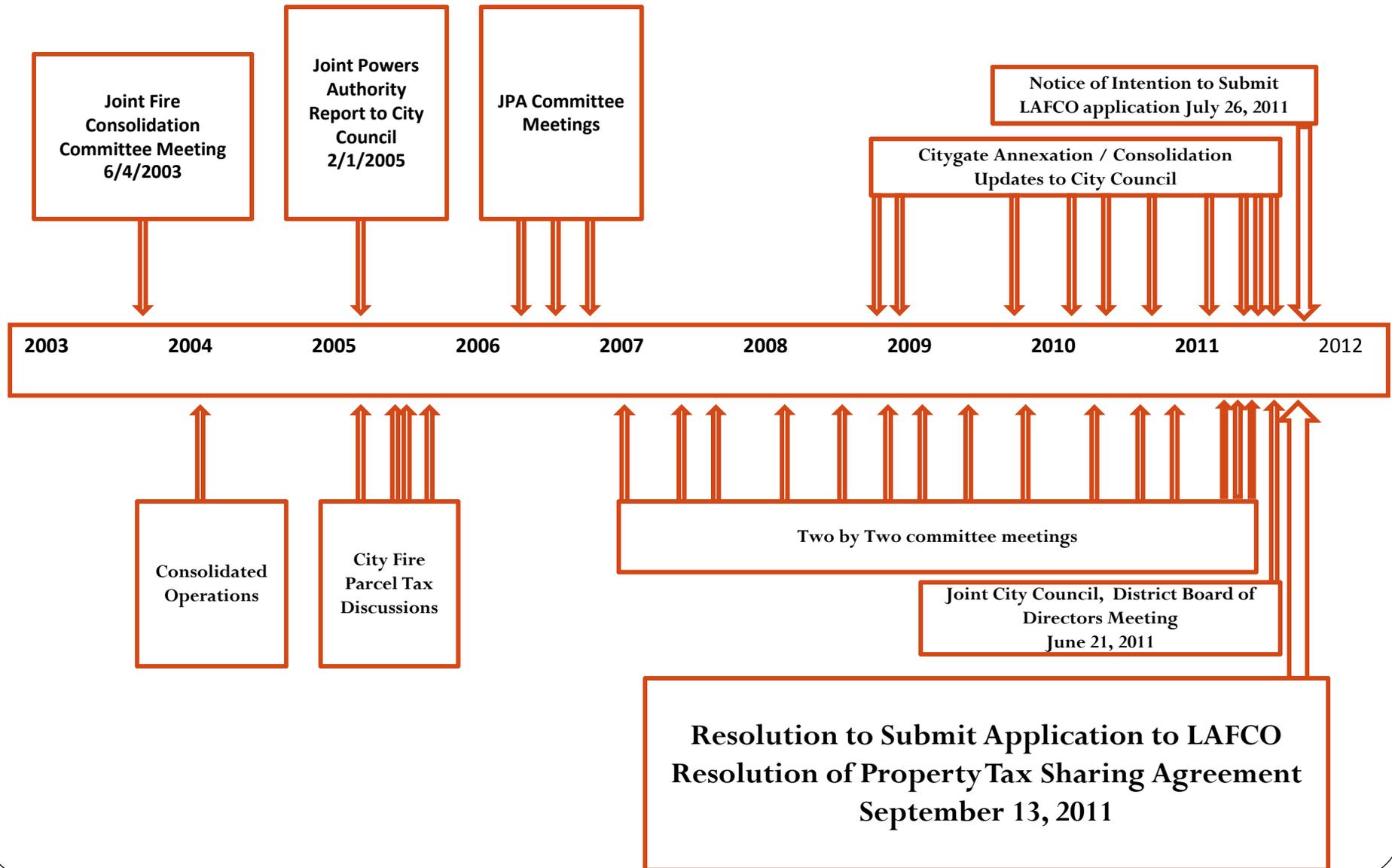


Fire Annexation

LAFCO Application and Supporting Documents

Fire Consolidation Timeline

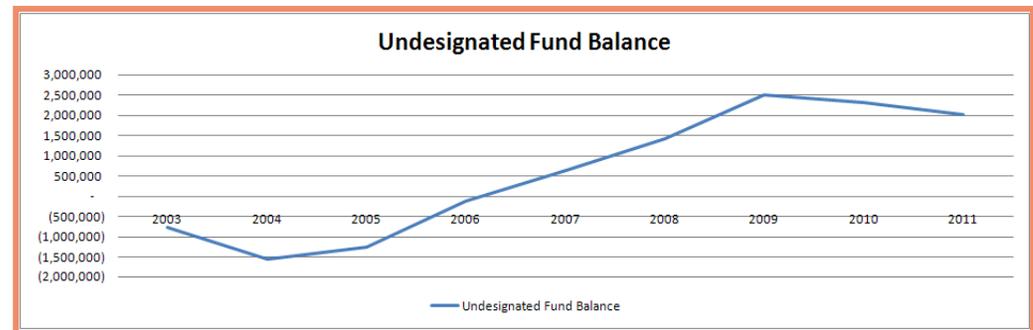
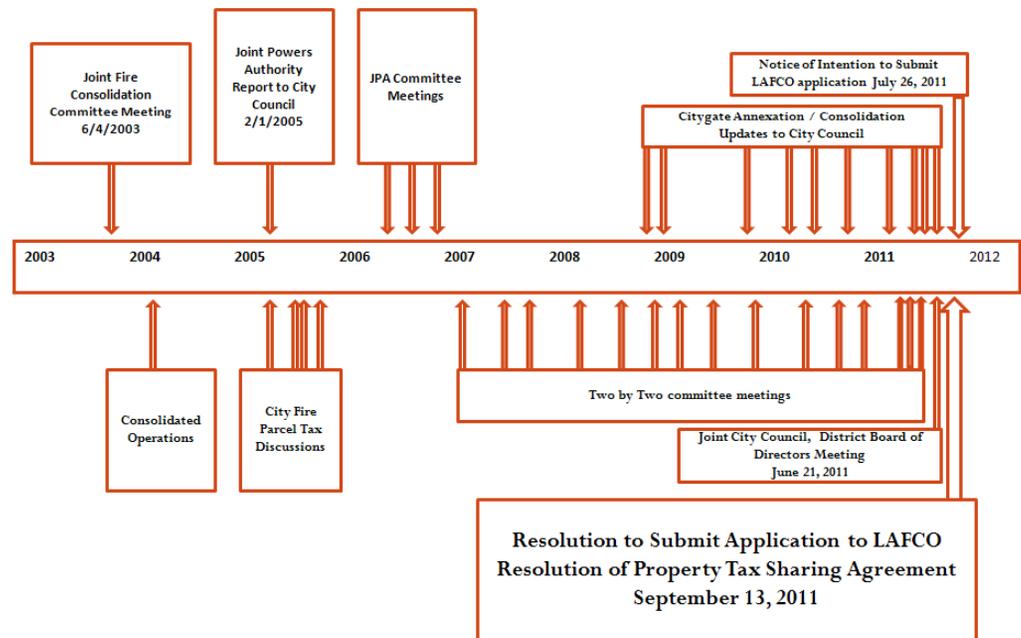


Recommendation: Annexation w/o Parcel Tax

- Continuation of excellent and high quality level of service
- Ensures cost-effective and efficient level of fire services
- Minimum tax impact on citizens
- Fiscal stability to meet the challenges of the future
 - Structurally balanced FY 2013
 - Eliminates June, 2012 cost of election
 - Additional FY 2012 budget savings from expedited annexation
 - Saves \$1.4 million of a full Fire Department
- Establishing the opportunity to have local control by electing representation to serve the entire district including Sausalito

Fire Consolidation Timeline

- 7 year Relationship with SMFPD
 - Operationally
 - Aligning MOUs
- Transparent Public Process
- Professional Analysis by Citygate
- Public Opinion Polls
- LAFCO Reviews



Citygate's Analysis

A Joint Working Group composed of staff and elected representatives from the City and Fire Protection District, following several years of careful research and analysis, dozens of internal and public meetings and working with union representatives and experts in municipal finance and consolidation, identified annexation as the preferred alternative to the current agreement for providing the City of Sausalito with fire protection services.

