



# STAFF REPORT

## SAUSALITO CITY COUNCIL

---

### AGENDA TITLE:

Fire Consolidation Documents and Financial Arrangements

### RECOMMENDED MOTION:

Joint motion of the City Council for the City of Sausalito and the Board of Directors for the Southern Marin Fire Protection District (SMFPD) directing staff to prepare the application to the Marin County Local Agency Formation Committee (LAFCO) for expansion of the boundaries of the SMFPD to include the City of Sausalito under the terms and conditions specified in this staff report; and amend the contract with CityGate in the amount of \$46,000 to be jointly funded by the City of Sausalito and the Southern Marin Fire Protection District.

---

### SUMMARY

On May 3, 2011, the City Council approved the schedule for proceeding with preparation and submission of an application to the Local Agency Formation Commission (LAFCO) seeking approval for the formal annexation of the City of Sausalito into the Southern Marin Fire Protection District (SMFPD) to allow for the efficient and cost-effective provision of fire protection services.

Tonight, city staff presents the City Council with the proposed LAFCO application (attached) and a proposed Plan for Service (attached), which explains how the provision of fire protection services will be delivered following annexation.

According to the schedule approved by the City Council, the city will officially submit its annexation application to LAFCO in mid-September 2011. The City Council tonight should review and provide comment and any direction on the application and Plan for Service.

City staff continues to prepare additional documents necessary to support the application for annexation, including an Employee Transfer Plan, Agreement for Property Tax Sharing, Lease Agreement and Asset Disposition Agreement. These additional documents will be presented to the City Council for review in conjunction with your consideration of a formal resolution approving application to LAFCO on July 26, 2011.

### BACKGROUND

Since 2004, the City of Sausalito has partnered with the SMFPD to provide the residents and businesses of Sausalito with high-quality fire protection and emergency services. Even before that, when the City of Sausalito operated its own fire department, the two agencies regularly cooperated in responding to major fires and other emergencies that neither one on their own had sufficient resources or personnel to handle.

Governed by a formal contract between the City and Fire Protection District, under this model, the SMFPD provides almost all management, operations and administrative services, including a fire chief and other key management and firefighting personnel, while the City of Sausalito owns and maintains its downtown fire station and equipment and employs 15 firefighters who are managed by the Fire Protection District.

Despite the success of the current model, it has become outdated in the face of changing state and federal standards which require certain levels of firefighter staffing, training and supervision to ensure a safe and adequate response to fires and other emergencies. In addition, the current contract does not reflect the full scope and cost of services that the Fire Protection District provides to the residents and businesses of Sausalito.

As a result, the City and the Fire Protection District began formally in 2006 to study more efficient and cost-effective ways to provide Sausalito with fire protection and emergency services that can better keep pace with changing firefighting standards and maintain the same high level of public safety which residents have come to expect.

A Joint Working Group composed of staff and elected representatives from the City and Fire Protection District, following many months of careful research and analysis and working with union representatives and experts in municipal finance and consolidation, has identified a preferred alternative to the current agreement for providing the City of Sausalito with fire protection services.

#### **Preferred Alternative: Formal merger with SMFPD**

- SMFPD boundaries are expanded to include the City of Sausalito, with approval required by the Local Agency Formation Commission (LAFCO).
- Maintains local control over fire protection services by giving Sausalito voters the power to elect members to the SMFPD Board of Directors, with appointment of two Sausalito residents as non-voting, advisory representatives to the SMFPD Board until the first election after the merger is complete. The SMFPD Board has already acted to approve this arrangement should formal merger through annexation with the Fire District be approved by the City and LAFCO.
- City retains ownership of the downtown fire station.
- SMFPD employs all fire services personnel and manages all fire services operations.
- Voter approval (2/3rds) in June 2012 for an annual \$90 parcel tax necessary to pay the SMFPD for providing Sausalito with fire protection services and consistent with a parcel tax that residents in the SMFPD currently pay.
- Transfer of portion of existing City property tax base to provide annual property tax revenue consistent with assessed valuation increases.

As part of its research, the Joint Working Group also studied two other approaches for providing the City of Sausalito with fire protection services. The Joint Working Group concluded,

however, that neither approach represented a cost-effective solution for providing the city with fire protection services. Specifically, both approaches involve significantly higher costs than annexation.

### **Alternative 2: Full contract for service with SMFPD**

- City contracts with SMFPD to provide all fire and emergency protection services, using a cost-sharing formula based on Sausalito's population, assessed valuation, calls for service and level of service.
- City retains ownership of the downtown fire station.
- SMFPD employs all fire services personnel and manages all fire services operations.
- Voter approval for an annual parcel tax of up to \$250 to cover costs of full contract with SMFPD, with the City continuing to use part of its property tax and other General Fund revenue to support fire services.

### **Alternative 3: Reinstate a Sausalito Fire Department**

- Sausalito operates its own, standalone fire department.
- Voter approval for an annual parcel tax of up to \$400 to cover additional costs of operating a standalone fire department, with the City continuing to use part of its property tax and other General Fund revenue to support fire services.

### **OTHER OPTIONS**

In addition to consolidation with the SMFPD, the City of Sausalito has approached the City of Mill Valley, the Tiburon Fire Protection District and the Marin County Fire Department about their interest in providing Sausalito with fire protection services through consolidation, merger or contracting. None of these agencies expressed any interest in participating in any actual merger of fire services.

### **COMMUNITY SUPPORT FOR ANNEXATION**

In order to determine community awareness and support for the various alternatives identified by the Joint Working Group, the City of Sausalito and the SMFPD contracted for a public opinion poll that was conducted in early May by Fairbank, Maslin, Maullin, Metz & Associates.

Although the results showed that many respondents were unaware of the issue of consolidation or merger, when they were provided with a brief description of annexation 62 percent said they support the concept of formal consolidation with the SMFPD (figure 1).

When survey respondents were asked if they would support a \$90 parcel tax necessary to pay for consolidation, initial support was only 50 percent, far below the required 66.7 percent necessary for approval. However, when asked to choose among the alternatives, respondents overwhelmingly indicated their support for consolidation with a \$90 parcel tax over the other options (figure 2).

And, when respondents were given additional information about both consolidation and the parcel tax, support for the \$90 parcel tax increased from the initial 50 percent to 63 percent. This suggests that while respondents support the concept of consolidation, they want more information about the plan before they will approve a \$90 parcel tax.

