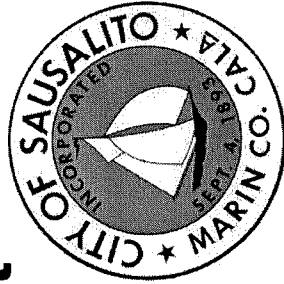


Fire Services Organization Study

City of Sausalito Fire Department



Southern Marin Fire District

*City Council Presentation
November 10, 2009*

Fire Services Re-organization

- Can economies of scale and improved service be achieved by full consolidation with Southern Marin FPD?
- If not full consolidation, what changes are desirable to the current arrangement?

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Study Components

- Detailed review of fire agency services, future needs and costs
- Understanding the gap between current and desired level of service and the related cost
- Assess forms of increased cooperation
- Identify costs and savings of alternative arrangements
- Review consolidation options and if recommended, next steps.

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Policy Choices Framework

- No mandatory federal or state minimum service levels
- If fire services are provided, they have to be delivered safely, following standards
- Communities have the level of fire services that they need and can afford
- The challenge is matching need with fiscal capacity.

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Fire Service Challenges

- Neither agency has been immune from the “perfect storm” of over twenty years of the state’s taking local revenues
- Revenue was constrained just as federal and state safety regulations increased the employer cost burdens on fire departments.

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Findings in Brief

- Given size and costs, both agencies are co-dependent on each other
- A city-only fire agency is not cost-effective
- At a minimum, the headquarters only cost-sharing and governance structures need improvements and should be understood as not being a long-term effective solution.

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Findings in Brief

- It is most cost-effective for the City to provide fire services in a partnership via either a full contract for service or merging the City into the Fire District
- Given that both parties are operationally co-dependent and can save significant headquarters staffing expenses when combined, both should understand that each needs to have input on service level decisions and cost containment strategies.

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Current Staff

Position	So Marin	Sausalito
Headquarters		
Fire Chief	1	
Deputy Chief	1	
Admin Services Mgr	1	
Financial Mgr	0.4	
Admin Clerk	0.3	
Total	3.7	
Line Operations		
Battalion Chief	3	
Captain	6	3
Paramedic/Firefighter	9	6
Firefighter/Engineer	15	6
Total	33	15

Citygate Associates – Fire Services Analysis



Current Shared Structure

- Headquarters provided by Southern Marin FPD
- Line personnel employed separately by the City and District
- Personnel costs and benefits very similar
- Operationally very close to “one” fire department.



Current Workload & Costs

	Sausalito	Southern Marin FPD
Population	7,532	21,500
Calls for Service (2008)	762	1,259
Expenditures FY 2007-08 (less large capital and vehicle replacement fund payments)	\$2,824,484**	\$7,531,830

**Of the FY 2007-08 actual expenditures, \$63,971 was for payment of the administrative services under the contract with the Southern Marin FPD. This amount was increased to \$104,652 in FY 2008-09.



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Fiscal Standing

- Both have reserves for equipment and capital repairs
- Current apparatus are in good condition
- District revenues are presently adequate even in the current economy, BUT the City is having difficulty with reduced revenue
- Both have retiree medical unfunded liabilities
- Southern Marin FPD long-term retirement costs have been reduced, since the District adopted a two tier retirement system with new employees under a '3 percent at 55' retirement formula.

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City Fire Background to Consider

- When separate, the City had only 1 Fire Chief and part-time clerical
- Large burden on emergency response command needs to one chief
- Residency-based system
- Not compliant with current safety regulations or fire prevention/code issues.

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Minimum City Only Headquarters

- Fire Chief
- Deputy Fire Chief/Fire Marshal
- 3 Battalion Chiefs/Incident Commanders
(one on each shift)
- 1 Office Assistant
- Most residency-based staffing plans are unrealistic going forward.

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Current Headquarters Cost Sharing

- Price and formula do not take into account the incident command staff/equipment (B/C's)
- City only pays for 1/3rd of Fire Chief and Admin Assistant
- Full cost of Headquarters and Supervisory functions for the District are \$1,350,000 and City paid only about 8 percent of this in FY 08-09
- No dedicated/trained Fire Marshal
- Does not take into account overlapping time/costs lost in personnel administration.

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Cost Sharing in Contract for Service Alternatives

- Cost share formulas that reflect all expenses and divide cost in proportion to workload and or risks
- Typical formula components:
 - Assessed value
 - Population
 - Calls for service
 - Line firefighters on-duty per day
 - Number of fire stations.



