

**ROSS VALLEY FIRE DEPARTMENT  
STAFF REPORT**

For the Meeting of May 13, 2026

To: Board of Directors

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

Subject: Amended Fiscal Year 2025-2026 Budget, Fiscal Year 2026-2027 Proposed Budget, and Five-Year Financial Forecast

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**RECOMMENDATIONS:**

1. Staff recommends that the Board consider approving Resolution 26-03, adopting the proposed line-item budget revisions for the Fiscal Year 2025-2026 Operating Budget.
2. Staff recommends that the Board review and consider the proposed Fiscal Year 2026-2027 budget and five-year financial forecast and provide recommendations to staff. Any recommended changes by the Board will be incorporated into the final budget that will be submitted for approval at the June meeting.

**DISCUSSION:**

**1. FISCAL YEAR 2025-2026 BUDGET REVISION**

**Third Amendment - Revised Personnel Transition Savings Calculation**

As outlined in the Joint Powers Agreement Third Amendment Section 24.5 (Attachment 1), the Department completed the sixth and final personnel transition as of January 1, 2026, by filling the Battalion Chief 40-hour position and filling a Battalion Chief and Captain position through promotion, which created the third Firefighter/Paramedic position. The mid-year budget revisions (Attachment 2) reflected \$46,076.76 in additional savings from this final transition, bringing the cumulative total savings from all six transitions to \$378,262.88.

Since the preparation of the mid-year budget revision, staff has identified two factors based on the Department's job offer to one candidate and a conditional job offer to the other that will require an adjustment to the final savings calculation for the six personnel transitions:

- **Lateral Hire — Step B Placement:** One of the two new Firefighter/Paramedic positions was filled by a lateral hire with placement at Step B of the Firefighter/Paramedic salary schedule rather than Step A, as originally estimated. Because Step B carries a higher base

salary than Step A, the net savings realized from this transition are reduced compared to the initial projection. The revised savings attributable to this position decreased by \$7,481.40 due to the placement at Step B.

- **Education Incentive — 5% (vs. 2.5% Estimated):** The second Firefighter/Paramedic position is being filled by an individual currently enrolled in Paramedic school who will complete certification prior to the end of the fiscal year. This employee will qualify for the 5% education incentive, rather than the 2.5% incentive used in the original savings estimate. This difference in pay further reduces the net savings from this transition. The revised savings attributable to this position decreased \$3,452.96 due to the update in education pay.

Taken together, these two adjustments reduce the total savings from the personnel transitions by \$10,934.37, and reduce the cumulative total savings to \$367,328.52. Staff would like to issue an update to the June invoice to account for these updates in fiscal year 2025-2026. The adjusted savings will continue to be allocated to the other JPA members under the Prior Authority formula (Fairfax 30.4%, San Anselmo 52.90%, and Sleepy Hollow Fire Protection District 16.7%), with no net impact to the overall revenue budget. The revised contribution adjustments by agency are as follows:

- Town of Ross +\$10,934.37
- Town of Fairfax -\$3,324.05
- Town of San Anselmo -\$5,784.28
- Sleepy Hollow Fire Protection District -\$1,826.04

Staff has prepared Resolution 26-03 (Attachment 3) for Board approval, adopting the proposed budget revisions for Fiscal Year 2025-2026. Exhibit A to the Resolution provides the revised line-item budget detail.

If the Board approves the revised budget, staff will send out new revised invoices for the month of June to the member agencies.

## 2. FISCAL YEAR 2026-2027 PROPOSED BUDGET

The Ross Valley Fire Department Joint Powers Agreement (JPA) requires that, no later than June 1st of each year, the Executive Officer and Fire Chief present a recommended budget to the Board for the upcoming fiscal year. The Board must adopt a final budget no later than June 15th. The proposed budget has been discussed with the Management team.

This year's budget document includes summary pages for the General Fund and all other funds (Attachment 4). The summary provides an overview of projected revenues and expenditures, along with beginning and ending fund balances.

