

MONTECITO FIRE PROTECTION DISTRICT

Agenda for the Regular Meeting of the Board of Directors

Montecito Fire Protection District Headquarters
595 San Ysidro Road
Santa Barbara, California

March 23, 2026 at 2:00 p.m.

Agenda items may be taken out of the order shown.

1. Public comment: Any person may address the Board at this time on any non-agenda topic that is within the subject matter jurisdiction of the Montecito Fire Protection District. (30 minutes total time allotted for this discussion.)
2. Candidate Interviews for Appointment of New Director.
 - a. Daniel Cerf
 - b. Chris Albertson
 - c. Jason Copus
 - d. Jenelle Williams
3. Appointment of the New Director.
4. Administer the Oath of Office to the New Director.
5. Appointment of Finance Committee member for the remainder of 2026. (Strategic Plan Goal 8)
 - a. Staff report presented by Fire Chief Neels.
6. Receive a presentation from Jeff Small of Capitol PFG regarding the District's pension and OPEB funding strategy; consider approval of a \$7 million discretionary payment to CalPERS, consisting of \$3.5 million from the General Fund and \$3.5 million from the District's PARS Pension Trust; and consider approval of the recommended OPEB funding plan. (Strategic Plan Goal 8)
 - a. Staff report presented by Fire Chief Neels.
7. Presentation regarding Long-Term Financial Outlook. (Strategic Plan Goal 8)
 - a. Staff report presented by Finance and Administrative Manager Nahas.
8. Consider the request from a Board member to attend the 2026 California Special Districts Association Leadership Academy Conference. (Strategic Plan Goal 8)
 - a. Staff report presented by Fire Chief Neels.

9. Approval of Minutes of the February 23, 2026 Regular Meeting.
10. Fire Chief's report.
11. Board of Director's report.
12. Suggestions from Directors for items other than regular agenda items to be included for the April 27, 2026 Regular Board meeting.
13. CLOSED SESSION:
 - a. CONFERENCE WITH LABOR NEGOTIATORS (Government Code section 54957.6)
Agency designated representatives: Director Lee and Director Pennino
Unrepresented employee: Fire Chief
14. That the Board appoint Brian Fallon as the Fire Chief and that the Board approve and authorize the Board President to execute the Fire Chief Employment Agreement between the Montecito Fire Protection District and Brian Fallon. (Strategic Plan Goals 1-8)
 - a. Staff report presented by Fire Chief Neels.

Adjournment

This agenda posted pursuant to the provisions of the Government Code commencing at Section 54950. The date of the posting is March 20, 2026.



David Neels, Fire Chief

Note: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District office at 969-7762. Notification at least 48 hours prior to the meeting will enable the District to make reasonable arrangements.


Materials related to an item on this agenda submitted to the Board of Directors after distribution of the agenda packet are available for public inspection in the Montecito Fire Protection District's office located at 595 San Ysidro Road during normal business hours.

Agenda

Item #2



STAFF REPORT

To: Montecito Fire Protection District Board of Directors
From: David Neels, Fire Chief 
Date: March 23, 2026
Topic: Board Director Appointment

Summary

Appoint a new Board Director to fill the vacancy through December 4, 2026.

Discussion

Director Dougherty's vacancy became effective on February 28, 2026. The District informed the Santa Barbara County Elections Office of the vacancy and posted the Notice of Vacancy at both fire stations, in various locations throughout the community, and published it in the *Montecito Journal* and the *Santa Barbara Independent*. An appointed Director must be a resident of the Montecito Fire Protection District and a registered voter within the district. Each applicant must state for the record that they are both a resident and registered voter of the Montecito Fire Protection District.

The Board will conduct an interview with the following candidates:

- a. Daniel Cerf
- b. Chris Albertson
- c. Jason Copus
- d. Jenelle Williams

Conclusion

Staff recommends that the Board of Directors:

1. Appoint a new Board Director to serve until the next election.
2. Administer the Oath of Office to the New Director.

Strategic Plan Reference


1. Strategic Plan Goal #3: Achieve Excellence in Community Service

Agenda

Item #5



STAFF REPORT

To: Board of Directors
From: David Neels, Fire Chief 
Date: March 23, 2026
Topic: Appointment of Finance Committee

Summary

The Fire District has one Standing Committee: the Finance Committee. The Board appoints these committee members at the December Board of Directors meeting. Due to Director Dougherty's vacancy, the Board will need to appoint a new member to the Finance Committee to fill the open position.

Discussion

The Finance Committee was established in 2013 by Resolution 2013-01. The purpose of the committee is to review the financial operations of the District, including all anticipated financial plans and to report the Committee's findings and recommendations to the District's Board of Directors.

Finance Committee members serve a one-year term and are appointed by the full Board of Directors every December. All financial reports and plans are ultimately approved by the full Board of Directors.

Conclusion

Staff recommends that the Board appoint one member to the Finance Committee to fill the vacancy left by Director Dougherty.

Strategic Plan Reference



1. Strategic Plan Goal #8, Ensure financial accountability and transparency.

Agenda

Item #6



STAFF REPORT

To: Montecito Fire Protection District Board of Directors
From: David Neels, Fire Chief 
Prepared by: Araceli Nahas, Finance and Administrative Manager 
Date: March 23, 2026
Topic: 3-Year Pension and OPEB Funding Plan

Summary

In January of 2026, the District engaged Capitol PFG to evaluate the District's pension and Other Post-Employment Benefits (OPEB) liabilities and to develop a prioritized funding strategy for allocating available District resources over the next three fiscal years.

Discussion

The District carries long-term obligations related to employee pension benefits and retiree health benefits. These liabilities represent a significant component of the District's overall financial position and directly impact long-term budget flexibility. As part of its financial policies, the District has prioritized improving funded ratios, reducing long-term liabilities, and actively prefunding these obligations through its PARS Pension and OPEB Section 115 Trusts.

Since the January Board meeting, Staff worked closely with Mr. Small and the District's assigned CalPERS actuary to evaluate funding strategies, including the timing, funding sources, and projected impacts. Mr. Small will be present at the Board meeting to provide additional analysis and present the following recommendations:

Recommendation 1: CalPERS Pension Additional Discretionary Payment (ADP)

Approve a \$7 million Additional Discretionary Payment toward the District's Unfunded Accrued Liability (UAL) for the Safety Plan in Fiscal Year 2025-26, funded as follows:

- \$3.5 million from the General Fund, previously approved by the Board in the adopted budget
- \$3.5 million from the PARS Section 115 Pension Trust, to be transferred directly to CalPERS

This discretionary contribution is projected to improve the District's pension funded status to approximately 95% as of June 30, 2026.

