

CITYGATE ASSOCIATES, LLC

■ FOLSOM (SACRAMENTO), CA

MANAGEMENT CONSULTANTS ■

■ ■

**PROPOSAL TO PROVIDE FIRE
SERVICES CONSOLIDATION
IMPLEMENTATION
ASSISTANCE FOR THE
CITY OF SAUSALITO
AND SOUTHERN MARIN
FIRE PROTECTION DISTRICT**

May 21, 2010

■ ■



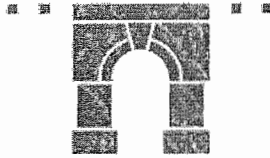
■ 2250 East Bidwell St., Ste #100 ■ Folsom, CA 95630
(916) 458-5100 ■ Fax: (916) 983-2090



CITYGATE ASSOCIATES, LLC
FIRE & EMERGENCY SERVICES

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
Cover Letter	page 1
Section 1 Work Plan and Project Schedule	page 4
Overview of the Fire Services Study Need.....	4
Project Scope and Study Components	4
Phase II Scope of Work	4
Phase III Scope of Work.....	5
Work Plan for Phase II.....	6
Suggested Work Plan for Phase III.....	8
Study Components With Which the Agencies Can Assist	8
Project Schedule.....	8
Section 2 Citygate Qualifications and Experience	page 9
Citygate Project Team Members	9
Section 3 References	page 11
Firm Experience in Performing Similar Services	11
Section 4 Costs	page 14
Project Cost/Billing.....	14
Standard Hourly Billing Rates	15
Billing Schedule.....	15
Section 5 Legal Issues/Conflicts of Interest	page 16
<u>Appendices</u>	
Appendix A Code of Ethics	17
Appendix B Project Team Resumes	18
David C. DeRoos, MPA, CMC.....	18
Stewart W. Gary, MPA.....	19
Dwane N. Milnes, DPA	21



CITYGATE ASSOCIATES, LLC
FIRE & EMERGENCY SERVICES

2250 East Bidwell Street, Suite 100 ■ Folsom, CA 95630 ■ PH 916-458-5100 ■ FAX 916-983-2090

May 21, 2010

Jim Irving
Fire Chief
Southern Marin Fire Protection District
308 Reed Blvd
Mill Valley, CA 94941

Adam Politzer
City Manager
City of Sausalito
420 Litho Street
Sausalito, CA 94965

**RE: PROPOSAL TO ASSIST IN THE IMPLEMENTATION OF A FIRE SERVICES CONSOLIDATION
FOR THE CITY OF SAUSALITO AND THE SOUTHERN MARIN FIRE PROTECTION DISTRICT**

Dear Chief Irving and Mr. Politzer:

Having completed a fire services consolidation feasibility analysis for the City of Sausalito and the Southern Marin Fire Protection District, Citygate Associates, LLC is pleased to provide this proposal to assist in implementation of the consolidation.

Citygate Associates, LLC founded in 1990, is dedicated to assisting public sector agencies improve services. Citygate's Fire Protection and Emergency Medical Services practice area conducts consolidation feasibility and implementation analyses, master and strategic plans, deployment and station location analyses, performance audits, organizational studies, staffing studies, and GIS for districts, cities, and counties throughout the United States.

For more detailed information on Citygate's services, please visit our web site at www.citygateassociates.com. This web site offers a list of former clients in addition to a description of our services, our corporate partners, links to Citygate's publications, and video clips of our Final Report presentations to elected officials.

DIRECT EXPERIENCE WITH CALIFORNIA LOCAL GOVERNMENT CONSOLIDATIONS

Because the credibility of a Fire Consolidation study and implementation must be "earned" by the consulting team with the all of the participating stakeholders, we have assigned consultants with in-depth experience in each of the functions of a fire services consolidation. The extensive professional qualifications and experience of our consulting team is what sets our team apart from other firms.

To our knowledge, Citygate is the only firm where *both* the fire and general government principals have hands on experience with successful consolidations at the local level not only as agency executives but also as consultants. Citygate's Fire Practice Principal, Stewart Gary, retired as the Fire Chief of the Livermore-Pleasanton Fire Department. He was the lead administrator on the design, adoption and successful operating merger of these departments. This consolidation won a Helen Putnam Public Safety Award from the California League of Cities.

2/6

He also has served as Project Manager on several Citygate consolidation studies, including a successful one for the cities of Monterey, Pacific Grove and Carmel.

Citygate's General Government Principal, Dwane Milnes, retired as City Manager of Stockton. He has facilitated contracts for fire service for a number of agencies, including the City of Stockton and the Mountain House Community Services District. He is presently working with the City of Burlingame and its neighboring cities to implement the decision to consolidate fire services and with the Presidio Trust in San Francisco to assess and facilitate fire service contracts. As a Citygate consultant, he has worked with Chief Gary on many fire consolidation studies, including consolidation feasibility analyses for the City of Santa Rosa, the Roseland FPD, and the Rincon Valley FPD, the City of Oakdale and the Oakdale Rural FPD, as well as the cities of Newark and Union City in Alameda County.

Why is this experience critical? We know that consolidations are complicated and unique due to local fact patterns. The partners in this project are hiring outside help not just to get the project done more quickly than staff time permits, but to hire experience that will know how to not just find the tough issues, but know how to work them to successful closure. We know the approaches needed from benefits issues to revenue sources, to cost allocation formulas and labor relations.

PHASED APPROACH TO CONSOLIDATION AND CONTRACT-FOR-SERVICE STUDIES

We are committed to only spending the partners' funds where necessary to gain the needed policy and implementation plan understandings. As such, we believe that a time and materials, not-to-exceed approach is the best solution. In close cooperation with City and District staff, Citygate work only occurs where needed and is more effectively targeted to where the partners believe that the use of Citygate is more cost-effective than the use of City and District staff.