The FY 2026-2027 budget was prepared by staff using revenue and expense projections for the next fiscal year. The total proposed General Fund operating budget for FY 2026-2027 is

\$16,206,026, which includes \$15,806,463 for the General Fund and a contribution of \$399,563 for the Vehicle Replacement Fund. The Operating Budget is funded by member contributions based on the current cost-sharing percentages as follows:

**Prior Authority:**

Town of San Anselmo	52.90%
Town of Fairfax	30.40%
Sleepy Hollow Fire Protection District	16.70%

**Expanded Authority:**

Town of San Anselmo	40.53%
Town of Fairfax	23.30%
Town of Ross	23.37%
Sleepy Hollow Fire Protection District	12.80%

This proposed budget continues the cost savings of the Third Amendment into Fiscal Year 2026-2027; however, those savings will not be finalized until the sixth and final Firefighter/Paramedic has officially started. This hire is anticipated in late June or early July 2026.

The timing of this hire will have a direct impact on the Third Amendment savings for the Town of Ross: if the final Firefighter/Paramedic starts after July 1, 2026, the position will be placed on the FY 2026-2027 salary schedule, which reduces the differential between the already-promoted Engineer position and this final Firefighter/Paramedic, thereby reducing the net savings. The proposed budget has been built using the current Expanded Authority funding formula, incorporating the Third Amendment savings. Once the final Firefighter/Paramedic has started, the Department will be able to calculate the precise impact on the budget and will bring forth a staff report with the revised funding formula per the Third Amendment of the JPA. That revised formula will require a Fourth Amendment to the JPA, which will need to be approved by each member agency. Once the Fourth Amendment is executed, staff will return to the Board with a revised FY 2026-2027 budget reflecting the final, confirmed figures.

With the completion of all six personnel transitions under the Third Amendment as of January 1, 2026, the FY 2026-2027 budget reflects the full realized savings from those transitions. These savings result from the reclassification of three (3) Captain positions and three (3) Engineer positions to six (6) Firefighter/Paramedic positions, as well as the removal of one fire engine from the vehicle replacement schedule.

The Operating Budget is funded by member contributions of \$3,732,112 from Fairfax, \$2,671,775 from Ross, \$6,490,850 from San Anselmo, and \$2,049,359 from Sleepy Hollow. Outside revenues are estimated at \$1,261,930.

**Vehicle Replacement Fund:** The proposed vehicle replacement contribution from the member agencies is \$399,563. There are no new acquisitions planned in FY 2026-2027; however, there is the fifth and final installment of loan repayment of \$169,117 to PNC Equipment Lease for the 2022 Pierce Enforcer 1500 GPM Pumper.

Total General Fund expenses have increased by \$793,773 from the Adopted FY 2025-2026 budget, a 5.15% increase. The following items have contributed to the increase, including:

### **Items impacting the Budget approved by the Board**

- Salary and benefit increases effective July 1, 2026, including the Memorandum of Understanding (MOU) with the Firefighters Association and Fire Chief Officers Association, the Fire Chief contract, and resolutions for unrepresented employees. The following adjustments were established to bring Department positions to median among Marin County comparators:
  - **Fire Chief, Battalion Chiefs, and Unrepresented Employees:** 4.0% cost of living adjustment.
  - **Captains:** 6.0% increase consisting of a 3.5% cost of living adjustment plus a 2.5% equity adjustment.
  - **Engineers and Firefighter/Paramedics:** 6.5% increase consisting of a 3.5% cost of living adjustment plus a 3.0% equity adjustment.

### **Items impacting the Budget outside the control of the Department**

- Marin County Fire Department dispatch contract cost increased 4%.
- Increases in the Prior Authority Unfunded Liability payment to CalPERS affecting Fairfax, San Anselmo, and Sleepy Hollow Fire Protection District.
  - It is important to note that, pursuant to the JPA Agreement, the Town of Ross does not bear any responsibility for the Prior Authority's CalPERS unfunded liability. This is documented in the JPA Amendment from 2012, Section 24.3 — Ross Obligations and Limitations for Pre-Existing Financial Liabilities. As a member of the Expanded Authority only, Ross's pension obligations are calculated solely on the Expanded Authority formula.
- Estimated 7% increase in health insurance premiums.
- Estimated 4% increase in liability insurance coverage premium.
- Workers' Compensation contribution to Fire Risk Management Services (FRMS) is decreasing \$330,331 from FY25-26 budget. The Department's FY26-27 normal contribution was calculated to be \$507,643; however, FRMS completed a true-up calculation for fiscal year 2024-2025 that resulted in a \$207,066 refund to the Department. This refund was due to the difference between budgeted payroll and actual payroll. The refund was applied to the FY 2026-2027 contribution, bringing it down to \$300,577.