Recommendation 2: OPEB Funding Strategy

Approve an OPEB funding strategy of \$1.5 million annually for three years, beginning in Fiscal Year 2026–27.

This funding plan could potentially liquidate the OPEB liability over the next three years. OPEB actuarial valuations are updated biennially, and the June 30, 2026, valuation report is expected to be issued in approximately September 2026. At that time, Staff will return to the Board with updated recommendations based on the new valuation report.

Conclusion

These recommendations represent a strategic use of available resources to strengthen the District's long-term financial position. By reducing pension and OPEB liabilities, the District will recognize immediate savings, lower future costs, improve funded ratios, and enhance long-term fiscal sustainability.

Staff recommends that the Board accept the two recommendations as presented.

Attachments

1. Strategic Guidance: 3-Year Pension and OPEB Funding Plan Presentation dated March 23, 2026

Strategic Plan Reference

Strategic Plan Goal #8: Ensure Financial Accountability & Transparency



Capitol | PFG

Strategic Guidance: 3 - Year Pension & OPEB Funding Plan

March 23, 2026



Objective

- ▶ Establish a sustainable and cost effective, 3-year strategic plan for Pension and OPEB Funding.
 - ▶ 1/26/26 Focus
 - ▶ CalPERS funding status and additional discretionary payments (ADP).
 - ▶ Additional OPEB contributions after CalPERS reaches targeted funding status.
 - ▶ Firefighter Housing Initiative.
 - ▶ Today's Focus
 - ▶ CalPERS Safety plan ADP.
 - ▶ OPEB contribution strategy.

Background on CalPERS

- ▶ MFPD is part of the CalPERS Pool:
 - ▶ Pool invests assets and shares investment gains/losses.
- ▶ MFPD Unfunded Actuarial Liability (UAL) is tracked separately from the Pool:
 - ▶ Additional payments are applied directly to MFPD UAL amortization bases.
- ▶ Additional Discretionary Payments (ADP):
 - ▶ Increase our share of assets.
 - ▶ Reduce our UAL and long-term cost.

CalPERS Performance

- ▶ CalPERS reported investment performance:
 - ▶ FY 2023-24 final return: 12.1% (vs 6.8% assumed).
 - ▶ As of Jan 31, 2025: ~9% year-to-date (above 6.8% assumed).
- ▶ Safety plan:
 - ▶ Unfunded Accrued Liability (UAL): ~\$22M.
- ▶ Miscellaneous plan:
 - ▶ UAL: ~\$1.6M (small relative to Safety).
- ▶ Projection without new ADP:
 - ▶ Safety plan funded status ~90% by June 30, 2026.

Scenario Modeling: Key Assumptions

- ▶ CalPERS Pension Outlook Tool assumptions:
 - ▶ Discount rate: 6.8%.
 - ▶ Payroll growth: 3.0% (experience study).
 - ▶ Inflation: 2.5%.
- ▶ Modeling reflects:
 - ▶ Recent strong returns (12.1% and ~9%).
 - ▶ Updated demographic/experience study impacts.

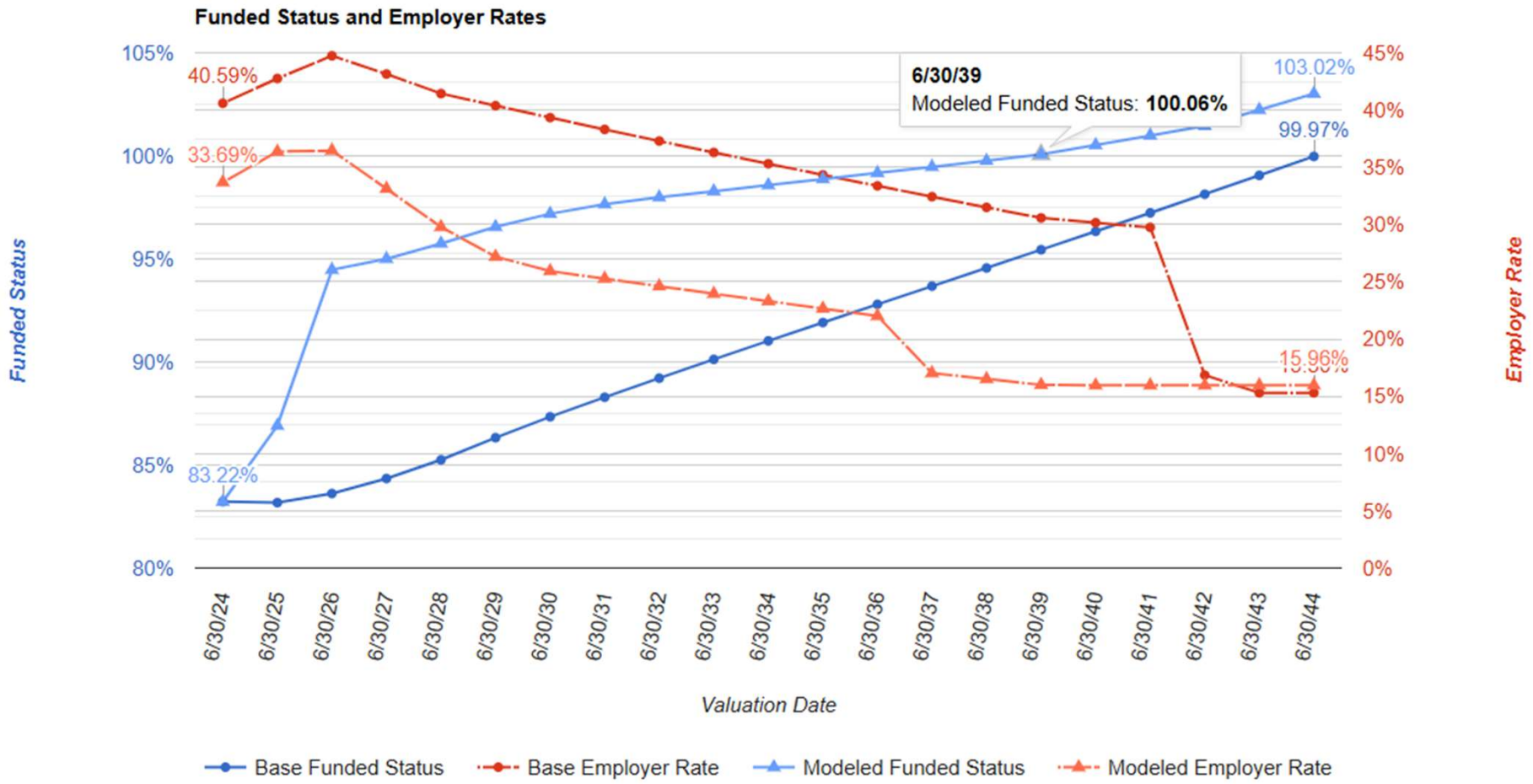
CalPERS Modeled Scenarios

- ▶ Baseline (no ADP):
 - ▶ Funded ratio: ~90% by June 30, 2026.
- ▶ \$8M ADP:
 - ▶ Funded ratio: ~95% by June 30, 2026.
 - ▶ Potential to reach ~105% in 2039.
- ▶ \$16M ADP (not feasible today):
 - ▶ Approaches 100% funding but exceeds our available resources.
- ▶ \$7M ADP (recommended):
 - ▶ Funded ratio: ~94.5% by June 30, 2026.
 - ▶ Potential to reach ~100% in 2039.