Figure 1

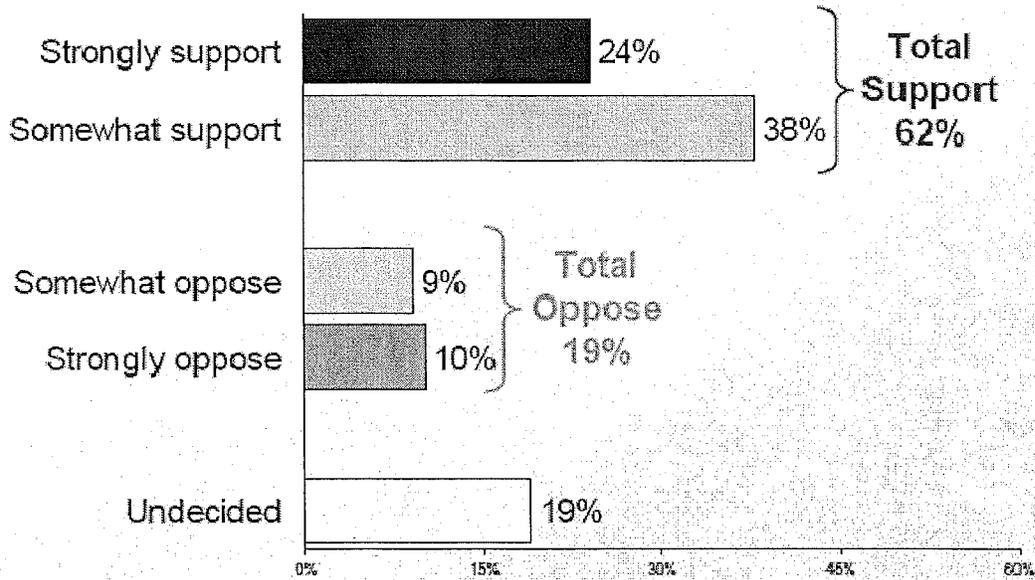
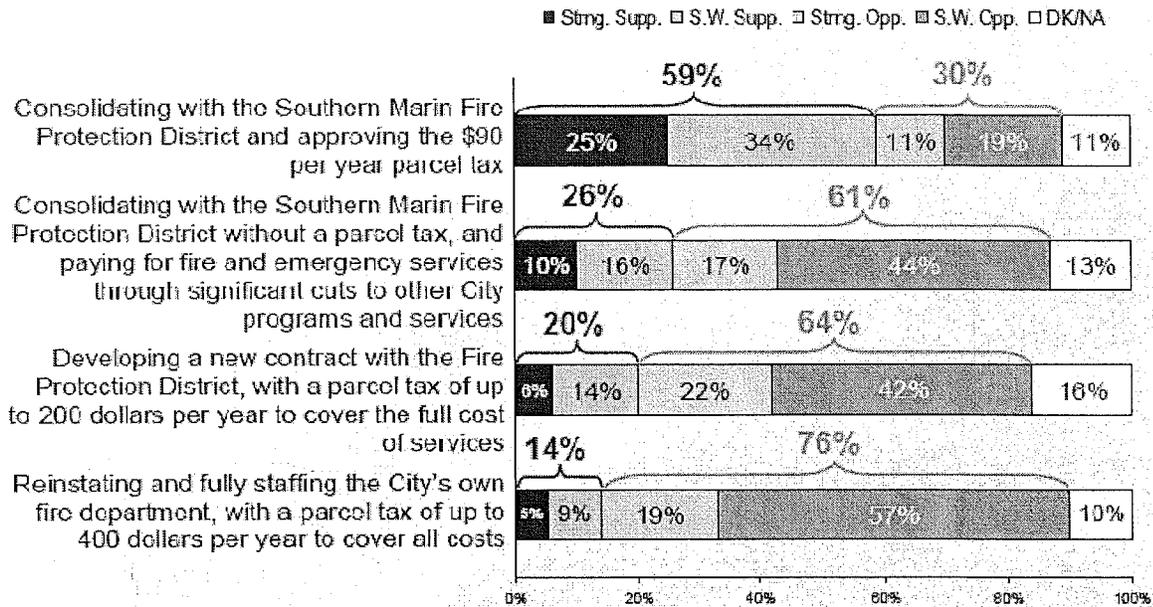


Figure 2



Based on the survey results, there appears to be sufficient community support for the concept of formally merging with SMFPD to undertake a process of community involvement, public hearings and finally an election to determine how the City should proceed to provide the most cost effective fire service to the community.

At your June 7 City Council meeting a public process of community forums was outlined that included a series of five forums scheduled for late June and early July. The Council expressed concern that the forums may be too tightly scheduled during the summer months and requested the forums be spread out over the next several months. Staff working with information services consultant Whitehurst/Mosher Campaigns is currently revising the community forum schedule.

### **ANNEXATION DOCUMENTS**

In order for participants in the community meetings to be as well informed as possible, the Joint City Council/District Board Working Group and the staff of both the City and the District have prepared the following draft documents and outline that explain the formal arrangements that will take place if annexation to SMFPD is approved at a June 2012 election.

- Application to LAFCO to consider approval of the annexation (attached).
- Plan for Service explaining how service will be provided to the City after annexation and how this approach is the most cost effective for both the City and the District. (attached).
- Transfer of City employees over to District employment.
- Fire Station Use and Equipment Agreement that will allow the District to use the City owned fire station and transfer fire apparatus and responsibility for its maintenance and replacement to the District.
- Property Tax Exchange Agreement that will transfer funds that the City has been using to support fire services to the District.

### **Transfer of City Employees to District Employment**

The City has 15 firefighter positions on its payroll, although they are integrated into the SMFPD workforce and supervised by the SMFPD chief officers. Upon annexation, the City would eliminate these 15 positions and the District would hire these same 15 employees. Since the City and the District currently have nearly identical Memorandum of Understanding (MOUs) with their respective fire service employees, the working conditions/rules would remain nearly as they currently apply to City fire employees.

Both the City and the District have met with employees and have reached an agreement that City employees would be hired by the District and would come under the conditions/rules in the District MOU, if annexation occurs.

Upon leaving City employment the employees will carry over to the District, and not lose, their accumulated and unused vacation and sick leave. The City would compensate the District for

their unused vacation and a portion of their unused sick leave, because the District will be assuming the obligation to compensate the employee for this unused time when the employees leave their employment with the District at some future time. This is not a new cost for the City, since City would have this obligation if the employees remained as City employees. The funds are currently reserved by the City for this purpose: \$144,993 for accumulated vacation and \$112,614 for accumulated sick leave.

The City, in its current agreement with employees, has provided medical benefits after retirement. Since six of the employees are close to retirement and have earned the benefit with the City and will not have sufficient time as District employees to earn this benefit again as District employees, it is most cost effective for the City to retain the responsibility to pay for the retiree medical costs of these six employees after they retire. The City currently has this obligation and this would not be a new added cost to the City.

For the remaining employees who would have sufficient work time with the District to earn the post retirement medical benefit under District rules, the City would pay for the "unfunded liability" of these nine employees that represents only the years they have worked for the City. Based on an audit finding, the City can pay off this obligation to the District at approximately \$58,000 per year for 30 years. Again this is a cost obligation the City already has and does not represent a new added expense to the City.

### **Fire Station Use and Equipment Agreement**

If the City annexes to the District for fire services, the City would retain ownership of the Fire Station and lease it to the District. The District only requires a fire station of about 6,000 to 7,000 square feet, smaller than the present station which was built under the assumption that the City would need to house fire administrative services there and would use the building for City emergency management purposes. Under a lease with the District, the City would continue to use part of the building for its own purposes. The District would pay \$100,000 per year lease payments for use of the building and its related equipment and furnishings, representing the amortization over a 30-year period of the principle construction cost of the smaller fire station needed by the District. The District would also maintain and repair the entire building and return it to the City in its current condition with the exception of normal usage wear, should the current fire services arrangement ever change.