The stakeholders in this project do not need a canned or one-size-fits-all set of solutions taken from some other situation. What is needed are implementable answers to the issues in the City of Sausalito and Southern Marin FPD fact pattern and specific needs.

WHY SHOULD THE CITY OF SAUSALITO AND SOUTHERN MARIN FPD SELECT CITYGATE ASSOCIATES?

Why is Citygate's project approach and experience the most compelling to meet the City of Sausalito and Southern Marin FPD's needs? The answer to that question includes the following:

- ◆ Citygate's Fire Practice Principal, *Chief Stewart Gary*, has been teaching and consulting for over ten years in the design of fire services. He has participated in or consulted on more than a dozen consolidation studies. He was the lead author on the 4th Edition manual for the Standards of Response Cover systems approach to deployment for the Commission on Fire Accreditation International. There is no other consultant in California with this depth of experience.
- ◆ Citygate's General Government Principal, *Dr. Dwane N. Milnes*, has extensive experience in municipal management having served as City Manager or Assistant City Manager for 24 years. He retired as the City Manager of Stockton, CA

Chief Jim Irving
Mr. Adam Politzer
May 21, 2010
Page 3

where he supervised an ISO Class 1 Fire Department. He earned a doctorate in Public Administration from the University of Southern California.

TAILORED STUDY APPROACH

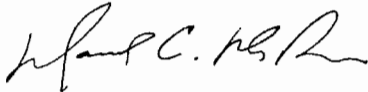
We believe that our Work Plan is responsive to the level of detailed assistance you have described to us. However, throughout the project, we would like to engage the City and District staff in refining the scope, to only deliver what the partners need, at each logical policy decision step. This can be more effective for the partners in the long term.

* * *

In summary, we believe you will find that Citygate's team of multi-disciplinary consultants, who have a long history of working together, will exceed the partners' expectations! On this basis, we enthusiastically look forward to continuing to work with you to address the needs of the challenging implementation project facing the City of Sausalito and Southern Marin FPD.

As President of the firm, I am authorized to execute a binding contract on behalf of Citygate Associates, LLC. Please feel free to contact me at (916) 458-5100, extension 101 or via e-mail at dderoos@citygateassociates.com if you wish further information.

Sincerely,



David C. DeRoos, MPA, CMC
President

cc: Stewart Gary
Dwane Milnes

SECTION 1—WORK PLAN AND PROJECT SCHEDULE

OVERVIEW OF THE FIRE SERVICES STUDY NEED

The City of Sausalito (City) and Southern Marin Fire Protection District (District) desire assistance with implementing the full consolidation of the two agencies into a single fire department operated by the District. This work is to be conducted in two Phases. The assistance is to build upon and not repeat the work completed by Citygate Associates in the Phase I Feasibility Analysis. Citygate will work closely with City, District and LAFCO staff in the next two Phases of the project to define the step-by-step implementation, prepare LAFCO applications and related documents, research and advise on the best alternative approach for individual technical steps such as retirement and health benefit merger, and advise on labor relations issues arising from the consolidation.

While this proposal outlines the scope of service for both Phases II and III, the City and District will consider the need for further Citygate assistance at the completion of Phase II and determine at that time the depth and detail of work necessary.

PROJECT SCOPE AND STUDY COMPONENTS

Citygate recognizes the very technical nature of many of the issues that will arise throughout the implementation of consolidation of the two fire departments and the significant workload faced by City and District staff in their current day-to-day responsibilities of operating the City and the District. While we outline below a comprehensive scope of work, we recommend at each step that the City and District staff conduct as much of the work as they are able. We feel that Citygate should be utilized as technical advisers and to provide assistance to complete detailed work only where and when necessary. This allows the agencies to make the most cost-effective use of Citygate but also provides the greatest opportunity to ensure that the work reflects the needs of the City and District and that the staff is most familiar with the final details of the consolidation.

Phase II Scope of Work

Our project scope for Phase II includes the following elements:

1. Assist the parties with the property tax transfer discussions.
2. Work with LAFCO to prepare a step-by-step process for annexing the City into the District.
3. Draft any reports or documents, as requested, that LAFCO requires either the City or the District to prepare, including the Plan for Service and Property Tax Exchange Agreement.
4. Work with LAFCO and the City and District attorneys to define alternative processes for applying the District Special Tax to property within the City, including the option of a Special Tax election or an advisory election.

5. Assist the City and District in determining more precisely the amount of Special Tax revenue that might be generated if the District's Special Tax were applied to the City properties.
6. Request and review CalPERS and Marin County Retirement System actuarial studies, on behalf of the City and the District, to determine the retirement liability that will remain with the City and the District retirement rate after the City employees transfer to the District.
7. Assist the City and/or the District in preparing issues and options for Meet and Confer sessions with the employees if requested by the City and/or the District.
8. Meet with employees as requested, to define issues that need to be resolved or explained regarding any aspect of the consolidation of the two fire departments.
9. Prepare options for how the City and the District will resolve the issue of use, ownership, maintenance, and replacement of the City-owned fire station, apparatus and equipment.
10. Develop a transition plan for City employees transferring to the District, including: medical and related insurance and enrollment in the County retirement system.
11. Assist in resolving who will be fiscally and operationally responsible for outstanding workers' compensation cases and liability.
12. Develop a reporting format and process for periodic performance and workload reports from the District to the City.
13. Attend joint City/District fire committee meetings, advise on the agenda content for the meetings, and provide any material for the meetings requested by the City and the District.
14. Draft fire services related staff reports for the City Council and District Board as requested by either the City or the District.
15. Attend City Council, District Board and Fire Committee meetings as requested.

Phase III Scope of Work

If the City and District determine that further assistance is needed at the conclusion of Phase II, our project scope for Phase III of the project will include some or all of the following:

1. Complete any LAFCO required application documents, as requested by the City and District, and assist in filing these documents.
2. Assist the City and District in LAFCO hearings and meetings.
3. Continue providing assistance, if needed, in the employee Meet and Confer process.
4. Assist in implementing the transition of City employees into District employment.