- **Preferred Alternative: Annexation into the Fire Protection District**
 - Southern Marin Fire Protection District's 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 annexation 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.
 - Continues the City's strong relationship with the Fire Protection District, whose services are viewed extremely favorably by residents.
 - City retains ownership of the downtown fire station.
 - SMFPD employs all fire services personnel and manages all fire services operations.

Regional Fire Service Partners

What Other Options Exist?

What is Needed – Building Fire

- 1 – Engine – **Sausalito**
- 1- Rescue Ambulance – **Sausalito**
- 1- Command Chief – via *partner* agency
- 2- more engines - via *partner* agency
- 1 – Rescue/air/light unit - via *partner* agency
- 1- Ladder Truck - via *partner* agency
- Total of 16 Personnel

What Agencies Assist the City?

- First Alarm
 - Southern Marin Fire District
 - Marin County Fire Department
- Second Alarm or Greater
 - City of Mill Valley
 - Tiburon Fire Protection District
 - Corte Madera

Partner Agency Constraints

- Marin County Battalion Chief is in Woodacre – 16 miles away
- Marin City is a single engine contract with County Fire
- Mill Valley has two engines and a Battalion Chief, but City Manager and Fire Chief have confirmed that Mill Valley is still not interested in shared services
- Tiburon has two engines and a Battalion Chief, but the Battalion Chief is 5-minutes further away, as compared to So. Marin or Mill Valley
- Corte Madera's resources are even farther away
- Only Tiburon *maybe* has fire prevention capacity to offer, the others would all need to hire another inspector or contractor.