The City would also sign over to the District the large fire apparatus, but the District would be responsible to maintain and replace the apparatus at their expense and return equipment of similar type, age and condition to the City if the fire services arrangement ever changes and the City resumes responsibility for fire services. Because the City has been setting aside replacement funds for this apparatus and the District will be responsible to replace this City equipment when it wears out, if annexation occurs the City would provide the District with \$243,462 in depreciation funds representing the years that the City has already used each piece of apparatus. The District will then begin accumulating replacement funds for the years that the District will be using the equipment and thus have sufficient money set aside to replace the apparatus when needed. This financial arrangement uses funds that the City has already set aside for purposes of equipment replacement.

### **Parcel Tax Approval and Property Tax Exchange Agreement**

If the City annexes into the SMFPD and the District assumes responsibility for providing fire and emergency services to the City, then the District annual operating costs will increase approximately \$2,969,250 per year.

The state law regarding annexations provides that the City and District should come to an agreement regarding the revenue sources to be used by the District to pay for the additional annual operating expenses. These sources of revenue would be transferred to the District and, with the exception of the parcel tax, are the same sources of revenue that the City now uses to finance its share of fire services in the present shared service arrangement.

The City Council Ad Hoc Fire Services Committee is recommending to the City Council that the present parcel tax paid by District residents be extended to cover property in the City. Approving the parcel tax will allow the City to transfer less of its property tax to the District, which will allow the City to continue providing the current level of services from other City operations in spite of the economic downturn. Approving the parcel tax will also provide equity within the District by having all property owners contribute equally to the cost of fire and emergency services. Before the merger and annexation could be completed, Sausalito voters would have to approve the parcel tax by a two-thirds vote. An election is tentatively scheduled for June 2012.

The revenue sources that would be available to the District to support the approximately \$2,969,250 to serve the City include the ambulance revenue, the City's current share of the revenue from the fire services contract with Golden Gate National Recreational Area (GGNRA), money to offset the unfunded post retirement medical benefit of City employees (discussed above), parcel tax revenue, and a portion of the City property tax revenue.

<b>Added Revenue Needed by the District</b>	<b>City Ambulance and Permit Revenue</b>	<b>City Share of GGNRA Contract</b>	<b>Post Retirement Benefit Payment</b>	<b>Special Tax Applied to City Parcels</b>	<b>Property Tax Transferred to the District</b>
\$2,969,250	\$111,000	\$133,000	\$58,000	\$600,000	\$2,067,250

## FISCAL IMPACT

The following table details the fiscal impact of the annexation on each entity's budgeted FY 2011-12 revenues and expenditures:

	District Before	District After	District Before/After Difference	City Before	City After	City Before/After Difference
<b>Expenses:</b>						
Sausalito Fire Department	-	2,969,250	2,969,250	3,268,312	413,000	(2,855,312)
All other departments	8,582,983	8,582,983	-	11,343,490	11,343,490	-
<b>Total Expenses</b>	<b>8,582,983</b>	<b>11,552,233</b>	<b>2,969,250</b>	<b>14,611,802</b>	<b>11,756,490</b>	<b>(2,855,312)</b>
<b>Revenues:</b>						
Property Taxes	6,618,915	8,686,165	2,067,250	5,200,000	3,132,750	(2,067,250)
Ambulance Fees	221,404	332,404	111,000	111,000	-	(111,000)
GGNRA	267,000	400,000	133,000	100,000	-	(100,000)
Rent	-	-	-	-	100,000	100,000
OPEB	-	58,000	58,000	-	-	-
Parcel Tax	815,953	1,415,953	600,000	-	-	-
All other Income	1,365,198	1,365,198	-	9,200,802	9,200,802	-
<b>Total Revenues</b>	<b>9,288,470</b>	<b>12,257,720</b>	<b>2,969,250</b>	<b>14,611,802</b>	<b>12,433,552</b>	<b>(2,178,250)</b>

The following table depicts the one-time payments from the City to the district for equipment replacement, estimated accrued vacation pay and sick leave. These monies are available in the separate City's funds that have been set-aside for Vehicle Replacement, Employee Benefits and Accrued Compensated Absences:

<i>One Time Payments to District</i>	<b>Pmt to District</b>	<b>Pmt from City</b>
Vacation Payout	144,993	(144,993)
Sick Payout	112,614	(112,614)
Equip Repl Payout	243,462	(243,462)
	<b>501,069</b>	<b>(501,069)</b>

## STAFF RECOMMENDATIONS

Staff recommends that the City Council for the City of Sausalito and the Board of Directors for the Southern Marin Fire Protection District (SMFPD) jointly make a motion and approve directing staff to prepare the application to the Marin County Local Agency Formation Committee (LAFCO) for expansion of the boundaries of the SMFPD to include the City of Sausalito under the terms and conditions specified in this staff report.

## ATTACHMENTS

1. Plan for Service
2. LAFCO Application

**PREPARED BY:**

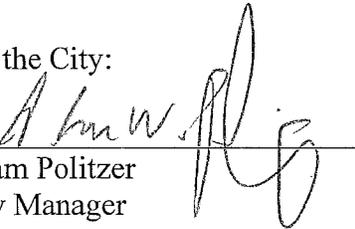
  
\_\_\_\_\_  
Charlie Francis  
Administrative Services Director

**REVIEWED BY:**

\_\_\_\_\_  
Mary Wagner  
City Attorney

**SUBMITTED BY:**

For the City:

  
\_\_\_\_\_  
Adam Politzer  
City Manager

For the SMFPD

\_\_\_\_\_  
Jim Irvine  
Fire Chief

**ATTACHMENT #1**  
**Plan for Service**

**City of Sausalito and the Southern Marin Fire Protection District  
Plan for Service  
Following Annexation of City Territory into the District for  
Fire and Emergency Services**

**INTRODUCTION**

Pursuant to Section 56653 of the Government Code, the Local Agency Formation Commission of Marin County (LAFCO) requires that an application for a change of organization or reorganization be accompanied by a plan for providing services to the property. The plan is to include:

1. An enumeration and description of the services to be extended to the affected territory.
2. The level and range of those services.
3. An indication of when those services can feasibly be extended to the affected territory.
4. An indication of any improvements or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require of the affected territory if the change of organization is completed.
5. Information with respect to how those services will be financed.

The application is for the annexation of all of the territory within the Sausalito city limits, approximately 2.17 square miles, to the Southern Marin Fire Protection District (SMFD), being located in the southeastern corner of Marin County, adjacent to Highway 101. An application for and subsequent annexation of the City to the District is categorically exempt under Sections 15320 and 15061(b)(3) of the State CEQA Guidelines.

The Southern Marin Fire Protection District is an independent special district established by the Marin County Board of Supervisors in July of 1999. The District was formed by the merger of the Alto-Richardson Fire Protection District and the Tamalpais Fire Protection District and is governed by an elected seven member Board of Directors.