Sausalito Share of Measures of Service

Measures of Service	Southern Marin	Sausalito	Sausalito Share of the Total
Assessed Value	\$4,756,436,825	\$2,410,374,432	33.6%
Population	21,500	7,532	25.9%
Calls for Service	1,259	762	37.7%
Line Staff on Duty	10	5	33.3%
Fire Stations	2	1	33.3%
Composite Measure			32.8%



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Sausalito Headquarters Cost Share

Current FY 08-09 Cost = \$104,652

Measures of Service	HQ Cost Without Battalion Chiefs	Sausalito Share	HQ Cost With Battalion Chiefs	Sausalito Share
Assessed Value	\$575,000	\$193,200	\$1,350,000	\$453,600
Population	\$575,000	\$148,925	\$1,350,000	\$349,650
Calls for Service	\$575,000	\$216,775	\$1,350,000	\$508,950
Line Staff on Duty	\$575,000	\$191,475	\$1,350,000	\$449,550
Fire Stations	\$575,000	\$193,200	\$1,350,000	\$453,600
Composite Measure	\$575,000	\$188,600	\$1,350,000	\$442,800



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Full Contract for Service

- Turnkey services, line staff transferred to District
- At a composite share rate of **32.8 percent**.

Current Contract Agreement							
	Tax & Misc Rev	Admin Svcs Rev from the City	Total Revenue	Labor Expenses	M&S Expenses	Admin Svcs Contract Expenses	Total Expenses
Southern Marin FPD	\$8,424,765	\$63,971	\$8,488,736	\$6,683,851	\$847,979		\$7,531,830
Sausalito	\$118,588		\$118,588	\$2,562,626	\$197,855	\$63,971	\$2,824,452
Full Contract for Service Model							
Southern Marin FPD	\$8,424,765	\$3,375,878	\$11,800,643	\$9,246,477	\$1,045,834		\$10,292,311
Sausalito	\$118,588		\$118,588			\$3,375,878	\$3,375,878



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Other Fiscal Issues – Full Contract for Service

- Retirement liability
- Retiree Medical costs
- Apparatus and station replacement costs
- Fire Prevention service - staff/contract
- Governance:
 - Service levels
 - Personnel costs
 - Asset replacement.

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Merger Alternative

- LAFCO law controls – 4 methods:
 - Annexation with/without dissolution
 - Consolidation - only between like agencies
 - Merger - entire district boundaries must be within the City
 - Form a subsidiary district - at least 70 percent of the land must be within the City
- *With a city, the only viable option is annexation to the District without dissolution of the District.*

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Annexation Rules

- The existing Southern Marin FPD special tax would carry over and apply to property within the City
- For the ad valorem taxes, the tax sharing provisions apply requiring a tax sharing agreement accepted by LAFCO and the County that shifts sufficient revenue from the City to the District to pay for the extra District fire expenses after annexation.

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Annexation Process

- Application to LAFCO for annexation of the City to the Fire District
- LAFCO Public Hearing
- Sufficient protest may force the matter to an election or terminate the proceedings
- If at the close of the protest hearing there remain written protests representing 50 percent or more of the voters residing in the territory, the proceedings are terminated.

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Annexation Process

(continued)

- The proposal goes to an election if at the close of the protest hearing there remains protest representing either of the following:
 - At least 25 percent, but less than 50 percent, of the registered voters residing within the District; or at least 25 percent of the number of landowners who own at least 25 percent of the assessed value of land within the territory
 - If there is insufficient protest, LAFCO orders the annexation without an election.



Merged District Costs

Current Contract Agreement						
	Tax & Misc Rev	Total Revenue	Labor Expenses	M&S Expenses	Vehicle Replacement	Total Expenses
Southern Marin FPD	\$8,424,765	\$8,424,765	\$6,683,851	\$847,979		\$7,531,830
Sausalito	\$118,588	\$118,588	\$2,562,626	\$197,855	\$165,593	\$2,926,074
Merger Model						
Southern Marin FPD	\$11,275,177	\$11,275,177	\$9,246,477	\$1,045,834	\$165,593	\$10,457,904
Sausalito		0				0

While Sausalito is shown as "No Cost" in the above table, whether this remains correct depends upon negotiations over issues such as major maintenance and current depreciation on Sausalito Fire apparatus.