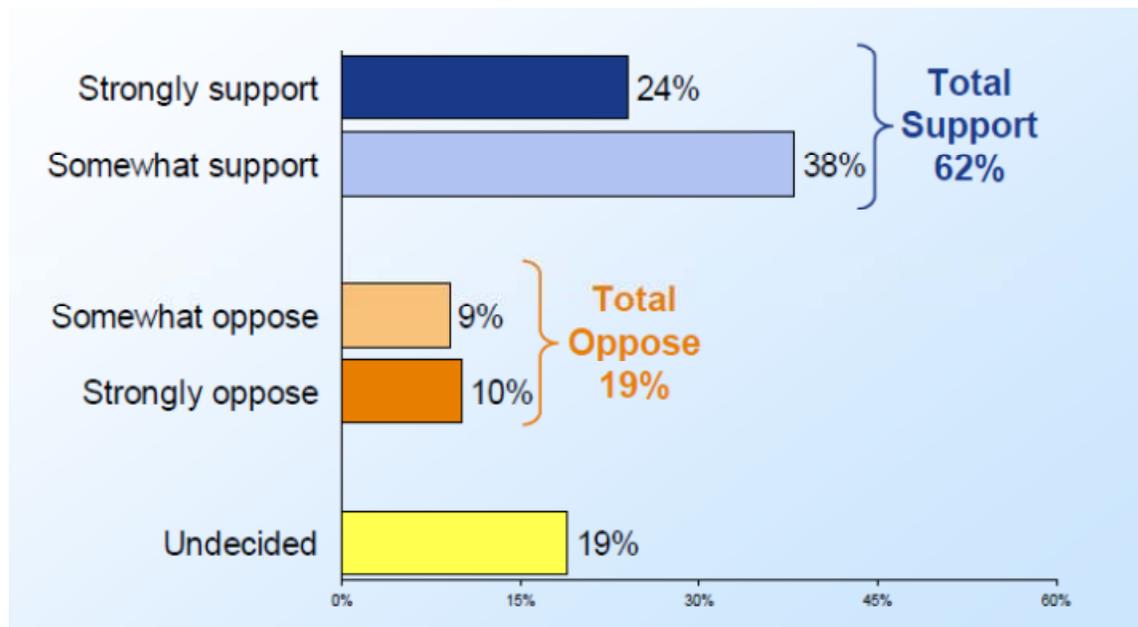
Regional Partner Summary

- Agencies don't typically contract "through" another agency, service areas are usually contiguous
- Annexation into Southern Marin Fire Protection District is the only operationally reasonable available alternative to restarting a full fire department at an annual increase of 1.4 million.

Community Polling

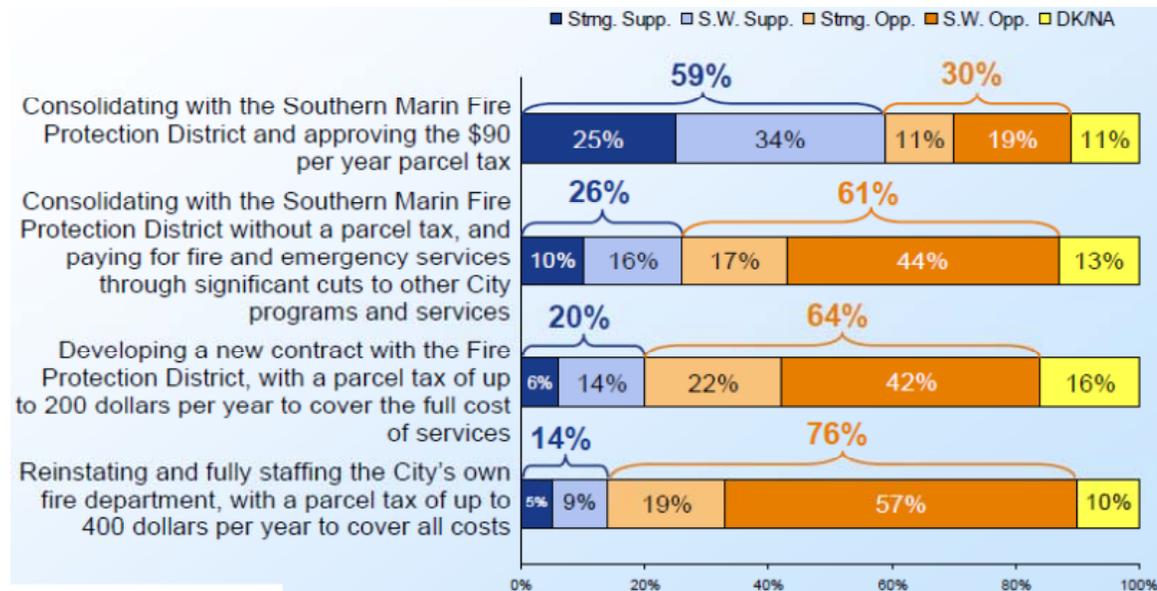
Gauging Public Opinion

Public Opinion Polls



The results showed that 62 percent were supportive of annexation with the Fire Protection District