Both the City of Sausalito and the Southern Marin Fire Protection District have fire departments. The departments were functionally combined in 2004 through a Limited Joint Powers Agreement (as subsequently amended). Prior to this time the City was

supervising its fire department with one Fire Chief and no other Chief Officers to assume either administrative duties or to provide "incident command" at the emergency scene. Those Chief Officer duties, which are briefly listed below, are too numerous and time consuming to be performed by a single individual. Particularly a Fire Chief as the only Chief Officer of a fire department cannot practically be available 24/7/365 to supervise staff and act as incident commander at responses to incidents that are more than minor calls for service. Examples of duties are:

- Emergency Response incident command
- Fire Prevention - permits and inspections
- Ensuring Federal and State safety regulations are met for firefighting
- Line supervision and application of City rules and regulations
- Planning and liaison with other fire departments
- Fire Investigation and Public Education
- Disaster Preparedness
- Budgeting and City Fire Department Strategic Planning
- Records, invoices, payroll
- Mandated reports (NFIRS, PCR)
- Response and liaison to City Manager direction
- Coordination with other City departments

With these administrative responsibilities in mind and the need to have an incident commander on duty 24/7, the City and the District concluded that it was more cost-effective for the City to contract with the District to provide administrative services.

This functional consolidation was in recognition of the fact that both agencies had been operating separate fire departments that cooperated actively in emergency response; however, neither agency had sufficient resources by itself to respond to major emergency situations such as multiple injury accidents or serious building fires. The agencies were heavily reliant upon each other to not only respond jointly but also to provide backup response when one agency was already fully occupied with a prior emergency call.

Under the terms of the agreement the District Fire Chief and headquarters staff have managed the functionally combined department, with the City paying for these administrative services through a contract with the District. The City retained firefighters as employees although they have been supervised on a day to day basis by the District Fire Chief and headquarters staff.

The functionally combined fire department provides service to an area of approximately 11.5 square miles with an estimated population of about 29,000, including over 14,100 homes and business properties.

In addition to serving the District and City from three fire stations, the combined fire service provides both fire emergency response and paramedic ambulance service to the Golden Gate National Recreation Area under a contract that states "SMFPD will provide

the full range of emergency services that it currently provides within its district including but not limited to firefighting, technical rescue, hazardous materials responses, and emergency medical services for the assigned NPS areas of the Marin Headlands and Fort Baker.” They also provide paramedic ambulance service to the community of Muir Beach, and to the Muir Woods National Monument and provide a regional rescue unit which serves all of the above areas, the Tiburon peninsula, and the Golden Gate Bridge area.

It has been the intent of the City and the District to formally combine the departments into a single agency that will permit more reliable economies of scale and more cost-effective management of the staff and operations. To reach this objective the City and the District have worked to align their employee agreements so that employees of each agency are essentially compensated the same and operate under nearly identical personnel rules. With the completion of that alignment, the City and District are now petitioning LAFCO to approve the annexation of the City territory into the District and the District will then formally hire the fire department employees who are now on the City payroll and then provide fire and emergency response service to the enlarged District area. The terms and conditions of that employment are the subject of agreements between the City, the District and the employees, copies of which are Attachment I to this Plan for Service.

The City and District have completed a review of the fire and emergency services now provided to the City and District and determined that the level of such service to both the current District territory and the City territory proposed to be annexed into the District will not be reduced as a result of this proposed annexation, but will be provided more cost-effectively.

## **SOUTHERN MARIN FIRE PROTECTION DISTRICT SERVICES**

The Southern Marin Fire Protection District and the City of Sausalito fire departments operate as a single fire department and provide fire and emergency response services to both the territory within the City limits and the territory within the District boundaries. This joint operation serves the communities of Tamalpais Valley, Almonte, Homestead Valley, Alto, Strawberry, approximately 1/4 of the town of Tiburon, as well as the City of Sausalito and provides fire and paramedic ambulance response to the adjacent Golden Gate National Recreation Area under contract to the National Park Service.

### ***STAFFING AND EQUIPMENT***

---

Fire services are provided from the headquarters station at 308 Reed Street, Mill Valley, which also serves as the administrative offices, the Tamalpais Valley station at 309 Poplar Street in Mill Valley, and the City of Sausalito station at 333 Johnson Street in Sausalito. Fire prevention functions and administrative office space are also located at the Sausalito station.

The headquarters station in Strawberry houses an Engine, Paramedic Medium Rescue, and the Shift Battalion Chief who serves as incident commander on each shift. The Sausalito station houses a Type 1 (Municipal) Engine, Ladder Truck, and a Paramedic Ambulance. The crews at the Sausalito station cross-staff the Fireboat, and an Inflatable Rescue Boat, and are members of the Dive Team. The Tamalpais Valley station houses a Type 1 (Municipal) Engine, a Type 3 (Wildland) Engine, and a Paramedic Ambulance.

The full inventory of fire apparatus and other fire vehicles owned by the City and the District is listed below:

**Sausalito FD Apparatus**

<b>Vehicle Make</b>	<b>Vehicle Type</b>	<b>Year Placed in Service</b>	<b>Status</b>
GMC 2500/PU	Utility	1995	Front Line
Pierce	Type 1 Pumper	2007	Front Line
Sparten/3D	Type 1 Pumper	1995	Reserve
Sparten/3D*	Type 1 Pumper	1995	Reserve
Pierce 105' (Joint ownership by 5 fire agencies)	Quint	1994	Front Line
Achilles 16'	Inflatable Rescue Boat	2002	Front Line
Metal Craft 30'	Fire Boat	2004	Front Line

**Southern Marin FPD Apparatus**

<b>Vehicle Make</b>	<b>Vehicle Type</b>	<b>Year Placed in Service</b>	<b>Status</b>
Ford/Explorer	Chief Vehicle	2010	Front Line
Ford/Expedition	Command	2007	Front Line
Ford/Explorer	Utility	2003	Front Line
Ford 150 PU/4X4	Utility	1995	Front Line
Ford 250 PU	Utility	1992	Front Line
Ford 250 PU	Utility	2007	Front Line
Chevrolet Tahoe	Command	2003	Front Line
Chevrolet PU	Utility	1994	Front Line
International	Type 3/Pumper	1999	Front Line
Pierce	Type 1/Pumper	2006	Front Line
HME/3D	Type 1 Pumper	1995	Reserve
Pierce*	Type 1 Pumper	2009	Front Line

The City of Sausalito will continue to own the Fire Station at 333 Johnson Street and transfer ownership of the Sausalito Fire Department Apparatus and Fire Vehicles (listed in the table above) to the District. The terms and conditions of the use of the City Fire Station by the District and transfer of the fire apparatus and equipment are the subject of an agreement included here as Attachment II. The agreement takes effect upon the effective date of the annexation of the City to the District.

