

Fire Services Organization Study

City of Sausalito
Fire Department



Southern Marin
Fire District

*City Council Presentation
February 23, 2010*

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.



Findings in Brief

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



Current Staff

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



Current Workload & Costs

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

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



Current Headquarters Cost Sharing

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



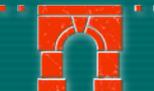
Cost Sharing in Contract for Service Alternatives

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



Sausalito Share of Measures of Service

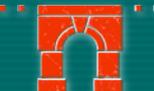
Measures of Service	Southern Marin	Sausalito	Sausalito Share of the Total
Assessed Value	\$4,756,436,825	\$2,410,374,432	33.6%
Population	21,500	7,532	25.9%
Calls for Service	1,259	762	37.7%
Line Staff on Duty	10	5	33.3%
Fire Stations	2	1	33.3%
Composite Measure			32.8%



Sausalito Headquarters Cost Share

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

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



Cost of Alternatives

Contract /JPA or Reinstate Fire Department			Merge with District	
Current Contract Sausalito	Full Contract or JPA Sausalito	Full Fire Department Sausalito	City of Sausalito	Transferred to District
\$2,824,452	\$3,375,878	\$4,375,536	-	\$2,926,074



Cost of Alternatives

	Full Contract/JPA or Reinstatement of the Fire Department			Merge the City into the District	
	Current Contract Sausalito GF	Full Contract Sausalito GF	Full Fire Department Sausalito GF	City of Sausalito GF	Transferred to District
Revenues:					
Property Taxes-NonFire	3,794,136	3,794,136	3,794,136	4,252,514	
Property Taxes Fire	2,705,864	2,705,864	2,705,864		2,247,486
Ambulance Revenues	118,588	118,588	118,588		118,588
Special Fire District Tax					560,000
All other revenues	7,500,000	7,500,000	7,500,000	7,500,000	
Total Revenues	14,118,588	14,118,588	14,118,588	11,752,514	2,926,074
Expenses:					
Fire Department	2,824,452	3,375,878	4,375,536	-	2,926,074
All other Departments	11,294,136	11,294,136	11,294,136	11,294,136	
Total Expenses	14,118,588	14,670,014	15,669,672	11,294,136	2,926,074
Fund Balance Impact:	-	(551,426)	(1,551,084)	458,378	-



Other Fiscal Issues – Full Contract for Service

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



Merger Alternative

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



Annexation Rules

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



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.



Joint Powers Authority Option

- JPA's typically provide for shared governance

Strong JPA

- The City and District form a separate agency that takes over the fire service from both the City and the District
- City and District then contract with the JPA to operate fire services
- Fire District and City Council remains and appoint governing board of the JPA.



Joint Powers Authority Option

Weak JPA

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

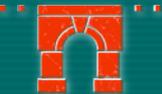


Joint Powers Authority Option

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



Only Two Practical Choices



Full Contract for Service

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



Annexation of the City into the District

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



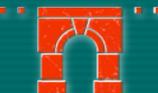
Annexation of the City into the District

- 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.



Cost of Alternatives

	Full Contract/JPA or Reinstate the Fire Department			Merge the City into the District	
	Current Contract Sausalito GF	Full Contract Sausalito GF	Full Fire Department Sausalito GF	City of Sausalito GF	Transferred to District
Revenues:					
Property Taxes-NonFire	3,794,136	3,794,136	3,794,136	4,252,514	
Property Taxes Fire	2,705,864	2,705,864	2,705,864		2,247,486
Ambulance Revenues	118,588	118,588	118,588		118,588
Special Fire District Tax					560,000
All other revenues	7,500,000	7,500,000	7,500,000	7,500,000	
Total Revenues	14,118,588	14,118,588	14,118,588	11,752,514	2,926,074
Expenses:					
Fire Department	2,824,452	3,375,878	4,375,536	-	2,926,074
All other Departments	11,294,136	11,294,136	11,294,136	11,294,136	
Total Expenses	14,118,588	14,670,014	15,669,672	11,294,136	2,926,074
Fund Balance Impact:	-	(551,426)	(1,551,084)	458,378	-



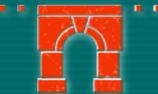
Next Steps

1. The City Council can provide policy direction on its preferred approach to financing and shared governance for fire services with the goal to be long-term sustainability
2. Consolidation Committee to meet and clarify merger agreement deal points
3. Full District and City Council approval of merger deal points
4. Community outreach
5. District and City make joint application to LAFCO