Recommendation - \$7M ADP for Safety Only

- ▶ \$7M ADP:
 - ▶ Achieves nearly the same long-term funding as \$8M.
 - ▶ Mitigates risk of becoming significantly overfunded.
 - ▶ Preserves flexibility: Leaves ~\$6.5M in PARS 115 trust.
- ▶ Safety-only:
 - ▶ Safety UAL (~\$22M) is the major long-term risk.
 - ▶ Miscellaneous UAL (~\$1.6M) is manageable via regular contributions.
 - ▶ Concentrating resources maximizes impact.

CalPERS Model - Effect of \$7 million ADP



How the \$7M Will Be Applied (Amortization Bases)

- ▶ CalPERS recommended sequence:
 - ▶ Investment gain/loss base with longest remaining amortization.
 - ▶ Pay off bases with 20- and 19-year periods.
 - ▶ Pay down base with 18-year period.
- ▶ Goal:
 - ▶ Target long, cost-heavy bases first.
 - ▶ Eliminate smaller, near-term bases that drive annual payment peaks.

Applying \$7 Million to CalPERS Bases

Current Montecito CalPERS FPD Safety Risk Pool Bases								
Reason for Base	Established	Amort. Period (Years)	Balance 6/30/24	Expected Payment 2024-25	Balance 6/30/25	Expected Payment 2025-26	Balance 6/30/26	Expected Payment 2026-27
Fresh Start	6/30/21	2	\$6,231	\$1,772	\$4,823	\$1,772	\$3,320	\$1,772
Investment (Gain)/Loss	6/30/22	18	\$379,183	\$8,150	\$396,545	\$16,301	\$406,664	\$24,451
Non-Investment (Gain)/Loss	6/30/22	18	\$1,954,480	\$175,754	\$1,905,753	\$175,754	\$1,853,713	\$175,754
Partial Fresh Start	6/30/22	18	\$16,204,443	\$363,361	\$16,930,833	\$695,980	\$17,362,875	\$1,043,969
AL Significant Increase	6/30/23	19	\$1,838,142	\$0	\$1,963,136	\$176,532	\$1,914,194	\$176,532
Investment (Gain)/Loss	6/30/23	19	\$712,639	\$0	\$761,098	\$16,360	\$795,946	\$32,719
Non-Investment (Gain)/Loss	6/30/23	19	\$1,733,141	\$0	\$1,850,995	\$166,448	\$1,804,848	\$166,448
Investment (Gain)/Loss	6/30/24	20	(\$2,666,456)	\$0	(\$2,847,775)	\$0	(\$3,041,424)	(\$65,374)
Non-Investment (Gain)/Loss	6/30/24	20	\$1,402,678	\$0	\$1,498,060	\$0	\$1,599,928	\$143,871
Total			\$21,564,481	\$549,037	\$22,463,468	\$1,249,147	\$22,700,064	\$1,700,142

CalPERS Bases Paid Off/Paid Down

Post ADP Montecito CalPERS FPD Safety Risk Pool Bases								
Reason for Base	Established	Amort. Period (Years)	Balance 6/30/24	Expected Payment 2024-25	Balance 6/30/25	Expected Payment 2025-26	Balance 6/30/26	Expected Payment 2026-27
Fresh Start	6/30/21	2	\$6,231	\$1,772	\$4,823	\$1,772	\$3,320	\$1,772
Investment (Gain)/Loss	6/30/22	18	\$379,183	\$8,150	\$396,545	\$16,301	\$406,664	\$24,451
Non-Investment (Gain)/Loss	6/30/22	18	\$1,954,480	\$175,754	\$1,905,753	\$175,754	\$852,949	\$80,870
Partial Fresh Start	6/30/22	18	\$16,204,443	\$363,361	\$16,930,833	\$695,980	\$17,362,875	\$1,043,969
AL Significant Increase	6/30/23	19	\$1,838,142	\$0	\$1,963,136	\$176,532	\$0	\$0
Investment (Gain)/Loss	6/30/23	19	\$712,639	\$0	\$761,098	\$16,360	\$0	\$0
Non-Investment (Gain)/Loss	6/30/23	19	\$1,733,141	\$0	\$1,850,995	\$166,448	\$0	\$0
Investment (Gain)/Loss	6/30/24	20	(\$2,666,456)	\$0	(\$2,847,775)	\$0	(\$3,041,424)	(\$65,374)
Non-Investment (Gain)/Loss	6/30/24	20	\$1,402,678	\$0	\$1,498,060	\$0	\$0	\$0
Total			\$21,564,481	\$549,037	\$22,463,468	\$1,249,147	\$15,584,384	\$1,085,688

Impact on Annual UAL Payments

- ▶ Current (scheduled) FY 2026-27 UAL payment:
 - ▶ Approximately \$1.7 million.
- ▶ After \$7 million ADP:
 - ▶ \$604k base payments eliminated.
 - ▶ Overall UAL payment drops (exact amount to be confirmed by CalPERS letter).
- ▶ Board options:
 - ▶ Option A: Reduce FY 2026-27 UAL payment (immediate operating relief).
 - ▶ Option B: Keep payment near \$1.7 million and accelerate payoff.

Funding Sources for the \$7M ADP

- ▶ \$3.5M - Current-Year Budget:
 - ▶ Already authorized as part of this fiscal year's budget.
- ▶ \$3.5M - Section 115 Pension Trust:
 - ▶ Requires Board authorization to draw from PARS.

Timing and Deadlines

- ▶ March 31 Target Date:
 - ▶ Payments received by March 31 are expected to be reflected in the June 30, 2025, valuation report, which is distributed in July 2026.
 - ▶ Later payments still count, but may appear via an adjustment letter rather than the next valuation report.