The currently budgeted fire services staffing of the two agencies is as follows:

**Currently Budgeted Fire Emergency Services Staffing**

Position	Agency	
	So Marin	Sausalito
<b>Headquarters</b>		
Fire Chief	1	
Deputy Chief	1	
Admin Services Mgr	1	
Financial Mgr	0.5	
Admin Clerk	0.5	
<b>Total</b>	<b>4.0</b>	
<b>Line Operations</b>		
Battalion Chief	3	
Captain	6	3
Paramedic/Firefighter	9	6
Firefighter/Engineer	15	6
<b>Total</b>	<b>33</b>	<b>15</b>

***SERVICES***

---

The Fire District provides the following services throughout its City and District service area:

**Fire Suppression**—Fire Suppression is provided through a constant staffing of 3 people (a combination of City and District employees) on a fire engine or ladder truck 24 hours per day, with a Battalion Chief on duty as the incident commander and shift supervisor. Minimum daily staffing of line fire personnel is 6 at the Main Station on Reed Street, and 3 each at the Sausalito and Tamalpais Valley stations.

**Emergency Medical Services**—This is provided under operational guidelines of the Southern Marin Emergency Medical Paramedic System (SMEMPS), a Joint Powers Agency (JPA) in which other fire agencies in the area participate. Transportation of patients is generally to the nearest medical facilities in Marin County, which are Marin

General Hospital in Greenbrae and Kaiser Terra Linda. The District will also, in some cases, transport patients to medical facilities in San Francisco.

SMEMPS resources are located at:

Medic 31  
333 Johnson Street  
Sausalito, CA 94965

Medic 32  
4301 Paradise  
Tiburon, CA 94920

Medic 33  
309 Poplar Street  
Mill Valley, CA 94941

Medic 34  
26 Corte Madera Ave.  
Mill Valley, CA 94941

Rescue 9 (medium duty rescue)  
308 Reed Street  
Mill Valley, CA 9494

**Hazardous Materials Response**—All line personnel are trained as Hazardous Materials First Responders. To mitigate significant Hazmat incidents, the District is a member of the Marin County Hazardous Materials Team JPA with other departments in Marin County. Personnel from SMFD and various other Marin fire agencies staff this team. The District is also a designated Decontamination Unit for incidents in the Southern Marin area.

**Marin County Urban Search and Rescue Team** -- Southern Marin Fire Protection District currently has eight participating members, including one City of Sausalito line firefighter, on the county wide USAR Team which is comprised of a forty-eight member staff, each trained at least to the Rescue Systems One Level. The team is considered a "multi-hazard" discipline, since it may be needed for a variety of emergencies or disasters.

**USAR Water Rescue**—There is a water rescue element to the Marin County Urban Search and Rescue Team. This component is classified as a Type I Swiftwater/Flood Search and Rescue Team (SF SAR Team) and responds to water rescue calls within both the City and the District.

**Southern Marin County Dive Team**--The Southern Marin Dive Team is a resource available for water rescue and dive emergencies in the Southern Marin Fire Protection

District and City service areas as well as other areas in Marin County. The Rescue Vehicle and associated equipment cache is located at Southern Marin Fire Protection District Main Fire Station 9. Due to the station's close proximity to Richardson Bay, the inflatable rescue boat (IRB-1) with a crew of fully equipped personnel are located at the Sausalito fire station, where they can be deployed quickly. The SMDT also has the capability of transporting its personnel, equipment and rescue boat to other waterways as needed.

**Public Education and Fire Prevention**—Programs are provided that disseminate information relating to fire and other life safety hazards. The programs include visiting schools, giving instruction in first aid, CPR and disaster preparedness.

#### LEVEL AND RANGE OF SERVICES AND TIME OF SERVICE AVAILABILITY

Upon annexation, all of the above services will immediately be provided to the new larger District area at the same level as now provided within both the City and District territory.

#### UPGRADE OF FACILITIES AND EQUIPMENT WILL NOT BE NEEDED

All of the City and District equipment now available to and being used by the District to provide services will continue to be available to and be used by the District pursuant to the provisions of the agreement transferring ownership of City fire apparatus and fire vehicles to the District. This equipment will continue to be operated out of the three fire stations now used by the District. No improvement or upgrade of facilities and equipment is needed to provide services to the area within the City of Sausalito City limits.

#### HOW SERVICES WILL BE FINANCED

Currently the City of Sausalito employs fifteen firefighters and includes the cost of their salaries and benefits in their annual budget. They also pay the District a share of the headquarters costs and a share of materials and supplies. These direct costs of the City's share of fire services were \$2,909,217 in Fiscal Year 2009-10. In addition the City incurred \$21,831 for other administrative costs such as consultant fees to work on the issue of merger with the District and \$190,081 set aside by the City toward replacement of the City owned fire apparatus.

All except \$110,702 of the City's fire related expenses are charged to the City's General Fund, whose revenue source includes unrestricted revenue such as property tax, sales tax, franchise and business license fees. The City does not levy a special tax or assessment to

support fire costs. This small amount not charged to the General Fund is revenue received from ambulance services.

The District expended \$8,821,765 in Fiscal Year 2009-10, all for fire services since the SMFPD is a single purpose district. However, annual operating expenditures were \$8,255,085 when one-time capital expenditures and vehicle depreciation are subtracted. The City of Sausalito reimbursed the District \$108,415 pursuant to a contract under which the District provides Headquarters services to the City, including supervision of its line fire staff. Offsetting these expenses the District had the following sources of revenue:

**District Revenue Sources in Fiscal Year 2009-10**

<b>Revenue Source</b>	<b>Approximate Percent of Total District Revenue</b>
Property Tax	71%
Special Parcel Tax	9%
ERAF <sup>1</sup>	6%
Other Fees and Charges	13%

1. ERAF: Educational Reimbursement Augmentation Funds returned to the District through the County pursuant to various state laws that shifted property tax revenue away from Counties, Cities and Districts.

The table below shows the Special Parcel Tax rate applied to residential and commercial property. If a Special Parcel Tax is approved by Sausalito voters, this same rate would apply within the City and become part of the revenue funding the ability of the District to provide fire services within the expanded boundary that would include the City territory.

**Annual Southern Marin FPD Special Tax Rate**

	<b>Unimproved Property</b>	<b>Each Living Unit</b>	<b>Per sq ft of Structural Improvements</b>	<b>Per Parcel for County Tax Administration</b>
<b>Tax Rate</b>	\$45	\$90	\$.12	\$2

In spite of the recession, the District annual revenue has remained stable for the past three years as reflected in the table below:

**District Revenue and Expense History**

	<b>FY 2007-08</b>	<b>FY 2008-09</b>	<b>FY 2009-10</b>
<b>Annual Revenue</b>	\$8,488,736	\$9,239,726	\$8,999,717
<b>Annual Expense</b>	\$7,531,830	\$8,139,945	\$8,821,765

As a result of this stability and the District's reserves of \$4,373,611 on June 30, 2010, it is anticipated that the District has sufficient fiscal strength to absorb responsibility for

servicing throughout the city limits of Sausalito if the City transfers sufficient permanent revenue to the District to offset the incremental added cost of providing the service.

This incremental added cost of providing fire services to the City of Sausalito is \$2,969,250 less \$ 110,702 in ambulance revenue that would be earned by the District following annexation.