5. Attend joint City/District fire committee meetings, advise on the agenda content for the meetings, and provide any material for the meetings requested by the City and the District.
6. Draft fire services related staff reports for the City Council and District Board as requested by either the City or the District.
7. Attend City Council, District Board and Fire Committee meetings as requested.

WORK PLAN FOR PHASE II

Citygate presents its Phase II Work Plan for this implementation assistance as six tasks. In the cost proposal portion of this document (Section 4) we have provided a range of cost reflecting the degree to which the City and District staff are able to undertake a portion of the work. We are not able to provide a range of cost separately for each of the six tasks below because much of the time Citygate will be working on several tasks at once. For instance, many of the meetings will cover several subjects in order to conserve time and dollars.

Phase II - Task 1: Initiate and Manage the Project

We will begin Phase II – Task 1 by conferring with the City and District to develop an initial outline of Citygate’s responsibilities, the role of the City and District staff, and lines of communication to ensure that both the City and the District are always up-to-date on Citygate’s work and the project status.

Our initial task also combines the activities of starting the implementation phase of the consolidation project and the ongoing task of monitoring, controlling, and administering the project. Consistent with Phase I, project reporting will include frequent telephone updates and monthly written status reports. The tasks associated with managing the project will continue in Phase III, if that Phase of the project is authorized by the City and the District.

Phase II - Task 2: LAFCO Process

The objectives in Phase II – Task 2 are to:

- ◆ Develop a step-by-step process to obtain LAFCO review and approval, as necessary, for the consolidation of the fire departments. Collect the requested background, fiscal and personnel information from the City and District.
- ◆ Prepare any LAFCO applications and supporting documents and assist the City and District in getting prepared to submit the application and associated documents.

Phase II - Task 3: Merger of Employees into a Single Fire Department

The objectives in Phase II – Task 3 are to:

- ◆ Identify the critical tasks for merging the City employees into District employment and assist the City and District in implementation.
- ◆ Provide advice to the City and District on Meet and Confer Issues and assist in detailing the employee transition process.

Phase II - Task 4: City and District Fiscal, Liability and Capital Issues

The objectives in Phase II – Task 4 are to:

- ◆ Prepare options for how the City and the District will resolve the issue of use, ownership, maintenance, and replacement of the City-owned fire station, apparatus and equipment.
- ◆ Assist in resolving who will be fiscally and operationally responsible for outstanding workers' compensation cases and liability.
- ◆ Conduct any additional needed research and analysis on City/District re-organization legal, fiscal (including Special Tax), capital and personnel issues and governance. Provide guidance and assistance in resolving any of these additional issues.

Phase II - Task 5: Reporting and Service Relationship

The objective in Phase II – Task 5 is to:

- ◆ Prepare a plan for reporting on the quantity and level of services provided to both the City and the District by the consolidated fire operation.

Phase II - Task 6: Other Assistance

The objective in Phase II – Task 6 is to:

- ◆ Provide other assistance in the implementation planning as specifically directed by the City and the District. This may include attending City Council and Board meetings, Fire Committee meetings, and public information meetings.

At the conclusion of Phase II, if the City and District desire assistance in the actual implementation of the consolidation of the fire departments and annexation of the City into the Fire District, Citygate's Phase III Work Plan for this implementation assistance is expected to consist of 3 tasks:

SUGGESTED WORK PLAN FOR PHASE III

Phase III - Task 1: LAFCO Process

The objective in Phase III – Task 1 is to:

- ◆ Complete any LAFCO required application documents and assist in filing these documents.
- ◆ Assist the City and District in LAFCO hearings and meetings.

Phase III - Task 2: Merger of Employees into a Single Fire Department

The objective in Phase III – Task 2 is to:

- ◆ Assist in implementing the transition of City employees into District employment.

Phase III - Task 3: Other Assistance

The objective in Phase III – Task 3 is to:

- ◆ Attend City, District, and Fire Committee meetings and advise on the agenda content, as requested.
- ◆ Provide draft reports and other documents for these meetings.

Study Components With Which the Agencies Can Assist

Both Citygate and the partners understand the economic constraints on this work. The partners have the capability to collect some internal data that can assist the Citygate study where the partners are in the best position to prepare data elements. Therefore, the partners will assist Citygate with such data as they may have available to them.

PROJECT SCHEDULE

While most of the technical issues can be resolved by the end of October, the process the City chooses to follow in considering the issue of whether to apply the Fire District Special Tax to the City will determine the actual completion date of Phase II. The Phase III activities will then take approximately six months to complete based on LAFCO's estimated time requirements to process a City and District annexation application. Since the City and District employee agreements are nearly identical already, the actual implementation of an employment transition plan can reasonably be expected to be completed within this same six-month period. We are available to initiate this project upon approval of our proposal by the partners.

SECTION 2—CITYGATE QUALIFICATIONS AND EXPERIENCE

CITYGATE PROJECT TEAM MEMBERS

Citygate Associates staffs its consulting projects with senior consultants who have extensive practitioner experience. The Project team for the implementation phase of this consolidation project will include the same senior consultants that performed the Feasibility Analysis. Below, we list each consultant by name and the role each will fulfill in the execution of this project. Resumes for each consultant may be found in **Appendix B**. A description of recent projects performed by these consultants is provided in *Section 3—References*.

Mr. David C. DeRoos, MPA, CMC, President of Citygate Associates and Project Director, has over 20 years experience as a consultant to local government, preceded by 5 years as an assistant to the City Administrator. He earned his undergraduate degree in Political Science/Public Service (Phi Beta Kappa) from the University of California, Davis and holds a Master of Public Administration degree from the University of Southern California. Prior to becoming a Principal in Citygate in 1991, he was a Senior Manager in the local government consulting division of Ernst & Young.

