final personnel transition completed as of January 1, 2026. The savings amount is allocated to the other members of the JPA based on the priority authority formula (Fairfax 30.4%, San Anselmo 52.90%, and Sleepy Hollow Fire Protection District 16.7%) and has no net impact to the overall revenue budget.

If the Board approves the attached Resolution, new invoices will be issued from Finance to each agency for a new contribution amount effective February 1st for the remainder of the fiscal year.

Third Amendment: Personnel Transitions

As outlined in the Third Amendment, the Authority's annual operating costs are being reduced through the removal of one engine from the vehicle replacement schedule and the reclassification of three (3) Captain positions and three (3) Engineer positions to six (6) Firefighter/Paramedic positions. The cost savings from these personnel changes are determined at the time of each transition, based on the differential in salary and fully burdened benefit costs between the affected classifications.

The adopted FY 2025-2026 budget included \$332,186 in savings from the implementation of five (5) of the six (6) planned personnel transitions, along with the removal of one fire engine from the vehicle replacement schedule. These savings were calculated based on the terms outlined in the successor Memorandum of Understanding (MOU) with the Firefighters Association, effective July 1, 2025.

As of January 1, 2026, the Department completed the sixth and final personnel transition by filling the Battalion Chief 40-hour position and filling a Battalion Chief and Captain position via promotion, which created the third Firefighter/Paramedic position. This final transition generates \$46,076.76 in additional savings, bringing the total savings from all transitions to \$378,262.88.

Expenses

Proposed expense adjustments total \$89,327, driven by:

- **Cal OES Out of County Overtime Costs:** \$89,327 representing costs associated with personnel overtime for the Department's responses to wildfires throughout California.

Note: The Department receives reimbursement not only for personnel overtime costs but also for equipment, support vehicles, and an administrative surcharge. The \$114,773 in reimbursement revenue exceeds the \$89,327 in personnel overtime expenses due to these additional reimbursable components, resulting in a small net gain to the Department.

Ending Fund Balance

The estimated ending fund balance for all funds is \$4,299,009, reflecting an increase of \$225,608 from the prior year. The increase consists of \$74,945 from operating funds and \$150,663 in the vehicle replacement fund. In FY 2025-2026, the Department anticipates contributing more funds to the vehicle replacement fund than we expect to expend, increasing the reserves for future needs.

Ross Valley Fire Department Five-Year Financial Forecast

In addition, the Department also developed a five-year financial forecast (Attachment 3) for operating during the budget process. The goal is to provide perspective and analysis of what will happen if current financial decisions and operational practices continue into the future. The financial forecast illustrates the impacts on each of its member agencies and will help the Board and member agencies understand their ability to fund the current level of service. Member contributions are presented in the same format as the budget, with separate line items for base contribution, vehicle replacement, prior authority unfunded liability, and prior authority retiree health. This differs from the 20-year retrospective analysis, which consolidated all contribution amounts into a single line item.

Note: These forecasts were prepared using the preliminary estimated funding formula that incorporates all the Third Amendment savings for the Town of Ross. Those percentages are Fairfax 24.51%, Ross 20.22%, Sleepy Hollow 13.27%, and San Anselmo 42.01%. For reference, the current funding formula is Fairfax 23.30%, Ross 23.37%, Sleepy Hollow 12.80%, and San Anselmo 40.53%.

CONCLUSION:

Approval of Resolution 26-01 will align the FY 2025-2026 Operating Budget with updated revenue and expenditure projections, ensuring fiscal transparency and accountability.

FISCAL IMPACT:

The proposed revisions result in a \$164,272 increase in revenue and an \$89,327 increase in expenses, for a net fund balance increase of \$74,945. The Fire Board approved Resolution 23-10 at the June 14, 2023, Board meeting, establishing a minimum target reserve policy of 10%. With the line-item adjustments proposed above, the ending estimate for the unassigned fund balance would be \$3.07M or 19.80%. The revised budget target minimum reserve balance is \$1.541M.

ATTACHMENTS:

1. Attachment #1 - Resolution 26-01: A Resolution of the Ross Valley Fire Department Board of Directors Adopting the Proposed Line-Item Budget Revisions for FY 2025-2026
2. Attachment #2 - Exhibit A - FY 2025-2026 Budget Document with Proposed Line-Item Adjustments
3. Attachment #3 - Ross Valley Fire Department Five-Year Financial Forecast