The City and the District have entered into an agreement, Attachment III, that will permanently transfer to the District a share of the City's annual property tax allocation. The amount of this transfer is reduced by

- 1) \$111,000 in ambulance revenue,
- 2) Attributes to the City one-third or \$133,000 of the GGNRA contract revenue and this revenue will be received the District along with their current two-thirds share of that contract revenue,
- 3) The City will assume responsibility for post retirement medical benefit costs of 6 employees who are close to retirement and will make an amortized annual payment for 30 years to the District of approximately \$58,000 to cover the unfunded liability for post retirement medical benefits of the remaining 9 City employees to be employed by the District,
- 4) The agreement also provides that there will be an election to determine if the District's current Special Parcel Tax rate will be applied to the City upon annexation. If that election results in voter approval of the parcel tax within the City of Sausalito, the amount of transferred property tax will be reduced by the amount of the \$600,000 in anticipated Special Parcel Tax revenue.

Based on the property tax records for Fiscal Year 2009-10, this amount will be sufficient to fund the estimated incremental added cost of providing the District's services to the property and populace within the Sausalito City limits. Sources of revenue for the District to fund the incremental added cost of providing service with the City limits are illustrated in the table below.

<b>Added Revenue Needed by the District</b>	<b>City Ambulance and Permit Revenue</b>	<b>City Share of GGNRA Contract</b>	<b>Post Retirement Benefit Payment</b>	<b>Special Tax Applied to City Parcels</b>	<b>Property Tax Transferred to the District</b>
\$2,969,250	\$111,000	\$133,000	\$58,000	\$600,000	\$2,067,250

**FINANCIAL ALTERNATIVES TO ANNEXATION**

The City and the Fire District asked Citygate Associates to analyze the proposed annexation of the City into the District for fire protection services. In the study, they were asked to look at the fiscal impact on the City if the annexation did not proceed.

While the full report prepared by Citygate Associates is Attachment IV, in summary they found that under the current contract whereby the City line fire personnel have remained as City employees, the amount that the City pays the District for the Headquarters services and for supervision of City fire personnel is less than should be paid if the cost were determined based on measures such as personnel supervised, relative population or assessed value. The table below summarizes the measures for cost allocation that are included in the study:

**Sausalito Share of Measures of Service**

<b>Measures of Service</b>	<b>Southern Marin</b>	<b>Sausalito</b>	<b>Sausalito Share of the Total</b>
<b>Assessed Value</b>	\$4,816,258,598	\$2,597,633,714	35.04%
<b>Population</b>	21,500	7,596	26.11%
<b>Calls for Service</b>	1,130	847	42.84%
<b>Line Staff on Duty</b>	10	5	33.33%
<b>Fire Stations</b>	2	1	33.33%
<b>Composite Measure</b>			34.13%

If the "Composite Measure" in the table above were used to determine the amount the City should pay for Headquarters and supervisory services, the cost would increase from the present \$108,415 per year to \$503,428.

Were the City instead to fully consolidate its fire services with the District, with the City employees becoming District employees, the District would then provide "all" fire services to the City under a Full Contract for Service. This approach would be in lieu of annexation. Under this approach and applying the "Composite Measure" to determine the City's share of the cost of services, the City fire service cost would increase from the present \$3,121,129 (which includes the current \$108,415 administrative contract with the District) to \$3,970,982. An annual cost increase of \$849,853.

The annexation approach to fire service reorganization would fully makeup for all added costs to be incurred by the District and provide the District with opportunities for greater

administrative efficiency as a result of fully consolidating the two fire departments and would cost the City less than the present unsustainable arrangement.

Attachment I: Memorandum of Understanding between the City, the District and City of Sausalito Fire Department Employees.

Attachment II: Agreement Regarding Terms and Conditions of the District use of the City Fire Station and Transfer of Ownership of City Fire Apparatus and Equipment to the District.

Attachment III: Revenue and Property Tax Agreement

Attachment IV: Citygate Associates Report "Sausalito and Southern Marin Fire Protection District Fire Phase I Briefing with FY 2009-10 Data"

**ATTACHMENT #2**  
**LAFCO Application**

MARIN LAFCO  
APPLICATION QUESTIONNAIRE

In accordance with requirements set forth in the California Government Code, the Commission must review specific factors in its consideration of this proposal. In order to facilitate the Commission's review, please respond to the following questions:

**I. GENERAL INFORMATION**

1. Please check the method by which this application was initiated:

Resolution of Application  
 Petition

2. Does the application possess 100% written consent of each property owner in the subject territory? Yes  No

3. A. Application is submitted for the following boundary change:  
(BE SPECIFIC; i.e., "annexation," "reorganization".)

Annexation of the area encompassed by the City of Sausalito into the Southern Marin Fire Protection District

- B. The reason the proposed action(s) has been requested:  
(BE SPECIFIC; i.e., "annexation to sewer district for construction of three homes")

Annexation of the City of Sausalito into the Southern Marin Fire Protection District for the provision of fire protection. Both the City of Sausalito and the Southern Marin Fire Protection District operate fire departments. Currently both departments are managed by a single headquarters section, with the City and the District sharing the costs. The District Fire Chief also serves as Fire Chief for the City. The line operations of the two departments have been functionally consolidated so they train and operate as a single department, although each agency currently retains a portion of the firefighter work force on its separate payroll.

Annexing the City into the District for purposes of fire protection will complete the consolidation of the two fire departments. This will permit economies of scale in the department operations, consolidate the work force under a single set of personnel rules which will facilitate management of the department, and create a single financing structure for the fire operations.

4. State general location of proposal:

The area proposed to be annexed to the Southern Marin Fire Protection District is the territory within the municipal boundaries of the City of Sausalito.

5. Is the proposal within a city's boundaries?

Yes   
Which city? Sausalito

No \_\_\_\_\_. If the proposal is adjacent to a city, provide city name: \_\_\_\_\_.

6. Is the subject territory located within an island of unincorporated territory?  
Yes \_\_\_\_ No X

7. Would this proposal create an island of unincorporated territory? Yes \_\_\_\_ No X.

If yes, please justify proposed boundary change:

8. Provide the following information regarding the area proposed for annexation:  
(Attach list if necessary.)

The proposal boundary is identical to the City of Sausalito boundaries and includes all parcels within the City's incorporated area.

A. Assessor's Parcel Number(s)

Site Address(es)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

B. Total number of parcels: \_\_\_\_\_.

9. Total land area: 2.17 sq miles. Approximately .3 sq miles is underwater.

## II. LAND USE AND DEVELOPMENT POTENTIAL

1. Describe any special land use concerns:

None \_\_\_\_\_

2. Indicate current land use:

(i.e., number of dwellings, permits currently held, etc.)

The attached Tables 2-2 and 2-3 from the City of Sausalito General Plan reflect the land use and development potential within the City limits.

3. Indicate the current zoning (either city or county) title and densities permitted:

See attached City Zoning Map.

4. Has the area been rezoned? No \_\_\_\_\_ Yes \_\_\_\_\_

Not Applicable

5. Describe the specific development potential of the property:

(Number of units allowed in zoning.)

See attached Tables 2-2 and 2-3 and GP Map G-4 from the City of Sausalito General Plan reflecting the land use and development potential within the City limits.