Mr. DeRoos is responsible for ensuring the project is conducted smoothly and efficiently within the schedule and budget allocated, and that project deliverables meet Citygate's quality standards.

Chief Stewart W. Gary, Project Manager, is the Fire Practice Principal for Citygate Associates and is the recently retired Fire Chief of the Livermore-Pleasanton Fire Department in Alameda County, California. In 1996 he successfully designed and led the implementation of the Livermore-Pleasanton fire department consolidation, which won a California League of Cities Helen Putnam award. For the past nine years, he also has been the lead instructor and program content developer for the Standards of Coverage process. For many years he annually taught a 40-hour course on this systems approach for fire deployment at the California Fire Academy and he teaches and consults across the United States and Canada on the Standards of Response Coverage process. He has worked with a variety of communities on consolidation, master plan and deployment studies.

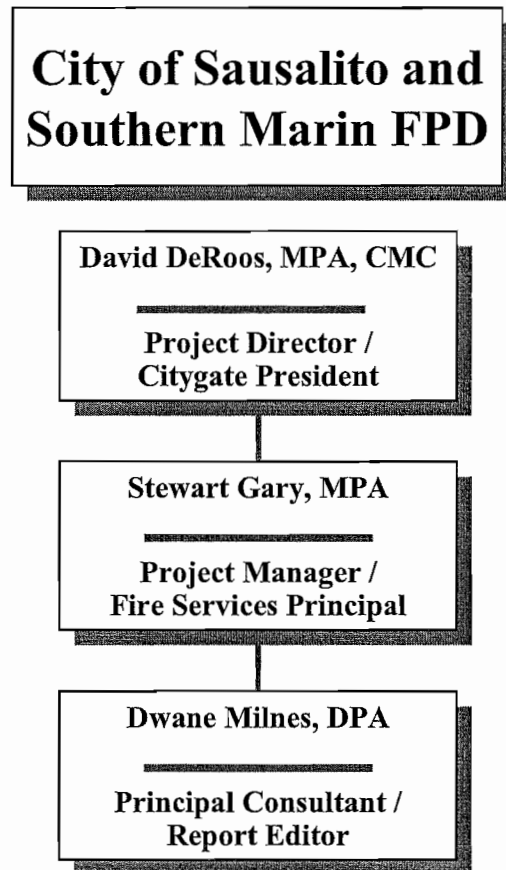
As Project Manager, Mr. Gary will conduct site meetings, direct the project and lead Citygate's work in employee relations issues and operations consolidation.

Dwane N. Milnes, DPA, Principal Consultant, is the General Government Principal with Citygate Associates. Mr. Milnes has extensive experience in municipal management having served as City Manager or Assistant City Manager for 24 years. He retired as the City Manager of Stockton, CA where he supervised an ISO Class 1 Fire Department. He earned a doctorate in Public Administration from the University of Southern California. Mr. Milnes is a member of the International City Management Association and the American Society for Public Administration. As a Citygate consultant, he has worked with Chief Gary on many fire consolidation studies and master plans.

From his operational and fiscal perspectives as a recent city manager, Dr. Milnes will provide the lead through the LAFCO process and fiscal and governance issues, assist in personnel issues, and provide the lead in resolving capital and liability issues.

Shown below is a project team organization chart. Citygate's consultants adhere to the Code of Ethics found in **Appendix A**.

Citygate Associates Project Team Organization Chart



6A
12

SECTION 3—REFERENCES

FIRM EXPERIENCE IN PERFORMING SIMILAR SERVICES

Citygate has completed many recent projects that are very similar to the consolidation, deployment, fiscal, and governance work requested in this study. For purposes of this proposal, Citygate will highlight the following projects to demonstrate our related experience. For a more detailed list of Citygate’s Fire Services Practice projects, please feel free to visit our website at www.citygateassociates.com and then select “Fire Protection and Emergency Medical Services Consulting.”

CLIENT	NATURE OF ENGAGEMENT	TIMEFRAME, CONTACT, PHONE NO.
<p>Cities of Monterey, Pacific Grove, and Carmel, CA</p> <p>Consolidation Feasibility Study</p>	<p>Citygate assisted with the development of a high-level assessment of the feasibility of fire agency consolidation for the cities of Monterey, Pacific Grove, and Carmel. This study assisted the partners with determining if they should create a joint agency that would be a more efficient governmental organization that will provide improved services at controlled or lower costs. The study also focused on the possibilities to streamline the allocation of resources and equipment so that the most cost-effective apparatus, facility, training, prevention and safety services are provided.</p> <p>Upon completion of the Final Report, Citygate was retained to provide guidance as the agencies decide whether to proceed with consolidation.</p>	<p>January 2008</p> <p>Mr. Sam Mazza Fire Chief (831) 646-3900</p> <p>424 Madison Street Monterey, CA 93940</p>
<p>Town of Windsor, CA</p> <p>Strategic Plan for Financing and Operations</p>	<p>Citygate completed a Strategic Plan for financing and operations in the rural Windsor Fire Protection District utilizing the Standards of Response Coverage methodology. The study involved fiscal analysis of the current capacity of the Fire District and Town to provide adequate fire and medical emergency response and other related operational and fiscal issues.</p> <p>This study resulted in the Town of Windsor, Windsor Fire Protection District and the Rincon Valley Fire District reaching a new cooperative services and cost sharing agreement that led to a positive voter approved revenue increase</p>	<p>May 2006</p> <p>Mr. Matt Mullan Town Manager (707) 838-1000</p> <p>Mr. Ron Collier Fire Chief (707) 838-1170</p> <p>9291 Old Redwood HW Windsor, CA 95492</p>
<p>Napa County, CA</p> <p>Fire Master Plan and Standards of Cover Study</p> <p>Review of Volunteer Fire Company Program</p>	<p>Citygate conducted a Standard of Response Cover planning analysis along with a Master Plan implementation study of non-response services for the Napa County Fire Department. This study provided an evaluation of the Volunteer Fire Company program in the County.</p> <p>Citygate made specific rural fire service recommendations and designed solutions that will maintain the Fire Department’s capabilities in the near term while providing a firm foundation upon which the Department can evolve over the longer term.</p>	<p>September 2007</p> <p>Mr. Ernie Loveless Fire Chief (707) 253-4080</p> <p>1199 Big Tree Road St. Helena, CA 94574</p>