Public Opinion Polls

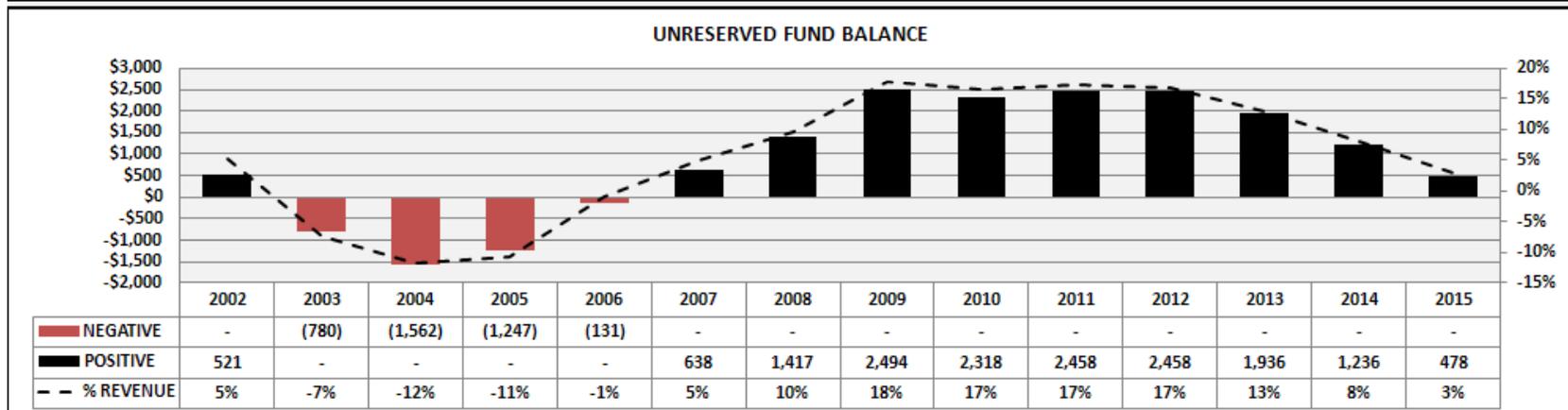
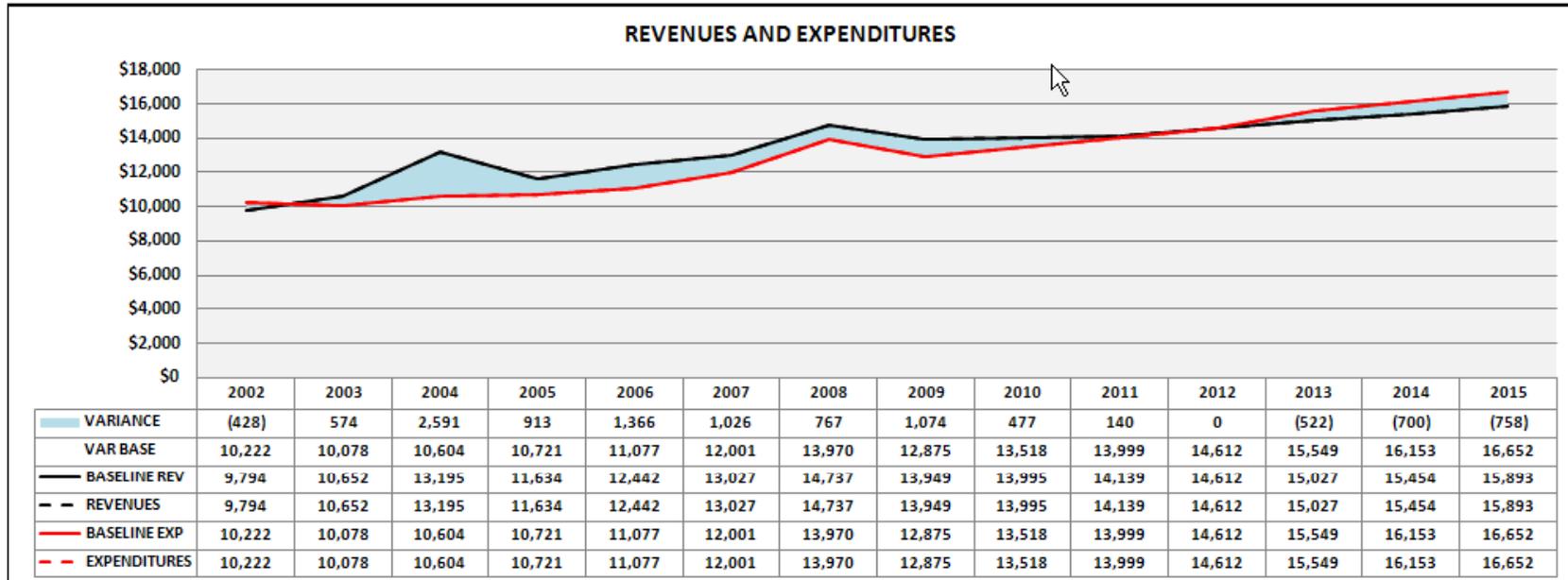