Next Steps

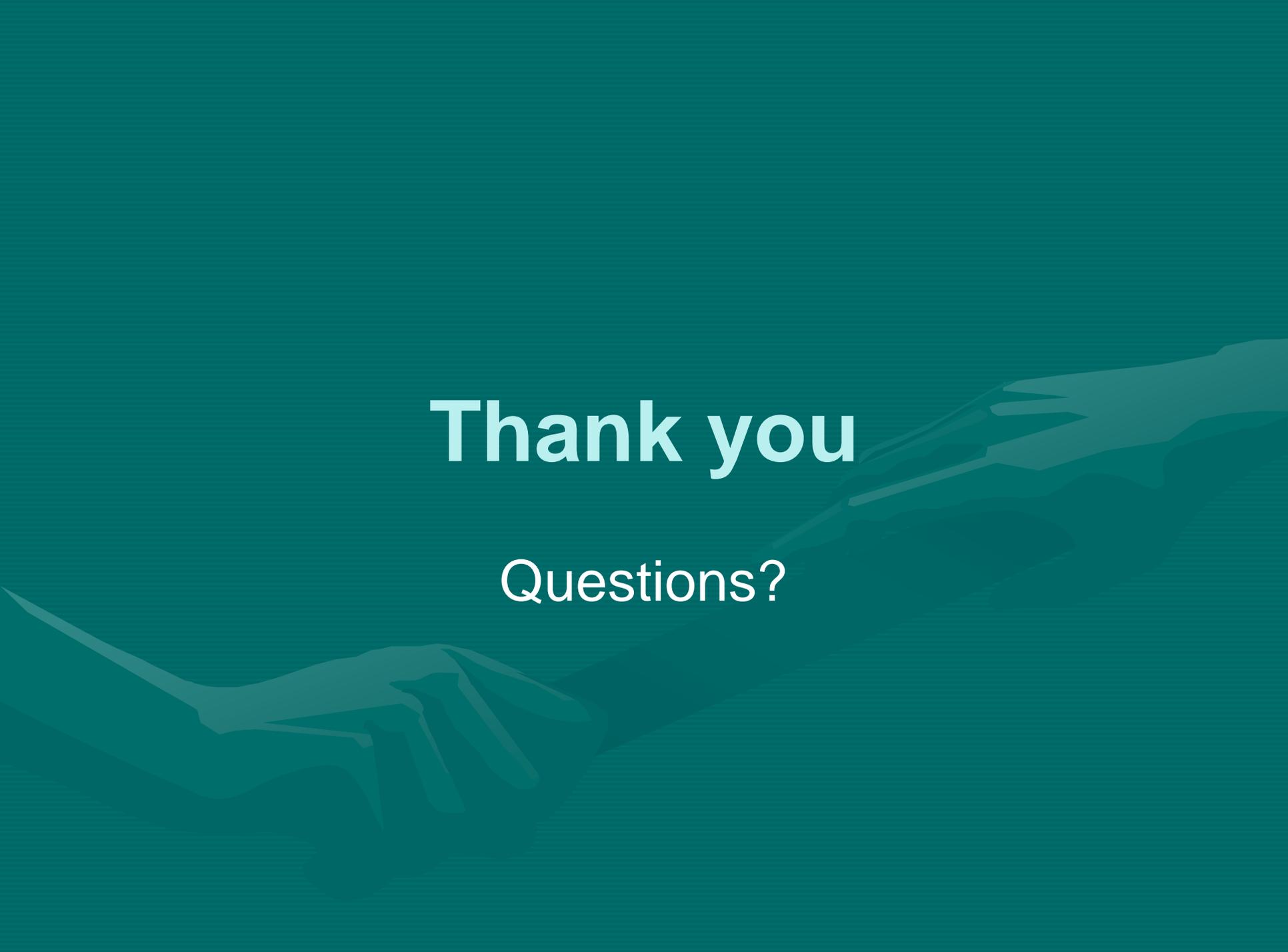
6. The steps outlined can easily take 6-months



Concluding Thoughts

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





Thank you

Questions?

Full Contract for Service

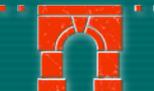
- Turnkey services, line staff transferred to District
- At a *composite share rate of 32.8 percent*:

Current Contract Agreement

	Tax & Misc Rev	Admin Svcs Rev from the City	Total Revenue	Labor Expenses	M&S Expenses	Admin Svcs Contract Expenses	Total Expenses
Southern Marin FPD	\$8,424,765	\$63,971	\$8,488,736	\$6,683,851	\$847,979		\$7,531,830
Sausalito	\$118,588		\$118,588	\$2,562,626	\$197,855	\$63,971	\$2,824,452

Full Contract for Service Model

Southern Marin FPD	\$8,424,765	\$3,375,878	\$11,800,643	\$9,246,477	\$1,045,834		\$10,292,311
Sausalito	\$118,588		\$118,588			\$3,375,878	\$3,375,878

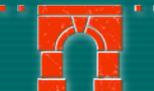


Merged District Costs

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

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

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



Separate City Fire Department Costs

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