6A
13

CLIENT	NATURE OF ENGAGEMENT	TIMEFRAME, CONTACT, PHONE NO.
City of Napa, CA Fire Master Plan and Standards of Cover Study	Citygate conducted a Standard of Response Cover study and a Master Plan for the City of Napa Fire Department. Designing this plan involved two stages: (1) a short-range plan that addresses current service delivery needs in light of the City's economic situation; and (2) a longer-range plan that addresses fire services delivery at the current General Plan build-out of the community.	September 2007 Mr. Tim Borman Fire Chief (707) 257-9593 x. 7369 1539 First Street Napa, CA 94559
City of Atwater, CA Fire Department Master Plan	Citygate completed a high-level fire department master plan for the Atwater Fire Department. This project included a Standards of Response Cover (Deployment) analysis, a review of the Fire Department's headquarters positions and programs and the capability to support the department's needs, an evaluation of the option of contracting fire services with CAL FIRE, and concluded with a summary of phasing priorities and costs.	March 2008 Mr. Gregory Wellman City Manager (209) 357-6300 750 Bellevue Road Atwater, CA 95301
Oakdale Rural Fire Protection District and City of Oakdale Fire Master Plan	Citygate conducted a Fire Master Plan to help provide service to a growing district and provide ways to match desired service levels to revenue, predict future fire service needs, assess alternatives for sharing resources with other agencies and develop a plan to restore former service levels.	November 2009 Lee Winton District Fire Chief (209) 847-6898 Steve Hallam City Manager (209) 845-3571
Los Angeles County Fire Department (with the City of Santa Clarita) Fire Services Review	Citygate conducted a fire services study for the Los Angeles County Fire Department, in cooperation with the City of Santa Clarita, and completed the following objectives: <ul style="list-style-type: none"> • Assess the adequacy of revenue to support the current and planned operations and capital expenditures for stations and equipment in the Valley; • Assess the present adequacy of the number and location of fire stations, equipment and personnel in the Valley; • Assess the timing and adequacy of the number and location of planned fire stations, equipment and personnel in the Valley. 	September 2006 Michael Dyer Chief Deputy (323) 881-6178 1320 N. Eastern Ave. Los Angeles, CA 90063

GA
14

CLIENT	NATURE OF ENGAGEMENT	TIMEFRAME, CONTACT, PHONE NO.
<p>City of Pismo Beach and Surrounding Communities</p> <p>Consolidation Feasibility Study</p>	<p>Citygate conducted a high-level assessment of the feasibility of fire agency consolidation for these agencies: Pismo Beach, Arroyo Grande, Grover Beach, and the Oceano Community Services District. The partners desired an independent review of the current fire department service relationships to determine if a functional or a full consolidation of one or more departments would provide cost stabilization while maintaining effective services. Options explored include a city-owned fire department, a contract with Cal-FIRE, or full consolidation. The study included a strong volunteer fire service component. The study used geo-mapping tools to briefly review fire station service areas, conduct an assessment of current expenses and an examination of governance options.</p>	<p>November 2005</p> <p>Mr. Kevin Rice City Manager (805) 773-7007</p> <p>760 Mattie Rd Pismo Beach, CA 93449</p>

SECTION 4—COSTS

PROJECT COST/BILLING

Since Citygate encourages the City and District to undertake as much of the work as they are able, the actual amount of time that Citygate will spend on Phases II and III of this project is difficult to precisely estimate. One of the greatest variables will be the number of meetings in which the City and the District find it useful and effective to have Citygate participate. Our charges are based on actual time spent by our consultants at their established billing rates, plus reimbursable expenses incurred in conjunction with travel, printing, clerical, and support services related to the engagement.

We estimate that Phase II of the project will cost between \$39,897 and \$65,669. We recommend that the City and District begin by only issuing a contract to Citygate for the mid-point between the two ends of this estimate. This will allow the agencies to monitor the cost and Citygate participation closely and to authorize additional contract funds only if it is warranted by the level of effort requested of Citygate.

Phase II	Hourly Fees of Project Team	Reimbursable Expenses	Administration (5% of Hourly Fees)	Total Citygate Project Amount
Fire Consolidation Implementation Assistance	\$48,252	\$1,980	\$2,413	<u>\$52,645</u>

The price quoted above is effective for 90 days.

Phase II will provide the partner agencies with guidance on the solution to the technical implementation issues. A LAFCO application, related documents and an employee transition plan will be ready for implementation in Phase III. Upon completion of Phase II, the agencies can decide whether further implementation assistance is needed from Citygate, and if so, to what degree. The amount of that assistance is unknown because it depends upon the choices to be made by the partner agencies and their assessment of how much of the last steps of implementation can be carried out by the City and District staff. The agencies can also decide at this point if their staffs need any assistance moving forward.

Our experience has been that the amount of assistance in Phase III can range from as little as \$5,000 or less for Citygate coaching and advice to \$20,000 – \$30,000 for frequent Citygate on-site project management assistance. We prefer to work with the agencies in defining a specific scope of assistance from Citygate for Phase III after both agencies have decided how to proceed following completion of the Phase II activities. Again, we encourage the agencies to do as much as possible with their own staffs in Phase III.