If a larger fire district that encompasses the City makes sense, then the City will need to provide revenue to cover the added \$2,926,074 in cost associated with the District assuming total responsibility.

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Available Revenues

Fire District Special Tax	Unimproved Property	Each Living Unit	Per sq ft of Structural Improvements	Per Parcel for County Tax Administration
	\$45	\$90	\$.12	\$2

Added Revenue Needed by the District	City Ambulance and Permit Revenue	Special Tax Applied to City Parcels	Property Tax Transferred to the District
\$2,926,074	\$118,588	\$560,000	\$2,247,486

The property tax transfer represents about 34 percent of all property tax related revenue received by the City in FY 2007-08.

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Joint Powers Authority Option

- JPA's typically provide for shared governance
- **Strong JPA**
- The City and District form a separate agency that takes over the fire service from both the City and the District
- City and District then contract with the JPA to operate fire services
- Fire District and City Council remains and appoint governing board of the JPA.



Joint Powers Authority Option

Weak JPA

- District continues to operate a consolidated fire department either with annexation of the City to the District or with a full contract for services
- City and District form a weak JPA with powers such as:
 - Approval of the budget and labor settlements prior to approval by the District Board.

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Joint Powers Authority Option

- Approval of any expansion or decrease in services
- Advisory in hiring of a Fire Chief
- Change in taxes and fees that apply to both City and District residents and property.



Only Two Practical Choices

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Citygate Associates – Fire Services Analysis



Full Contract for Service

- Benefits:
 - Management of employees is simplified under a single MOU and set of personnel rules
 - A single accounting system is maintained by the District, avoiding duplication
 - The City no longer will need to negotiate with Fire employees
 - The City and District can adopt performance measures to gauge the delivery of services.

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Annexation of the City into the District

- Very Similar Benefits plus:
 - Most stable long term
 - All residents and property subject to the same tax and fees
 - District Board is elected by residents of both the current District and the City.

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Annexation of the City into the District

- The City no longer is fiscally responsible for fire services as regulations and needs change
- There is a single layer of representation between the voters and the District Board, compared to a full contract for service or JPA arrangement that has an appointed governance committee
- Total contribution by the City to the District will be approximately \$2,926,074, based on FY 2007-08 costs.
- Since this is to compensate the District for the added cost of providing services in the larger area, it turns out to be somewhat *less than* the cost based on a composite measure of service used in the contract model.

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Separate City Fire Department Costs

Labor Expenses	Material and Supply Expenses	Vehicle Replacement	Total
\$3,777,494	\$432,449	\$165,593	\$4,375,536



Cost Comparisons

	Revenue	Expenses	Net Increase to Sausalito Compared to Current Contract
Current Contract Arrangement			
Southern Marin FPD	\$8,488,736	\$7,531,830	
Sausalito	\$118,588	\$2,824,452	
Current Contract Arrangement with 32.8% Cost Allocation to Sausalito			
Southern Marin FPD	\$8,867,565	\$7,531,830	
Sausalito	\$118,588	\$3,203,281	+\$378,829
Full Contract for Service with 32.8% Cost Allocation to Sausalito			
Southern Marin FPD	\$11,800,643	\$10,292,311	
Sausalito	\$118,588	\$3,375,878	+\$551,426
Merger of the City and District			
Southern Marin FPD	\$11,275,177	\$10,457,904	
Sausalito	0	\$2,926,074*	+\$101,622
Reinstated City Fire Department			
Southern Marin FPD	\$8,424,765	\$7,531,830	
Sausalito	\$118,588	\$4,375,536	+\$1,551,084

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Next Steps

1. Both the City Council and Fire District Board receive this report and consider the policy choices available to continue and improve shared fire services
2. The City Council can provide policy direction on its preferred approach to financing and shared governance for fire services with the goal to be long-term sustainability.

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Next Steps

(continued)

3. Staff and the joint working group can then more deeply develop final costs, shared cost formulas and governance agreements
4. The final costs and agreements would then be presented to both the City Council and Fire District Board for adoption, or in the case of a merger of the City into the District, initiate the necessary steps with LAFCO.



Concluding Thoughts

- There are efficiencies in economies of scale and both parties are on the correct path in operating shared fire services
- A full contract for service with shared governance or a merger with the District are both viable options
- Sausalito has options to consider in closing the revenue to expense gap to provide adequate, shared fire services
- It is very unlikely that the City can or should afford the cost increase to operate an independent fire department.

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Thank you

Questions?