When survey respondents were asked if they would support a \$90 parcel tax necessary to pay for consolidation, initial support was only 50 percent, far below the required 66.7 percent necessary for approval. That support increased to just 59 percent when the various service alternatives were presented together, but is still considerably below the two-thirds level that would be required for voter approval.

Fiscal Analysis

Structural Balance and Fiscal Stability

FY 13 = Structural Imbalance



Property Tax Exchange Agreement

- State law requires LAFCO to ensure there are revenues available for the annexation and that both the City and the District are fiscally sustainable
 - \$2,969,250 expenses transferred to District
 - \$2,969,250 revenues transferred to District
 - Ambulance and permit revenues – \$111,000
 - City share of GGNRA contract – \$133,000
 - OPEB payments to District – \$58,000
 - City Property Tax transferred to District – \$2,667,250

Added Revenue Needed by the District	City Ambulance and Permit Revenue	City Share of GGNRA Contract	Post Retirement Benefit Payment	Property Tax Transferred to the District
\$2,969,250	\$111,000	\$133,000	\$58,000	\$2,667,250

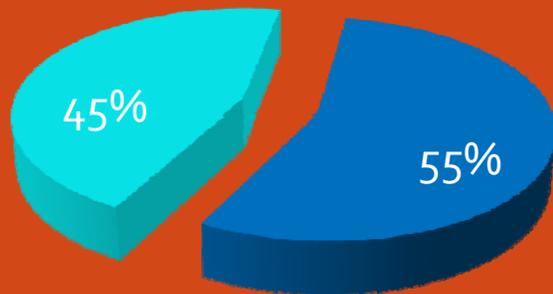
Financial Summary

	District Before	District After	District Before/After Difference	City Before	City After	City Before/After Difference
Expenses:						
Sausalito Fire Department	-	2,969,250	2,969,250	3,268,312	273,000	(2,995,312)
All other departments	8,582,983	8,582,983	-	11,343,490	11,343,490	-
Total Expenses	8,582,983	11,552,233	2,969,250	14,611,802	11,616,490	(2,995,312)
Revenues:						
Property Taxes *	6,618,915	9,286,165	2,667,250	5,975,000	3,307,750	(2,667,250)
Ambulance Fees	221,404	332,404	111,000	111,000	-	(111,000)
GGNRA	267,000	400,000	133,000	133,000	-	(133,000)
Rent				-	100,000	100,000
OPEB		58,000	58,000			
Parcel Tax	815,953	815,953	-			-
All other Income	1,365,198	1,365,198	-	8,392,802	8,392,802	-
Total Revenues	9,288,470	12,257,720	2,969,250	14,611,802	11,800,552	(2,811,250)
Net Revenues	705,487	705,487	-	-	184,062	184,062
		Pmt to District			Pmt from City	
<i>One Time Payments to District</i>						
Vacation Payout		144,993			(144,993)	
Sick Payout		112,614			(112,614)	
Equip Repl Payout		243,462			(243,462)	
		501,069			(501,069)	
* Property Taxes	Include Secured, Unsecured, Supplemental, ERAF, HOPTR					