Confirmation with CalPERS

- ▶ CalPERS will provide:
 - ▶ ADP letter showing:
 - ▶ Allocation by base.
 - ▶ UAL before/after.
 - ▶ UAL payment schedule before/after.
 - ▶ ADP Letter does not obligate the District to send funds.

Current OPEB Position

- ▶ As of June 30, 2024 OPEB valuation:
 - ▶ Total OPEB liability: ~18,762,145
 - ▶ PARS OPEB assets: ~\$13,994,609
 - ▶ Net OPEB Liability: ~\$4,767,536
 - ▶ Funded Ratio: ~74.6%

OPEB Strategy

- ▶ 2025-26:
 - ▶ Focus on Pension.
 - ▶ Larger UAL and more immediate budget impact.
 - ▶ No additional discretionary OPEB contributions.
- ▶ 2026-27:
 - ▶ New OPEB valuation report
 - ▶ Major liability drivers (new retirements) will be captured.
 - ▶ Adjust contributions after updated liability is known.
 - ▶ Potential to liquidate OPEB liability over the next 3 years.

Risk and Benefit Summary

- ▶ Benefits of \$7M Safety ADP:
 - ▶ Reduces long-term cost on ~\$22M UAL.
 - ▶ Moves funded ratio toward 95-100% range over time.
 - ▶ Lowers future UAL payments; improves budget flexibility.
 - ▶ Preserves \$6.5M+ in Section 115 for future needs.
- ▶ Key risks:
 - ▶ Market volatility (returns below 6.8%).
 - ▶ Demographic changes (earlier retirements, longevity).
 - ▶ Economic Assumption changes (discount rate, payroll growth, inflation).
- ▶ Why this balanced approach:
 - ▶ Reduce unfunded liability.
 - ▶ Generate cost savings now.

Decisions Requested from the Board

- ▶ Confirm strategy to:
 - ▶ Focus discretionary dollars on pension this year.
 - ▶ Defer new OPEB contributions until after the June 30, 2026 OPEB valuation.
 - ▶ Direct staff to return with a 3-year OPEB plan at that time.
- ▶ Approve a \$7 million ADP to CalPERS Safety plan.
 - ▶ \$3.5M from current-year budget and \$3.5M from Section 115 trust.

Discussion/ Questions



Glossary

- ▶ **Accrued Liability (AL)** - Present value of future benefits for active and retired members.
- ▶ **Base** - A layer of debt created each year to reflect new gains, losses or changes in actuarial assumptions. Usually amortized over 20 years.
- ▶ **Discount Rate** - The actuarial expected investment rate of return.
- ▶ **UAL** - An actuarially determined unfunded cost for past services rendered. It is the difference between the AL and the market value of assets.

Thank You!

Agenda

Item #7



STAFF REPORT

To: Board of Directors
From: David Neels, Fire Chief 
Prepared by: Araceli Nahas, Finance and Administrative Manager 
Date: March 23, 2026
Topic: Long-Term Financial Outlook

Summary

The Long-Term Financial Outlook is presented to the Board to provide an overview of available funding, identify future commitments, and identify key variables that influence revenue and expenditure levels. The five-year forecast will serve as a tool for developing the District's annual budget and establishing future policies.

Discussion

The Long-Term Financial Outlook development process includes a review of revenue and expenditure trends, labor costing analysis, discussions with the Auditor-Controller's Division Chief for Property Tax Administration regarding revenue projections, meetings with pension and OPEB actuaries and the District's Municipal Advisor, and a review of future financial commitments.

The forecast is based on historical averages and/or known factors, and it does not make assumptions about changes in community service levels.

The Board has established strong financial policies, including reserves for catastrophic and economic uncertainties, which have positioned the District for long-term financial stability.

Conclusion

Staff recommends that the Board receive and file the Long-Term Financial Outlook.

Attachments

1. Long-Term Financial Outlook presentation

Strategic Plan Reference

Strategic Plan Goal #8, Ensure Financial Accountability & Transparency



MONTECITO FIRE DEPARTMENT

Long Term Financial Outlook

March 23, 2026



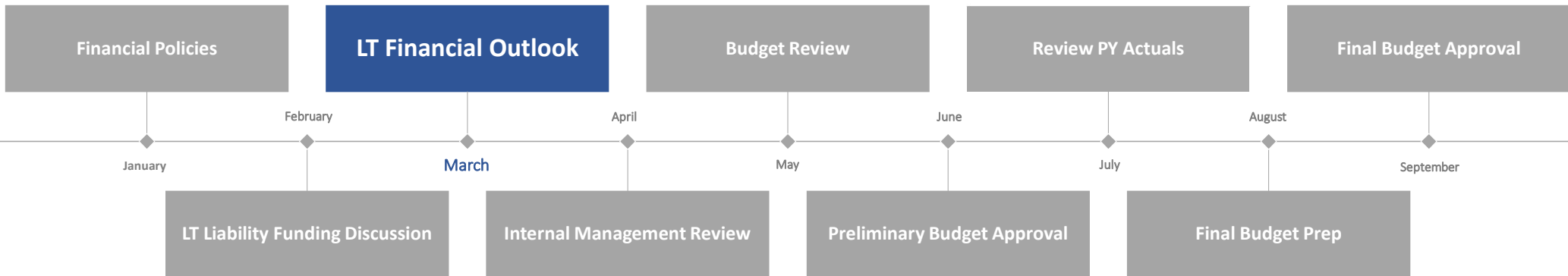


Overview

- Budget Development Calendar
- Current Financial Position
- Five-year Financial Forecast for Fiscal Years 2026-27 through 2030-31



Budget Calendar





Current Financial Position: Assets

- **General Fund**

- Reserves (Economic and Catastrophic) = \$9,185,000 (at 6/30/26)
- Residual Fund = \$3,028,000 (at 6/30/26)

- **Vehicle Replacement Fund** = \$3,394,000 (at 6/30/26)

- **Land & Building Fund** = \$5,050,000 (at 6/30/26)

- **PARS Trusts**

- OPEB = \$16.4 million (on 1/31/26)
- Pension = \$10.0 million (on 1/31/26)



Current Financial Position: Liabilities

- **Pension (estimate as of 6/30/24)**
 - UAL = \$23.2 million
 - Funded status = 83.4%
- **OPEB (estimate as of 6/30/24)**
 - UAL = \$4.77 million
 - Funded status = 74.6%
- **Pension Obligation Bond (at 6/30/25)**
 - Outstanding balance = \$3.6 million
 - Final payment in February 2028



About the Financial Forecast

- Used to establish priorities and goals during budget development
- Current budget plus five-year forecast
- Based on historical averages and/or known factors
- Assumes no significant recession