### III. ENVIRONMENT

1. Is the site presently zoned or, designated for, or engaged in agricultural use?

Yes \_\_\_\_\_ No  X

If yes, explain: \_\_\_\_\_  
\_\_\_\_\_

2. Will the proposal result in a reduction of public or private open space?

Yes \_\_\_\_\_ No  X

If yes, explain: \_\_\_\_\_  
\_\_\_\_\_

3. Will service extension accomplished by this proposal induce growth in:

A. This site?	Yes _____	No <u> X </u>	N/A _____
B. Adjacent sites?	Yes _____	No <u> X </u>	N/A _____
C. Unincorporated?	Yes _____	No <u> X </u>	
D. Incorporated?	Yes _____	No <u> X </u>	

4. State general description of site topography: Sausalito is characterized by a diverse topography which encompasses steep, wooded hillside towards the west and shoreline tidal flats to the east. The relief of the region is 975 feet at the southwestern border of the City limits adjacent to the Golden Gate National Recreation Area and sea level along the eastern border of the City limits along the shoreline adjacent to Richardson's Bay. The topography of the area from north to south consists of a series of parallel, elongated ridges, intervening valleys, and ten open drainage ways.

5. Indicated Lead Agency for this project: City of Sausalito

5. Indicate Environmental Determination by Lead Agency: City of Sausalito and the Southern Marin Fire Protection District with respect to annexation of the City of Sausalito to the Fire District dated \_\_\_\_\_.

Annexation of the City to the District is Categorically Exempt under Section 15320 CEQA Guidelines. (Title 14, California Code of Regulations Section 15000, et seq.).

Section 15320 of the CEQA Guidelines provides that changes in the organization or reorganization of local governmental agencies where the changes do not change the geographical area in which previously existing powers are exercised" are exempt. Both the

City and the District have the power to provide fire services within their current respective boundaries.

In addition, the consolidation is exempt pursuant to Section 15061(b)(3) of the CEQA Guidelines because it can be seen with certainty that there is no possibility that the consolidation may have a significant effect on the environment.

**(COPY OF ENVIRONMENTAL DOCUMENTS MUST BE SUBMITTED WITH APPLICATION.)**

Please provide the names and addresses of persons who are to be furnished copies of the Agenda, Executive Officer's Report, and Notice of Hearing:

<u>Name</u>	<u>Address</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Name and Address of Applicant: \_\_\_\_\_  
\_\_\_\_\_

Telephone Number: H (\_\_\_\_) \_\_\_\_\_ W(\_\_\_\_) \_\_\_\_\_

_____	_____
Signature	Date
_____	_____
Signature	Date

**PLAN FOR PROVIDING SERVICES**

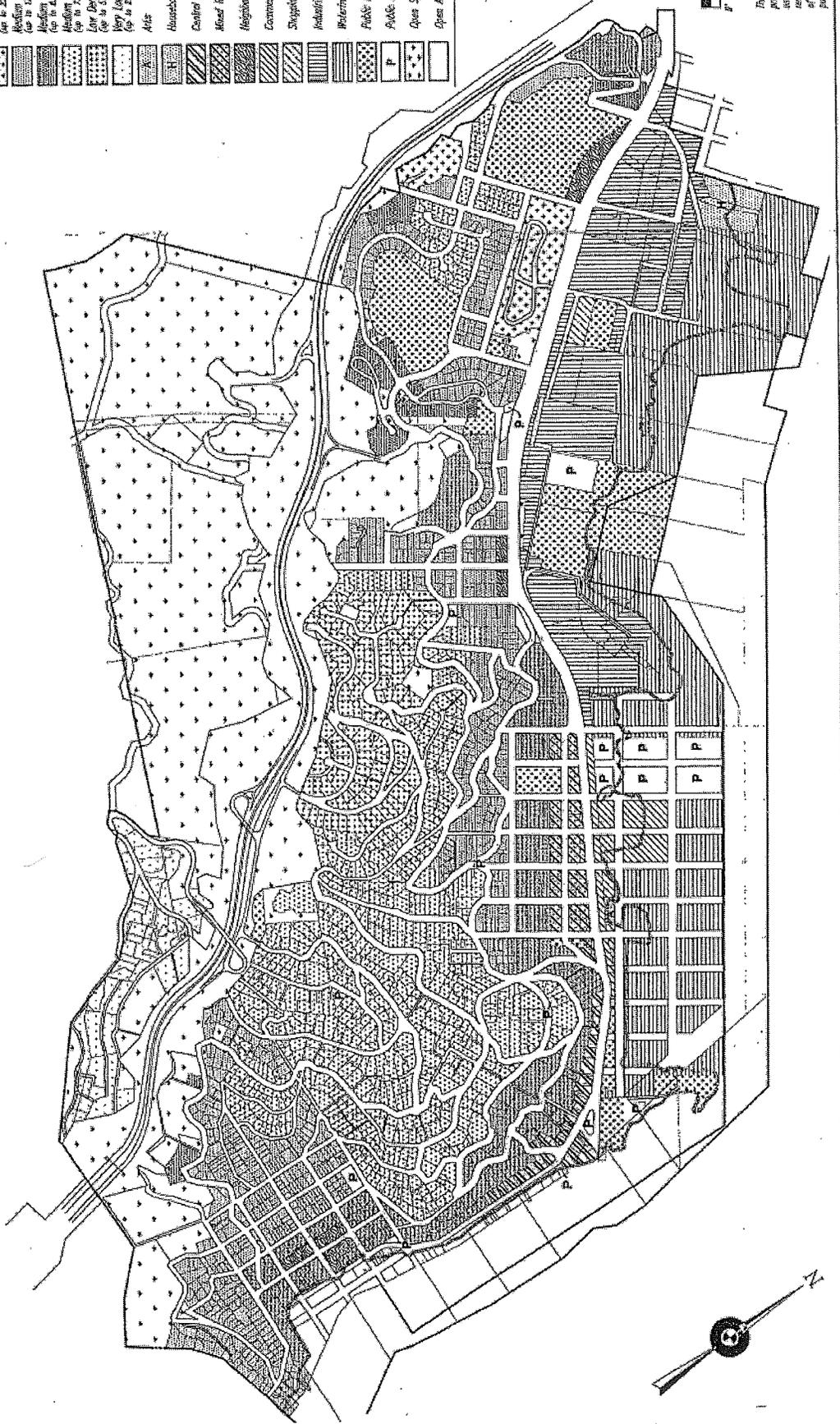
Application Questionnaire Item II-5

Land Use Map from City of Sausalito General Plan

LAND USE  
CITY OF SAUSALITO - GENERAL PLAN

**LEGEND**

	High Density Residential (up to 20 dwelling units per acre)
	Planned Development Residential (up to 20.1 dwelling units per acre)
	Medium High Density Residential (up to 17.4 dwelling units per acre)
	Medium Density Residential (up to 14.7 dwelling units per acre)
	Medium Low Density Residential (up to 12.0 dwelling units per acre)
	Low Density Residential (up to 9.3 dwelling units per acre)
	Very Low Density Residential (up to 6.6 dwelling units per acre)
	Ade
	Households
	Central Commercial
	Mixed Residential & Commercial
	Neighborhood Commercial
	Commercial Waterfront
	Shopping Center
	Industrial
	Waterfront
	Public Institutional
	Public Parks
	Open Space
	Open Area