Distribution of Property Tax

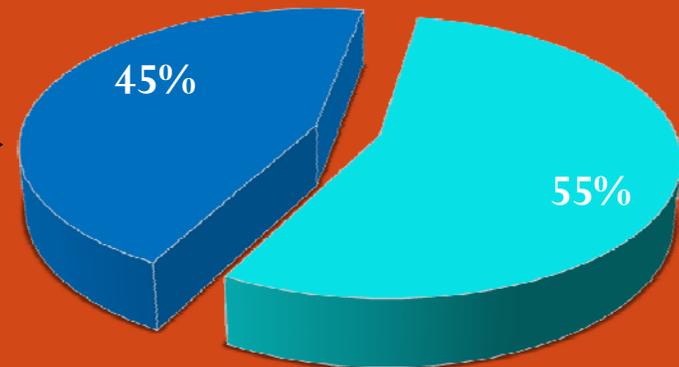
Property Tax before Annexation

■ City Fire ■ All Other



Property Tax after Annexation

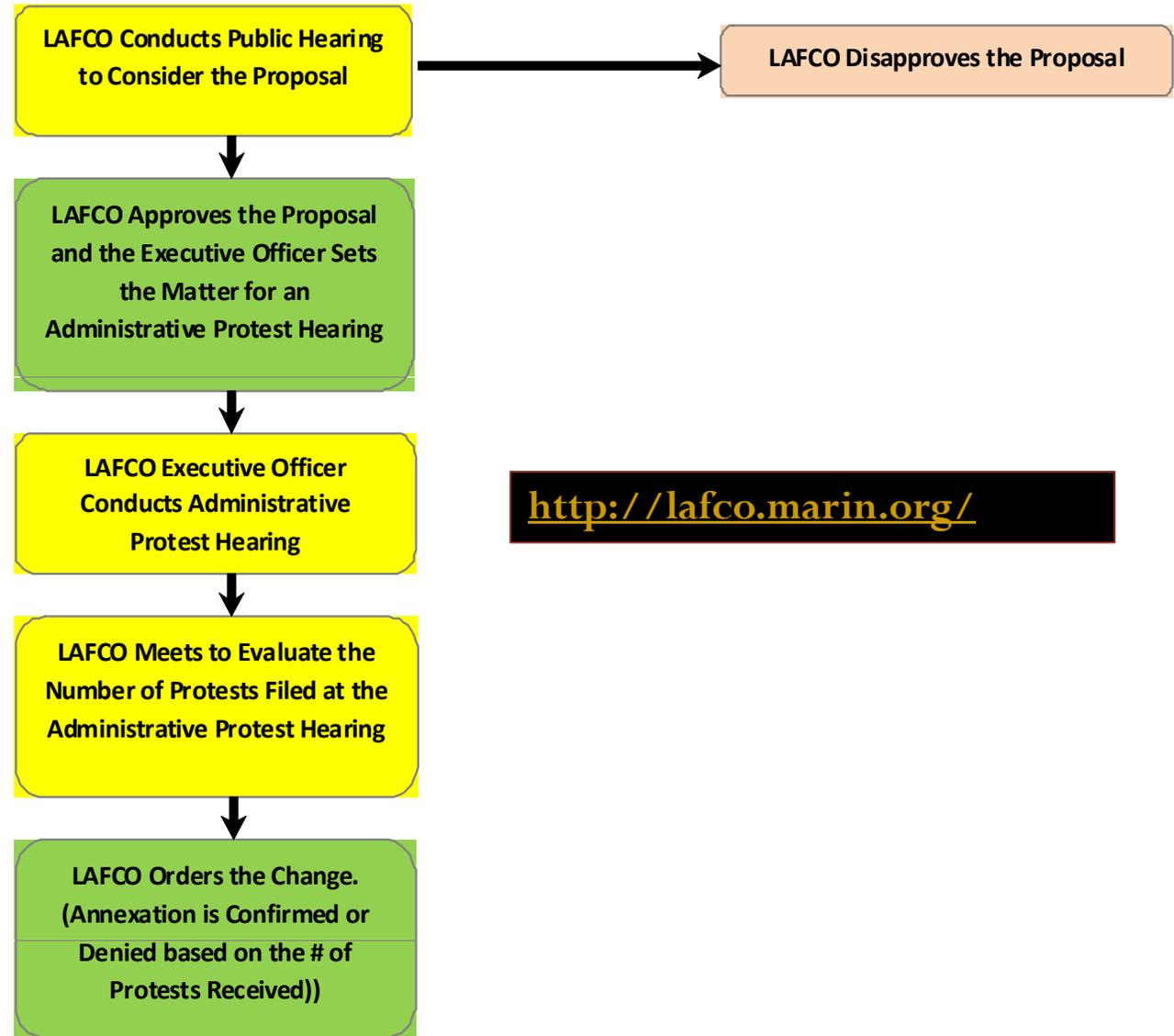
■ All Other ■ City Fire



LAFCO Application

Process and Documents

LAFCO Application Process



LAFCO Application Documents

- Marin LAFCO Application Questionnaire
 - Land Use Tables
 - Zoning Map
 - Land Use Map
- Resolution of the City Council of the City of Sausalito Authorizing the City Manager to Submit an Application to the Marin County Local Agency Formation Commission for the Annexation of the City of Sausalito the Southern Marin Fire Protection District
 - Lease of Premises and Equipment Disposition Agreement
 - Agreement Regarding Certain Financial and Personnel Conditions of Annexation
- Resolution Accepting a Negotiated Exchange of Property Tax Revenues between the City and the District
- Plan for Service
 - Employee Transfer Plan and Implementing MOU Sideletter
 - Agreement Regarding Financial and Personnel Conditions of Annexation
 - Agreement Regarding District use of the City Fire Station and Transfer of Ownership of City Fire Apparatus and Equipment to the District
 - Property Tax Agreement
 - Citygate Associates Report

Summary

Criteria, Analysis and Conclusion

Analytical Criteria:

- Equitable tax burden
- Securing fiscal stabilization
- Protecting the City's current level of service delivery
- Eliminating duplication of service
- Removing the duplication of equipment
- Lowering cost of the administrative services
- Transparent and accountable local control

Using the Criteria, Analyzed Options:

- **Option 1:**