Project Component	Hourly Fees of Project Team	Reimbursable Expenses	Administration (5% of Hourly Fees)	Total Citygate Project Amount
Optional Phase III Technical Implementation Assistance				<u>To be Determined by the Agencies.</u>

STANDARD HOURLY BILLING RATES

Classification	Rate	Consultant
Citygate President/Project Director	\$210 per hour	David DeRoos
Project Manager	\$212 per hour	Stewart Gary
Principal Consultant/Report Editor	\$250 per hour	Dwane Milnes
LAFCO Legal Analyst	\$300 per hour	Various
Administrative Support	\$ 80 per hour	Various

BILLING SCHEDULE

We will bill monthly for time, reimbursable expenses incurred, and a five percent (5%) administration fee calculated on fees in lieu of individual charges for copies, phone, etc. The total billed for Phase II of this project is expected to be between \$39,897 and \$65,669 depending upon the level of assistance requested by the City and District at each stage of the project. The outstanding advance of \$6,290 charged against Phase I will be applied to the first invoice of Phase II.

SECTION 5—LEGAL ISSUES/CONFLICTS OF INTEREST

Citygate has no legal issues or conflicts of interest to disclose to the City of Sausalito or the Southern Marin FPD.

APPENDIX A—CODE OF ETHICS

Clients

1. We will serve our clients with integrity, competence, and objectivity.
2. We will keep client information and records of client engagements confidential and will use proprietary client information only with the client's permission.
3. We will not take advantage of confidential client information for ourselves or our firms.
4. We will not allow conflicts of interest which provide a competitive advantage to one client through our use of confidential information from another client who is a direct competitor without that competitor's permission.

Engagements

5. We will accept only engagements for which we are qualified by our experience and competence.
6. We will assign staff to client engagements in accord with their experience, knowledge, and expertise.
7. We will immediately acknowledge any influences on our objectivity to our clients and will offer to withdraw from a consulting engagement when our objectivity or integrity may be impaired.

Fees

8. We will agree independently and in advance on the basis for our fees and expenses and will charge fees and expenses that are reasonable, legitimate, and commensurate with the services we deliver and the responsibility we accept.
9. We will disclose to our clients in advance any fees or commissions that we will receive for equipment, supplies or services we recommend to our clients.

Profession

10. We will respect the intellectual property rights of our clients, other consulting firms, and sole practitioners and will not use proprietary information or methodologies without permission.
11. We will not advertise our services in a deceptive manner and will not misrepresent the consulting profession, consulting firms, or sole practitioners.
12. We will report violations of this Code of Ethics.

The Council of Consulting Organizations, Inc. Board of Directors approved this Code of Ethics on January 8, 1991. The Institute of Management Consultants (IMC) is a division of the Council of Consulting Organizations, Inc.

APPENDIX B—PROJECT TEAM RESUMES

CITYGATE ASSOCIATES, LLC

DAVID C. DEROOS, MPA, CMC

Mr. DeRoos is the President of Citygate Associates, LLC and former Deputy Director of the California Redevelopment Association. He earned his undergraduate degree in Political Science/Public Service (Phi Beta Kappa) from the University of California, Davis and holds a Master of Public Administration degree from the University of Southern California. Mr. DeRoos has over five years of operational experience as a local government administrator in land use planning, budgeting, and personnel, and over twenty years of consulting experience performing operations and management reviews of local government functions. Prior to joining Citygate in 1991, he was a Senior Manager in the State and Local government consulting division of Ernst & Young. Mr. DeRoos holds a certificate in Public Sector Labor Management Relations from U.C. Davis, and is a Certified Management Consultant (CMC).

Relevant Experience Includes:

- ◆ For all Citygate fire service projects, Mr. DeRoos reviews work products and is responsible for ensuring that each project is conducted smoothly and efficiently within the schedule and budget allocated, and that the project deliverables are in conformance to Citygate's quality standards.
- ◆ Served as Project Director for Citygate's high-level assessment of the feasibility of fire agency consolidation for the cities of Monterey, Pacific Grove, and Carmel.
- ◆ Served in an oversight capacity for a Strategic Plan for financing and operations in the Windsor Fire Protection District utilizing the Standards of Response Coverage methodology. The study involved fiscal analysis of the current capacity of the Fire District and Town to provide adequate fire and medical emergency response and other related operational and fiscal issues.
- ◆ Served as Project Director for a high-level assessment of the feasibility to fully or partially consolidate the fire agencies for the cities of Redlands and Loma Linda.
- ◆ Served as Project Director for the City of Pismo Beach and surrounding communities' consolidation feasibility study. This was an independent review of the current fire department service relationships to determine if a functional or a full consolidation of one or more departments would provide cost stabilization while maintaining effective services.
- ◆ Served in an oversight capacity for a Standards of Response Cover planning analysis along with a Master Plan implementation study of non-response services a for the Napa County Fire Department.
- ◆ Served in an oversight capacity for a Standards of Response Cover Deployment study and Master Plan for the City of Napa, CA.
- ◆ Served in an oversight capacity for a Fire services study for the Los Angeles County Fire Department, in cooperation with the City of Santa Clarita. The study assessed the adequacy and number of present and future station locations, as well as the adequacy of revenue to support the current and planned operations.

Mr. Gary was, until his recent retirement, the Fire Chief of the Livermore-Pleasanton Fire Department. Now in his 39th year in the Fire Service, Mr. Gary began as a volunteer and worked his way up through the ranks, including his service as a Paramedic for five years.

Mr. Gary started his career with the City of Poway in San Diego County, attaining the rank of Battalion Chief/Fire Marshal. He subsequently served as the Administrative Battalion Chief for the Carlsbad Fire Department in San Diego County. He was appointed Fire Chief for the City of Livermore, CA in January 1994, and two years later, he successfully facilitated the peer-to-peer merger of the Livermore and Pleasanton Fire Departments into one seamless ten-company department from which he recently retired as Chief. This successful consolidation was awarded the esteemed Helen Putnam award for excellence and innovation by the California League of Cities in 1999.

Mr. Gary has both a Bachelors and Master's degree in Public Administration from San Diego State University. He holds an Associate in Fire Science Degree from Miramar Community College in San Diego, a Certificate in Fire Protection Administration from San Diego State, and he has attended hundreds of hours of seminar course work in fire protection.