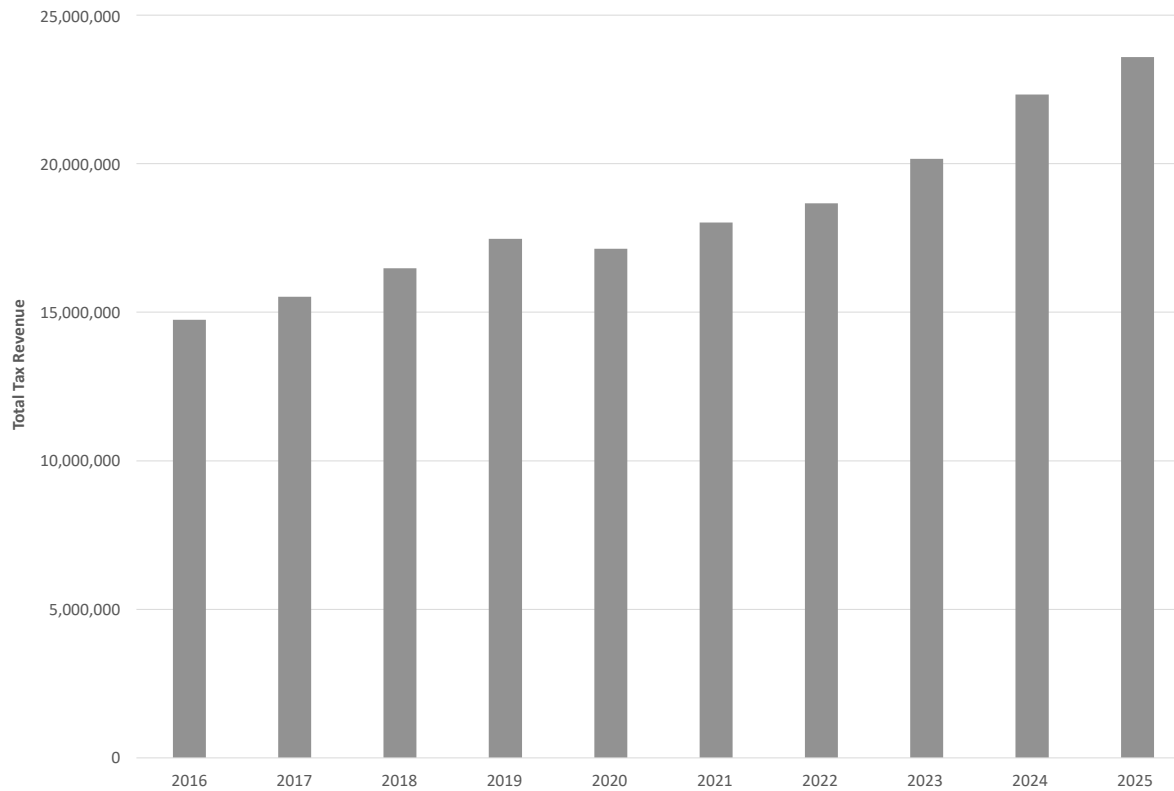
Revenue: Property Tax

- Property taxes account for 90% of the District's total revenue
- Revenue assumption for this forecast: 4.3% increase annually
- District property tax values have remained stable, even during market fluctuations and historically low

County property transfers



Revenue: Property Taxes (Last 10 Years)





Expenses

Salaries & Benefits

2.9% average annual increase

- Negotiated salaries through December 31, 2026 (mid FY27)
- Assumes the hiring of three firefighters on March 1, 2027, to fill vacancies
- Health insurance benefits expected to increase an average of 8% annually

Pension

11.6% average increase thru FY29

- Lower investment returns in FY22 & FY23 are driving increases in CalPERS contributions
- Pension expenses are projected to begin leveling off after FY29

Services & Supplies

5.0% average annual increase

- Continued cost increases across all industries
 - Personal Protective Equipment (PPE)
 - Fleet maintenance
 - Operating tools and equipment
 - Fuel and travel