 - Full City Fire Department at an increased cost of \$1.4 million.
- **Option 2:**
 - File application with LAFCO to Annex with SMFPD that will include the \$90 parcel tax requirement based on the June 5th ballot measure.
- **Option 3:**
 - File application with LAFCO to Annex with SMFPD that will include a transfer of an additional \$600,000 in property tax eliminating the need for a \$90 parcel tax.

Recommendation: Option 3: Annexation w/o Parcel

- Continuation of excellent and high quality level of service
- Ensures cost-effective and efficient level of fire services
- Minimum tax impact on citizens
- Fiscal stability to meet the challenges of the future
 - Structurally balanced FY 2013
 - Eliminates June, 2012 cost of election
 - Additional FY 2012 budget savings from expedited annexation
 - Saves \$1.4 million of a full Fire Department
- Establishing the opportunity to have local control by electing representation to serve the entire district including Sausalito

Recommended Motion

- Approve the Resolution of the City Council of the City of Sausalito Authorizing the City Manager to Submit an Application to the Marin County Local Agency Formation Commission for the Annexation of the City of Sausalito the Southern Marin Fire Protection District; Approving the Lease of Premises and Equipment Disposition Agreement; and Approving the Agreement Regarding Certain Financial and Personnel Conditions of Annexation
- Approve the Resolution Accepting a Negotiated Exchange of Property Tax Revenues between the City and the District, which transfers local property tax revenue to the Fire Protection District of a sufficient level that does not require a voter approved parcel tax.