Mr. Gary has served in elected professional positions, including: President, California League of Cities, Fire Chiefs Department and Chairperson, San Diego County Paramedic Agencies. He has been involved in progressive responsibility for creating or implementing fire protection policy on the local, state and national levels. He has served as a Board Member representing cities on the California Office of Emergency Services-Firescope Board, and served two terms as the Fire Chief representative on the California League of Cities Board of Directors.

Memberships Held Include:

- ◆ International Association of Fire Chiefs, Fairfax, VA
- ◆ California Fire Chiefs Association, Rio Linda, CA
- ◆ National Fire Protection Association, Quincy, MA

Current Consulting Experience Includes:

Since starting his consulting career with Citygate Associates in 2001, Chief Gary has successfully worked on, managed or directed over 75 consulting projects. Some of the highlights and recent projects are:

- ◆ Served as Project Manager for Citygate's project to perform a high-level assessment of the feasibility of fire agency consolidation for the cities of Monterey, Pacific Grove, and Carmel.
- ◆ Served as Project Manager for a Strategic Plan for financing and operations in the Windsor Fire Protection District utilizing the Standards of Response Coverage methodology. The study involved fiscal analysis of the current capacity of the Fire District and Town to provide adequate fire and medical emergency response and other related operational and fiscal issues.
- ◆ Served as Project Director for a for a Master Plan implementation study of non-response (administrative) services along with a Standard of Response Cover

planning analysis (fire station and crew deployment) for the Napa County Fire Department.

- ◆ Served as Project Director for a Standard of Response Cover Deployment study and Master Plan for the City of Napa, CA.
- ◆ Served as Project Director for Citygate's high-level assessment of the feasibility to fully or partially consolidate the fire agencies for the cities of Redlands and Loma Linda.
- ◆ Served as Project Manager for a Fire Services study for the Los Angeles County Fire Department, in cooperation with the City of Santa Clarita. The study assessed the adequacy and number of present and future station locations, as well as the adequacy of revenue to support the current and planned operations.
- ◆ Served as Project Manager for the City of Pismo Beach and surrounding communities' consolidation feasibility study. This was an independent review of the current fire department service relationships to determine if a functional or a full consolidation of one or more departments would provide cost stabilization while maintaining effective services.
- ◆ Served as Project Manager for two studies for the City of South Lake Tahoe:
 - The creation of a Community Fire Safe Plan;
 - A fire department consolidation feasibility analysis for the City of South Lake Tahoe area and the surrounding South Basin area.

Other non-Citygate Relevant Experience Includes:

- ◆ In 1996, Mr. Gary successfully studied and then facilitated the peer-to-peer merger of the Livermore and Pleasanton Fire Departments into one seamless ten-company department for which he serves as Chief. The LPFD represents one of the few successful city-to-city fire mergers in California. The LPFD consists of 128 total personnel with an operating budget for FY 00/01 of \$18M. Service is currently provided from eight stations and a training facility. Two additional stations are under construction.
- ◆ In 1994, Mr. Gary effectively led the Fire Department's adding of paramedic firefighters on all engines to increase service. Previously the Alameda County regional system was under-serving Livermore, and the local hospital emergency room was closing. Residents and the City Council approved a local EMS supplemental property tax assessment (successfully re-voted after Proposition 218) to help pay for this increased service. In 1995, Mr. Gary assisted the City Council and the firefighters union in reaching a new understanding on staffing, and a fifth Fire Company was added to better serve the Northwest area of Livermore.
- ◆ Mr. Gary facilitated a successful regional dispatch consolidation between Poway and the City of San Diego Fire Department. He developed and implemented fire department computer records systems for Carlsbad and Livermore.

Mr. Milnes has extensive experience in municipal management having served as City Manager or Assistant City Manager for 24 years. Prior to joining Citygate in 2002, he served as the City Manager of Stockton, CA where he supervised an ISO Class 1 Fire Department. He earned a doctorate in Public Administration from the University of Southern California. Mr. Milnes is a member of the International City Management Association and the American Society for Public Administration.

Related experience includes:

- ◆ Served as Principal Consultant for Citygate's high-level assessment of the feasibility of fire agency consolidation for the cities of Monterey, Pacific Grove, and Carmel.
- ◆ Served as Project Director for a Strategic Plan for financing and operations in the Windsor Fire Protection District utilizing the Standards of Response Coverage methodology. The study involved fiscal analysis of the current capacity of the Fire District and Town to provide adequate fire and medical emergency response and other related operational and fiscal issues.
- ◆ Served as Fiscal Analyst for a for a Master Plan implementation study of non-response (administrative) services along with a Standard of Response Cover planning analysis (fire station and crew deployment) for the Napa County Fire Department. This project also included a review of the Volunteer Fire Company Program.
- ◆ Served as Principal Consultant for a high-level assessment of the feasibility to fully or partially consolidate the fire agencies for the cities of Redlands and Loma Linda.
- ◆ Served as Project Director for a Fire services study for the Los Angeles County Fire Department, in cooperation with the City of Santa Clarita. The study assessed the adequacy and number of present and future station locations, as well as the adequacy of revenue to support the current and planned operations.
- ◆ Served as Principal Consultant for the City of Pismo Beach and surrounding communities' consolidation feasibility study. This was an independent review of the current fire department service relationships to determine if a functional or a full consolidation of one or more departments would provide cost stabilization while maintaining effective services.
- ◆ Served as Principal Consultant for a consolidation study of the Seaside and Marina Fire Services. This project included facilitating discussions to finalize a list of the most critical fire service consolidation implementation issues, including what will be merged, in what order and schedule.
- ◆ Currently serving as Project Director in the multi-phase project in the City of Vista, CA, which involves reviewing and updating a full range of fire and other development impact fees.