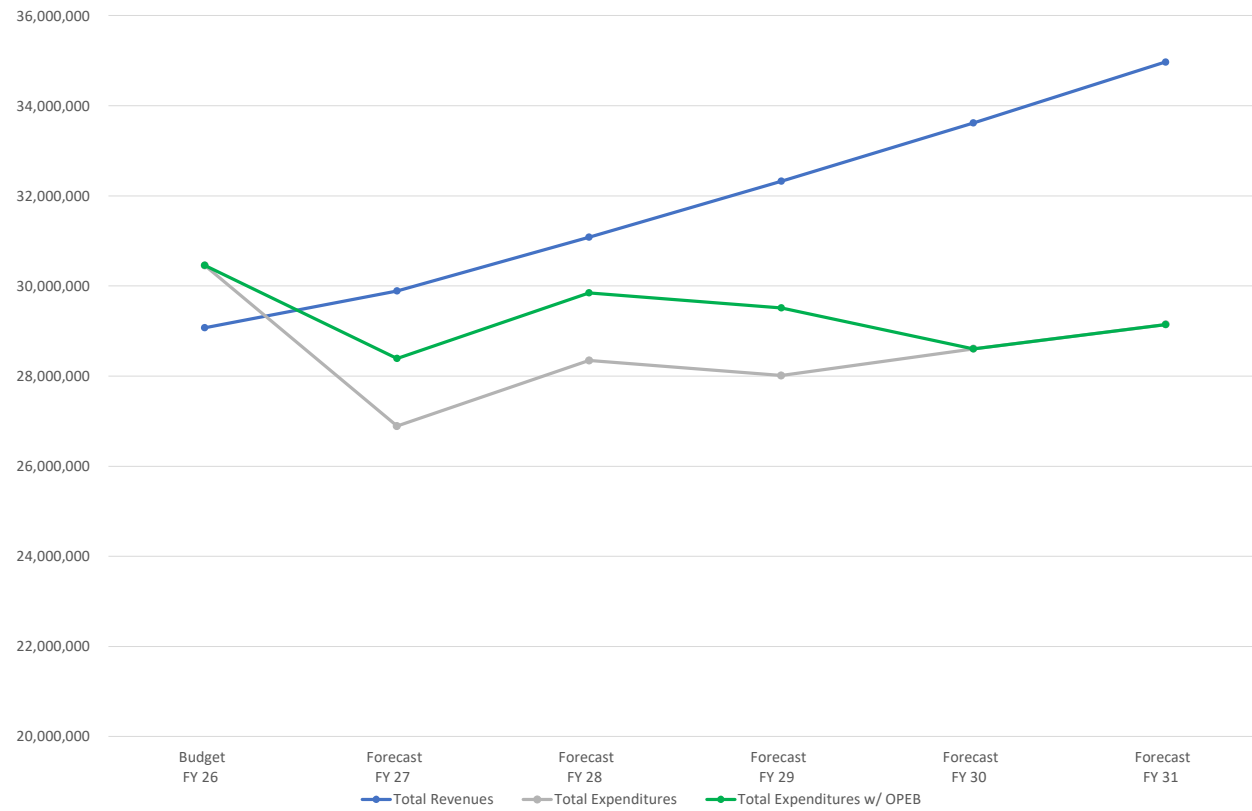


Five-year Forecast

	<u>Budget FY 26</u>	<u>Forecast FY 27</u>	<u>Forecast FY 28</u>	<u>Forecast FY 29</u>	<u>Forecast FY 30</u>	<u>Forecast FY 31</u>
Revenues						
Property/State Taxes	\$ 26,282,000	\$ 27,412,000	\$ 28,591,000	\$ 29,820,000	\$ 31,102,000	\$ 32,439,000
District Services, Interest, Donations	789,000	474,000	488,000	502,000	516,000	531,000
Fire Assignment, Disaster Recovery	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Total Revenues	29,071,000	29,886,000	31,079,000	32,322,000	33,618,000	34,970,000
Expenditures						
Employee Salaries and Benefits	24,590,000	22,104,000	23,405,000	24,163,000	24,583,000	24,941,000
Services and Supplies	3,001,000	3,151,000	3,309,000	3,474,000	3,648,000	3,830,000
Capital Assets	1,204,000	-	-	-	-	-
Pension Obligation Bond Payments	1,259,000	1,258,000	1,258,000	-	-	-
Capital Reserves Funding	400,000	375,000	375,000	375,000	375,000	375,000
Total Expenditures	30,454,000	26,888,000	28,347,000	28,012,000	28,606,000	29,146,000
Net Financial Impact (Baseline)	\$ (1,383,000)	\$2,998,000	\$2,732,000	\$4,310,000	\$5,012,000	\$5,824,000
OPEB Trust Pre-Funding (if approved)	-	(1,500,000)	(1,500,000)	(1,500,000)	-	-
Net Financial Impact (with OPEB)	\$ (1,383,000)	\$1,498,000	\$1,232,000	\$2,810,000	\$5,012,000	\$5,824,000



Revenue & Expenses Trend





Summary

- Strategic funding for pension and OPEB liabilities over the next three years will increase funding levels to an estimated 95-100%.
- Overall, the District has established a solid financial foundation, with reserves fully funded, and a positive long-term outlook.



Recommended Board Action


- Receive and file the Long-Term Financial Outlook for Fiscal Years 2027 through 2031

Agenda

Item #8



STAFF REPORT

To: Montecito Fire Protection District Board of Directors
From: David Neels, Fire Chief 
Date: March 23, 2026
Topic: CSDA Special District Leadership Academy

Summary

Director Pennino is requesting approval from the Board to attend the California Special District Association (CSDA) Leadership Academy, held in San Diego from May 11 to May 14, 2026.

Information

CSDA's Special District Leadership Academy offers curriculum-based training built around the essential partnership between board members and general managers. Designed for both new and seasoned board members, the curriculum equips attendees with the knowledge and skills necessary to lead effectively and uphold vital governance responsibilities. This conference fosters collaborative leadership and sets a strong foundation for achieving shared goals within our special district.

Attendees will complete all four modules of the Special District Leadership Academy:

- Governance Foundations
- Charting the Course/Setting Direction
- Board's Role in Finance and Fiscal Accountability
- Board's Role in Human Resources

The approximate cost for attendance, registration, hotel, transportation, meals, and Director compensation is \$2,500.

Attendance to this conference qualifies the District for one credit incentive point in the Special Districts Risk Management Authority (SDRMA) Workers' Compensation Credit Incentive Program, equivalent to approximately \$8,000 in credit for the district.

Conclusion

Consider approval for Director Pennino to attend the CSDA's Special District Leadership Academy.

Strategic Plan Reference

1. Strategic Plan Goal #8: Ensure financial accountability and transparency

Agenda

Item #9

MONTECITO FIRE PROTECTION DISTRICT

Minutes for the Regular Meeting of the Board of Directors

Held at Montecito Fire Protection District, 595 San Ysidro Road, Santa Barbara, CA 93108 on February 23, 2026 at 2:00 p.m.

Director van Duinwyk called the meeting to order at 2:00 p.m.

Present: Director van Duinwyk, Director Lee, Director Easton, Director Dougherty, Director Pennino. Chief Neels and District Counsel Mark Manion were also present.

- 1. Public comment: Any person may address the Board at this time on any non-agenda matter that is within the subject matter jurisdiction of the Montecito Fire Protection District. (30 minutes total time allotted for this discussion.)**

There were no public comments at this meeting.

- 2. Receive a presentation from Joanne Berry of Fechter & Company regarding the Annual Financial Report for Fiscal Year Ended June 30, 2025. (Strategic Plan Goal 8)**

Joanne Berry of Fechter & Company presented the Annual Financial Report for the Year Ended June 30, 2025. Ms. Berry reported a clean opinion on the financial statements with no findings to report. Director Easton made a motion to approve the Annual Financial Report for Fiscal Year Ended June 30, 2025, seconded by Director Lee, and unanimously passed.

- 3. Consider approval of Cal OES Form 130: Designation of Applicant's Resolution for Non-State Agencies. (Strategic Plan Goal 8)**

Finance and Administrative Manager Nahas presented a staff report regarding the Cal OES Form 130: Designation of Applicant's Agent Resolution for Non-State Agencies. Motion to approve the Cal OES Form 130: Designation of Applicant's Agent Resolution for Non-State Agencies made by Director Dougherty, seconded by Director Easton. The roll call vote was as follows:

Ayes: S. Dougherty, M. Lee, P. van Duinwyk, S. Easton, J. Pennino

Nays: None

Abstain: None

Absent: None

- 4. Approval of Minutes of the January 26, 2026 Regular Meeting.**

Motion to approve the minutes of the January 26, 2026 Regular meeting made by Director Lee, seconded by Director Pennino, and unanimously passed.

5. Approval of Minutes of the February 12, 2026 Special Meeting.

Motion to approve the minutes of the February 12, 2026 Special meeting made by Director Pennino, seconded by Director Easton, and unanimously passed.

6. Approval of Minutes of the February 17, 2026 Special Meeting.

Motion to approve the minutes of the February 17, 2026 Special meeting made by Director Pennino, seconded by Director Lee, and unanimously passed.

7. Fire Chief's report.

Fire Chief Neels reported on the Firefighter Housing Initiative. The Board gave staff direction to research options regarding housing in Santa Barbara County.