Application Questionnaire Item II-5

Land Use Tables from City of Sausalito General Plan

Table 2-2  
Residential Development Potential by Land Use Category

<u>LAND USE DESIGNATION</u>	<u>EXISTING # OF UNITS</u>	<u>NET ACRES</u>	<u>UNITS PER ACRE</u>	<u>POTENTIAL UNITS<sup>1</sup></u>
Very Low	33	26.23	1.26	23
Low	121	32.2	3.75	8
Medium-Low	891	118.3	7.53	83
Medium	90	10.92	9.34	18
Medium-High	1619	120.1	13.50	114
Planned Development	283	12.77	15.00	0
High	1000	34.42	24.26	182
Arks	7	.35	20.00	0
Houseboats	7	4.82	1.45	6
Marinship Overlay	44	71.00	.08	0
Central Commercial	77	4.92	15.60	0
Mixed Residential and Commercial	50	6.04	8.40	0
Neighborhood Comm.	18	5.50	3.30	0
<b>Total</b>	<b>4240</b>			<b>434</b>

<sup>1</sup> The maximum number of potential units is based on each lot being developed to the full density entitlement.

Table 2-3  
Commercial Development Potential by Land Use Category

<u>LAND USE DESIGNATION</u>	<u>EXISTING SQUARE FEET</u>	<u>NET ACRES</u>	<u>MAXIMUM POTENTIAL COMMERCIAL SQ. FT.<sup>2</sup></u>
Central Commercial	325,598	5.82	38,100 sq. ft.
Mixed Residential & Commercial	216,249	6.04	46,600 sq. ft.
Neighborhood Comm.	111,573	5.50	5,100 sq. ft.
Comm. Waterfront	69,090	5.90	39,000 sq. ft.
Shopping Center	19,000	1.47	0 sq. ft.
Industrial	944,858	62.85	91,000 sq. ft.
Waterfront	91,808	27.5	112,200 sq. ft.
<b>Total</b>	<b>1,778,176</b>		<b>432,000 sq. ft.</b>

# City of Sausalito

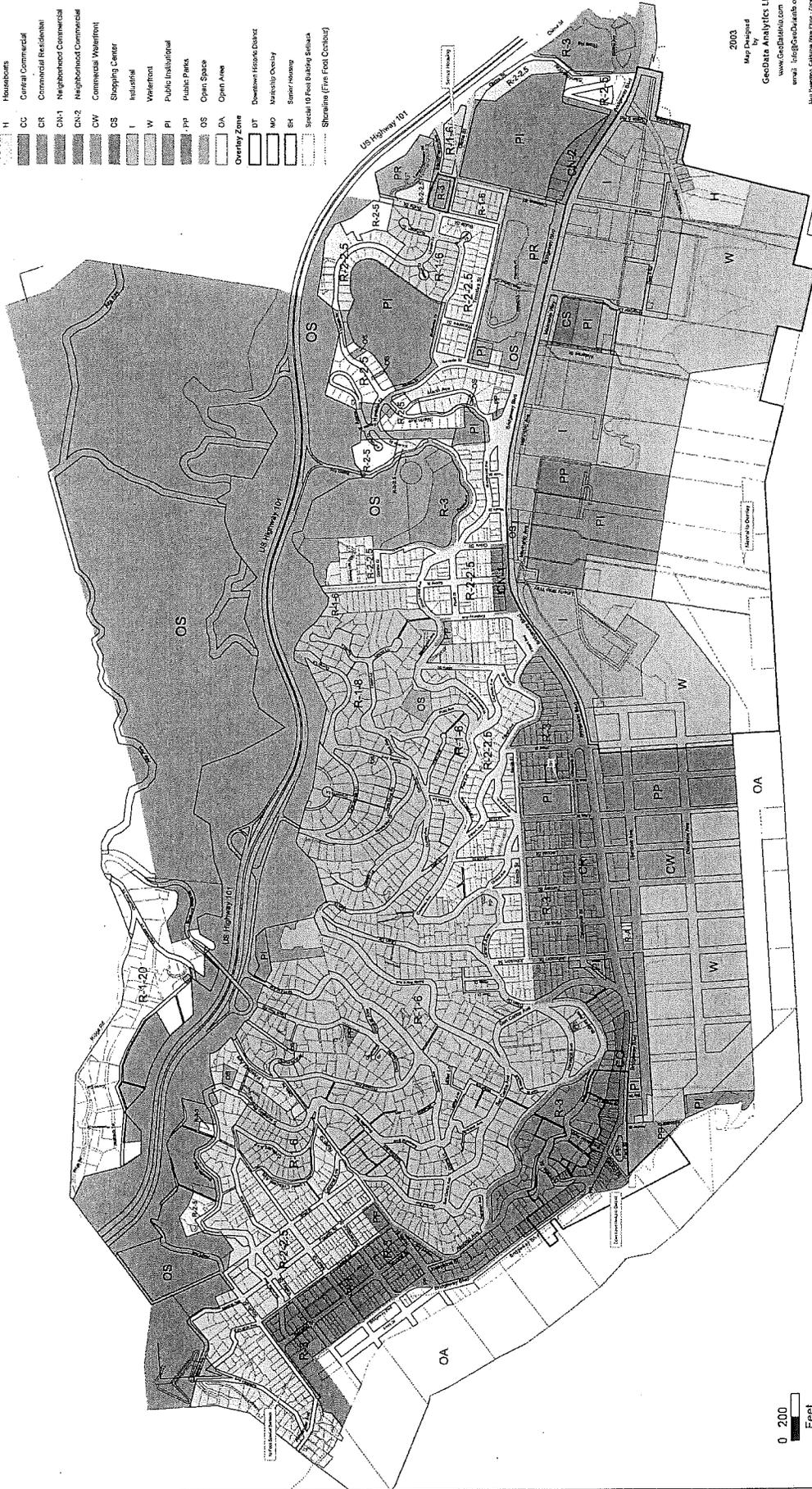


## ZONING MAP

1 inch equals 400 feet

### Legend

- ZONING**
- R-3 Multiple Family
  - PR Planned Development Residential
  - R-2.5 Two Family
  - R-2.5 Single Family
  - R-1.5 Single Family
  - R-1.2 Single Family
  - RA Arts
  - H Houseboats
  - CC Central Commercial
  - CR Commercial Residential
  - CM-1 Neighborhood Commercial
  - CM-2 Neighborhood Commercial
  - CW Commercial Waterfront
  - CS Shopping Center
  - I Industrial
  - W Waterfront
  - PI Public Institutional
  - PP Public Parks
  - OS Open Space
  - OA Open Area
  - Overlay Zone
  - DT Downtown Historic District
  - MO Municipality Overlay
  - SE Seaside Housing
  - Special 10 Foot Building Setback
  - Shoreline (Five Foot Contact)



2003  
Map Designed  
Geodata Analytics LLC  
www.geodata.com  
www.geodataanalytics.com

0 200 Feet