- ◆ Served as Project Manager and Lead Consultant for a review the City of Vista, CA's current financial condition, financial practices and strategies, staffing and organizational arrangements, developing recommendations addressing each of the three principal areas of the Five Year Financial Plan.
- ◆ Served as Budget and Cost Analyst for an assessment of the historical and current use of the City of Pinole, CA's Utility Users Tax revenue, to determine the effectiveness and efficiency of this revenue source's use, especially as it relates to the funding of Pinole's police and fire services.
- ◆ As a City Manager in three separate cities, was responsible for the design, financing, planning, and move-in to two new city halls and one new police station.
- ◆ Serving as Project Manager for a series of Citygate projects to review the inter-agency service contracts (including fire and police), finance system, financial projections, and water, wastewater, storm drain and solid waste utility operations/contracts for Mountain House, an approved housing, commercial and business development in southwestern San Joaquin County, CA.
- ◆ Recently retired as City Manager of Stockton, CA, a full service charter city including redevelopment, economic development, housing, parks and recreation, fire, police, sewer, water, and development cooperation with inland seaport and airport. The City has 1800 employees and a city and redevelopment budget of \$213 million. In this capacity, he was responsible for long range planning, daily operations, and regional/project work for all city and redevelopment operations.
- ◆ Directed creation of Geographic Information System to replace mapping, integrate police crime data for operational planning, and combination of land-based files for more effective interdepartmental coordination and service delivery.
- ◆ Implemented on-going Total Quality Management program using team members from various departments for system analysis and program redesign of many city activities.
- ◆ Served as City Manager and RDA Executive Director of Merced, CA, a full service charter city with 500 employees and a \$57 million budget. Significant accomplishments included: development of a 40-year community growth plan; preparation of a downtown redevelopment land-use plan; gaining approval and subsequent development of an auto mall; originating a program to designate Merced as a "Kids Place" including integrating concern for youth into local policy-making; management of the design and construction of a new City Hall/Civic Center.
- ◆ Served as City Administrator of Yuba City, CA. Significant accomplishments included: development of multi-year capital planning; establishment of interdepartmental task forces for citywide planning; implementation of a regional transit system; implementation of a citywide employee training program to upgrade performance and to improve opportunity for promotion.

Fire Services Organization Study

City of Sausalito
Fire Department



Southern Marin
Fire District

*City Council Update
June 15, 2010*

Phase I - 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.



Annexation of the City into the District

- Benefits are:
 - 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.



Annexation Rules

- The existing Southern Marin FPD special tax *could* carry over and apply to property within the City
- For the ad valorem taxes, the tax sharing provisions apply. This requires 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.



Available Revenues

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

Citygate Associates – Fire Services Analysis



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.

Citygate Associates – Fire Services Analysis



GA
27
3

Timeline of the Next Phase

- The City and the District, in Phase I, received an analysis of the costs and advantages of various alternatives to providing fire service cost effectively
- Phase II resolves the details of consolidating the two fire departments and takes the City and District to the point where you can make a final decision on submitting an application to LAFCO.

Citygate Associates – Fire Services Analysis




Task	Description	Who	Best Case Timeline When
Authorize Phase II Scope of Work	<ol style="list-style-type: none"> 1. Assist the City and District in the meet and confer process with employees and an employee transition plan; 2. Complete a draft of the LAFCO required application and Plan for Service and other documents; 3. Determine the process and form of Property Tax Exchange Agreement and assist the City and District in negotiating this agreement; 4. Assist in the process of determining whether and how the District Special Tax might apply to the City properties; 5. Assist in resolving issues concerning ownership, maintenance and replacement of fire apparatus and fire stations 	City and District	<u>15-Jun</u>
Begin Meet and Confer with Employees		City and District with Citygate's assistance	<u>15-Jul-10</u>

Citygate Associates – Fire Services Analysis




6A
28
4

Task	Description	Who	Best Case Timeline When
Meet with County Counsel, Auditor Controller and LAFCO to determine process and form of Property Tax Agreement between the City and District		Citygate and LAFCO	15-Jul-10
Meet with County Election Officials and County Counsel to determine the alternate forms of ballot language for a Special Tax measure	The City has several choices regarding how it takes a Special Tax measure to the electorate. If a Special Tax measure is approved, it needs to be in a form that does not inadvertently cause problems for the District in its administration and should avoid creating two separate tax zones that require separate future elections if a change in the Tax is needed.	City and Citygate	15-Jul-10
Special Tax Election	An election to determine whether the District Special Tax should be applied to the City, if annexation to the District occurs.	City and County Election Officials	Sometime between January and March 2011

Citygate Associates – Fire Services Analysis 

Task	Description	Who	Best Case Timeline When
Approve Notice of Intention to file the Resolution of Application to LAFCO	At least 21 days before the adoption of the resolution, the legislative body may give mailed notice, to interested agencies, of its intention to adopt a resolution of application to LAFCO.	City Council and District Board	Within 30 days of certification of the election results
Adopt Resolution of Application	Publish Notice of Public Hearing 21 days prior to the date of adoption	City Council and District Board	Within two weeks following approval of the resolution
File Resolution and Supporting Documents with LAFCO		City and District	15-May-10
Public Hearing by LAFCO	A public hearing must be held by LAFCO within 90 days of issuing the "certificate of filing". The public hearing can be continued for a maximum of 70 days.	LAFCO	14-Jul-11
LAFCO holds protest hearing	If there are insufficient protests, LAFCO will make its decision at this meeting.		8-Sep-11

Citygate Associates – Fire Services Analysis 

6A
29
5

Next Steps

1. The City Council can provide policy to proceed with Phase II and develop its preferred approach to financing and annexation with the Fire District with the goal of long-term sustainability
2. At the end of Phase II, the final costs and agreements would then be presented to the City Council for consideration and direction to initiate the necessary steps with LAFCO.

Citygate Associates – Fire Services Analysis



Thank you

Questions?