PIO Atchison provided an update on the AM 1610 radio coverage. PIO Atchison is working to relocate the antenna from the Water District's property to the garden area behind Station 91 and expand the coverage area.

Division Chief Hudley presented an update on the VHF project involving Gibraltar and Shepard Mesa sites, expanding radio coverage for both Montecito and Carpinteria Summerland Fire Departments. The project was developed through a partnership with multiple agencies. Chief Neels thanked Chief Hudley for his persistence with the project.

Fire Chief Neels announced the Professional Firefighters Association Local 5563 has been officially recognized by the California Public Employment Relations Board (PERB).

8. Board of Director's report.

Director Dougherty announced his resignation from the Montecito Fire Protection District Board of Directors effective February 28, 2026. Director Dougherty thanked the Board, Chief Neels, and the entire staff. He read a brief statement.

The Board thanked Director Dougherty for his service.

Chief Neels presented Director Dougherty with the "Golden Mic" award for his service to the district, highlighting his leadership in communication.

9. Suggestions from Directors for items other than regular agenda items to be included for the March 23, 2026 Regular Board meeting.

There were none to report.

The Board adjourned to closed session at 3:22 p.m.

10. CLOSED SESSION:

- a. PUBLIC EMPLOYEE APPOINTMENT (Government Code section 54957)**
Title: Fire Chief

- b. CONFERENCE WITH LABOR NEGOTIATORS (Government Code section 54957.6)**
Agency designated representatives: Director Lee and Director Pennino
Unrepresented employee: Fire Chief

- c. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Government Code section 54957)**
Title: Fire Chief

The Board reported out of closed session at 4:10 p.m. with no reportable action.

Meeting Adjourned at 4:10 p.m.

President van Duinwyk


Secretary Lee

Agenda

Item #13



STAFF REPORT

To: Montecito Fire Protection District Board of Directors
From: David Neels, Fire Chief 
Date: March 23, 2026
Topic: Fire Chief Contract

Summary

The Board of Directors selected Brian Fallon to be the Fire Chief effective April 1, 2026.

Discussion

The Board of Directors selected Brian Fallon to be the Fire Chief effective April 1, 2026. The Fire Chief is not a represented classification in the organization, he or she works directly for the Board of Directors under contract.

Conclusion

Staff recommends that the Board of Directors authorize the President of the Board of Directors to sign the Fire Chief Contract with Brian Fallon.

Attachments

1. Fire Chief Contract

Strategic Plan Reference

Strategic Plan Goals #1-8

FIRE CHIEF EMPLOYMENT AGREEMENT

THIS FIRE CHIEF EMPLOYMENT AGREEMENT (“Agreement”) is made and entered into in the County of Santa Barbara, State of California this 23rd day of March, 2026, by and between the Montecito Fire Protection District (“District”) and Brian Fallon (“Fallon”).

WHEREAS, District desires to enter into this Agreement with Fallon to establish the terms and conditions of Fallon’s employment as Fire Chief for the District; and

WHEREAS, Fallon desires to enter in this Agreement and represents that Fallon has the qualifications and experience necessary to perform the duties of Fire Chief for the District.

NOW, THEREFORE, District and Fallon hereby agree as follows:

I. DUTIES

The District hereby agrees to employ Fallon as District’s Fire Chief and Fallon agrees to perform the functions and duties of the position of Fire Chief and to perform such other legally permissible and proper duties and functions as the District may from time-to-time assign. The District recognizes the Fire Chief’s position as a safety position for purposes of employment and retirement.

II. TERM OF AGREEMENT

The initial term of this Agreement shall be from April 1, 2026, through March 31, 2029. Effective April 1, 2029, this Agreement may be extended upon the written agreement of District and Fallon.

III. HOURS OF WORK

Subject to Fallon’s inability to work due to sickness, injury, noticed periods of vacation, holiday or executive leave, at all times during the term of this Agreement or any extension thereof, Fallon will arrange to be available to perform the duties of the Fire Chief during the regular business hours of the District, and also at such other times as the District may from time to time reasonably request. It is understood and agreed that Fallon shall not be entitled to any compensation other than that provided for in this Agreement for services which may be rendered by him outside of the District’s regular business hours or on Saturdays, Sundays, or holidays.

IV. ANNUAL EVALUATION

The District shall review and evaluate the performance of Fallon during the month of March during the term of this Agreement or any extension thereof. The review and evaluation shall be in accordance with specific criteria developed jointly by the District and Fallon.

V. TERMINATION OF AGREEMENT

A. Termination for Convenience:

1. District may terminate this Agreement at any time for convenience upon 30 days written notice to Fallon. During the notice period, at District's discretion, Fallon may be placed on paid administrative leave. Upon termination of the Agreement pursuant to this provision, Fallon shall be paid the lesser of the remaining unexpired term of the Agreement or six months of his then current salary as severance consistent with the requirement of Government Code sections 53260 et seq.

2. Fallon may terminate this Agreement at any time for convenience upon 30 days written notice to District. Upon terminating this Agreement pursuant to this provision, Fallon will be entitled to receive all accrued salary and vacation accrued to which Fallon is entitled pursuant to this Agreement as of the date of termination.

3. Termination for convenience shall be determined by a simple majority vote of the District's Board.

B. Termination for Cause:

1. The District may terminate this Agreement for cause upon the occurrence of any of the following:

- (i) Fallon's conviction of a crime involving an abuse of office.
- (ii) Fallon's conviction of a felony.
- (iii) Fallon's material breach of this Agreement.
- (iv) Fallon's gross negligence or willful failure to carry out the duties of District Fire Chief.

2. At District's discretion, Fallon may be placed on paid administrative leave pending any District investigation.

3. Any salary provided to Fallon and any defense costs incurred by the District on behalf of Fallon shall be fully reimbursed to the District by Fallon in the event of the following:

- (a) Fallon is convicted of a crime involving an abuse of his office.
- (b) For purposes of this section. "abuse of office" shall mean as follows:
 - (i) An abuse of public authority, including, but not limited to, waste, fraud, and violation of the law under color of authority.

(ii) A crime against public justice, including, but not limited to, a crime described in Title 5 (commencing with Section 67), Title 6 (commencing with Section 85), or Title 7 (commencing with Section 92) of Part 1 of the Penal Code.

4. Upon termination for cause, Fallon will not be entitled to receive any compensation or benefits under this Agreement except for accrued salary and vacation that Fallon is entitled pursuant to this Agreement as of the date of the termination for cause.