## Items impacting the Budget in the control of the Department

- Operational Services and Supplies (for example, Health and Wellness, Protective Clothing, Training, and Communications Equipment) increased 3%, or \$63,391.

During the budget development, in consideration of the increased expenses, staff and management have made considerable efforts to limit cost increases for FY2026-2027.

In reviewing the FY 2026-2027 budget detail, the Board may notice large variances in certain line-item accounts. These variances are the result of account consolidations made to simplify coding of invoices for staff and to eliminate duplicate accounts with overlapping purposes. The following accounts were combined in the budget: a portion of MERA Operating Expense was consolidated with Other Contract Services; Exercise Equipment was consolidated with Health and Wellness; Turnouts was consolidated with Protective Clothing; and a portion of MERA Operating Expense was consolidated with Communications Equipment.

## FIVE-YEAR FINANCIAL FORECAST:

In addition, the Department also developed a five-year financial forecast (Attachment 5) 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 services and determine if it is likely to be sustainable.

The following assumptions and known cost drivers are reflected in the five-year forecast:

- **Longevity Pay — Effective July 1, 2027:** As established in the Firefighters Association Memorandum of Understanding, longevity pay begins July 1, 2027. Employees with six (6) or more years of service will receive a 2% longevity pay supplement, and employees with twelve (12) or more years of service will receive a 4% longevity pay supplement. The forecast incorporates these additional compensation costs beginning in FY 2027-2028.
- **Workers Compensation Coverage Contribution — FY 2026-2027 Refund Applied:** The Department received a \$207,066 refund on its contribution to FRMS, representing the difference between budgeted and actual payroll for fiscal year 2024-2025. That refund was applied as a credit against the FY 2026-2027 contribution. Without the refund, the Department's FMRS contribution for FY 2026-2027 would have been approximately \$500,000. For purposes of the five-year forecast, contributions are assumed to return to actual, unrefunded levels in subsequent years. The Board should be aware that the favorable FY 2026-2027 contribution figure is a one-time occurrence and does not reflect the ongoing cost trend.
- **Memorandum of Understandings:** The MOUs for the Chief Officers Association and Firefighters Association, effective July 1, 2025, expire on June 30, 2028. This is the same

with the resolutions for unrepresented employees. There are estimates built into the five-year forecast, but the actual results will be dependent on negotiations.

Attachment 5 provides a detailed five-year financial forecast from FY 2027-2028 through FY 2031-2032, illustrating projected revenues, expenditures, and member contributions for each agency.

**FISCAL IMPACT:**

The total proposed General Fund operating budget for FY 2026-2027 is \$16,206,026, including \$15,806,463 for the General Fund and a fund transfer of \$399,563 for the Vehicle Replacement/ Equipment (SCBA) Fund. The Operating Budget is funded by member contributions of \$3,732,112 from Fairfax, \$2,671,775 from Ross, \$6,490,850 from San Anselmo, and \$2,049,359 from Sleepy Hollow. Outside revenues are estimated at \$1,261,930. Member contribution increases include: \$168,521 for Fairfax, \$124,285 for Ross, \$291,611 for San Anselmo, and \$91,687 for Sleepy Hollow.

The estimated total beginning fund balance for FY 2026-2027 is \$4,073,401, of which \$716,833 is Vehicle Replacement, \$3,069,747 is Unassigned, \$55,044 is non-spendable, \$232,261 is Compensated Absences, \$105,124 is Technology, and \$120,000 is Equipment (SCBA) Fund.

Estimated ending fund balance is \$4,303,846 of which \$947,279 is Vehicle Replacement, \$2,844,138 is Unassigned, \$55,044 is non-spendable, \$232,261 is Compensated Absences, \$105,124 is Technology, and \$120,000 is Equipment (SCBA) Fund.

**ATTACHMENTS:**

- Attachment 1 – Joint Powers Agreement Third Amendment
- Attachment 2 – Staff Report FY 2025-26 Mid-Year Budget Revisions
- Attachment 3 – Resolution 26-03 & Exhibit A
- Attachment 4 – FY 2026-27 Proposed Budget
- Attachment 5 – Five-Year Financial Forecast