5. Termination for cause under this Agreement shall require only a majority vote of the Board.

VI. SALARY

A. District agrees to pay Fallon \$32,251 per month as base salary beginning April 1, 2026.

B. Beginning January 1, 2027, and every January 1, during the term of this Agreement, Fallon's then current base salary shall be increased by the same percentage increase provided to Staff by the District in the MOU between the District and the Staff.

C. The District shall provide Fallon with payment for overhead assignments and assistance for hire in other jurisdictions as provided to Staff employees in the MOU between the District and the Staff.

VII. LONGEVITY INCENTIVE

Fallon shall not be entitled to any longevity pay.

VIII. INCENTIVE PAY

The District shall provide Fallon with incentive pay, to include EMT/AED calculated on the employee base salary, as is provided to all eligible employees in the MOU between the District and the Staff.

IX. RETIREMENT

The District shall provide Fallon with retirement benefits as are provided to all safety employees in the MOU between the District and the Staff.

X. DEFERRED COMPENSATION

The District shall provide Fallon with a deferred compensation contribution in the amount provided to all regular employees in the MOU between the District and the Staff.

XI. RETIREMENT NOTICE

Fallon agrees to provide the District with written notice of his intent to retire from District service at least 180 days prior to the date of his intended retirement.

XII. HEALTH INSURANCE

The District shall provide Fallon with such health insurance benefits as are provided to all regular employees in the Memorandum of Understanding and any amendment thereto (“MOU”) between the District and the Members of Staff (“Staff”).

XIII. LIFE INSURANCE

The District shall provide Fallon with the same life insurance benefits as are provided to all regular employees in the MOU between the District and the Staff.

XIV. PHYSICAL EXAMINATIONS

Fallon will submit to an annual physical examination at the District’s request and expense.

XV. HOLIDAYS

The District observes the following paid holidays:

- | | |
|-------------------------------|-------------------------------|
| New Year’s Day | Columbus Day |
| Martin Luther King’s Birthday | Veteran’s Day |
| President’s Day | Thanksgiving Day |
| Memorial Day | Christmas Day |
| Independence Day | Two Floating Holiday Per Year |
| Labor Day | |

If the above holidays fall on Saturday, the preceding Friday will be a holiday. If any of the above holidays fall on Sunday, the succeeding Monday will be a holiday.

XVI. VACATION

The District shall provide Fallon with vacation benefits consistent with the vacation benefits provided to the District’s Chief Officers in the MOU between the District and the Staff.

XVII. SICK LEAVE

The District shall provide Fallon with sick leave as are provided to all regular employees in the MOU the District and the Staff.

XVIII. UNIFORM ALLOWANCE

Fallon will be provided with a uniform allowance for the replacement, maintenance, and repair of required District uniforms in the amount provided in the MOU between the District and the Staff.

XIX. CONTINUING EDUCATION AND PROFESSIONAL ASSOCIATIONS

The District recognizes the need for and encourages Fallon to participate in continuing education classes relevant to the fire industry and to associate himself with industry-related professional organizations. To that end, the District authorizes Fallon to maintain membership in such professional organizations at District's expense and to participate in the educational seminars and meetings of said organizations, both inside and outside the District, to the extent that the District may authorize and approve such expenditures in its annual budget.

XX. DISTRICT VEHICLE

District agrees to provide Fallon with a District vehicle for fulfilling District duties and for use off duty to assure availability for emergency response.

XXI. EXECUTIVE LEAVE

Fallon shall be entitled to executive leave of up to 5 days per year. Said leave shall be taken in the calendar year granted as time off and may not be carried over to any succeeding year. No compensation shall be paid for executive leave that remains unused at the end of any calendar year and any unused executive leave shall terminate at the end of the calendar year during which it was provided.

XXII. FAMILY AND MEDICAL, BEREAVEMENT, MILITARY AND CATASTROPHIC LEAVE POLICIES

The District shall provide Fallon with Family and Medical, Bereavement, Military and Catastrophic Leave as is provided to all regular employees in the MOU between the District and the Staff

XXIII. RESIDENCE REQUIREMENT

The District and Fallon acknowledge that in cases of emergency Fallon may be required to respond to the District within a limited period of time. The District and Fallon further acknowledge that such emergencies may occur during non-regular business hours. To insure that Fallon will be able to reasonably respond to such emergencies, the District strongly prefers that Fallon reside within 75 miles of Station 91.

XXIV. PHYSICAL FITNESS

The District recognizes the position of Fire Chief as a safety position and expects the Fire Chief to be capable of taking command and engaging in fire ground activities if necessary. Accordingly, the District permits Fallon to exercise on duty when time and schedule permits. The exercise period shall not interfere with Fallon's duties and responsibilities and will be foregone if such duties exist.

XXV. INDEMNIFICATION

The District shall indemnify, defend, and hold Fallon harmless against any and all claims, demands, actions, suits, expenses and losses, including reasonable attorney's fees, arising out of any act or omission of Fallon arising out of the performance of his duties as Fire Chief, except as may result from the gross negligence or willful misconduct of Fallon ("Covered Claim"). The parties agree that this paragraph is to be construed consistent with Government Code section 825. In the event of any such Covered Claim, Fallon shall promptly, but no later than 30 days after receiving notice that such a claim may be made, notify the District that such a Covered Claim has been or may be asserted against him. The District may, at the District's option; either provide for legal representation of Fallon through counsel of its choice or may choose to reimburse Fallon for legal fees and costs incurred as a result of any Covered Claim. Reimbursement for Covered Claims will be paid as they are incurred so Fallon is protected from undue financial hardship. In the event that the District elects to provide legal representation in an action which is not a Covered Claim, the District will do so at District's expense.

XXVI. SEVERABILITY

It is the intention of the parties that this Agreement be fully enforceable and that its provisions be enforced to the extent permissible by law. If any provision of this Agreement is held to be invalid or unenforceable for any reason, the remainder of this Agreement shall remain in full force and effect and the remainder of this Agreement shall be construed to the fullest extent possible to give effect to its provisions.

XXVII. ENTIRE AGREEMENT

This Agreement represents the entire agreement between the parties on this subject matter and supersedes all prior understandings and agreements between them. It may only be modified by a writing signed by Fallon and by an authorized representative of the District.

XXVIII. INDEPENDENT ADVICE

Each of the parties hereto has participated in the preparation of this Agreement, and each has had the opportunity to discuss this Agreement with counsel of their choice, and each agrees to and executes this Agreement based upon such independent advice.

IN WITNESS WHEREOF, the parties have read and understand, and thereby execute this Agreement on this 23rd day of March, 2026.

MONTECITO FIRE
PROTECTION DISTRICT

BRIAN FALLON

Peter van Duinwyk, Board President

Brian Fallon