



STAFF REPORT

ALTERNATIVE PROPOSALS FOR FUTURE FIRE SERVICES IN THE BELMONT FIRE PROTECTION DISTRICT, PUBLIC MEETING #5 February 14, 2006

Honorable President and Board Members:

Summary

Tonight is the fifth in a series of six public meetings planned in Belmont regarding alternative proposals for providing Fire service to the District. As authorized by the Board, members Warden and Feierbach are participating in meetings with two San Carlos City Council members to consider one last attempt at negotiating terms of a possible South County Fire District rescue. An initial meeting was held on Thursday January 19, a second meeting was held Thursday January 26 and a third discussion took place Wednesday night February 8 at the regularly scheduled South County Fire Authority Board meeting. Staff continues to refine the remaining available options, those being a contract with the City of San Mateo and a standalone City of Belmont Fire Department.

- **Note:** The next meeting of the Belmont Fire Protection District Board, **February 28**, is the meeting targeted for a final decision regarding future fire service in Belmont. The selected option will be implemented during the period March-June 2006.

This is an informational report devoted to detailing the most current staff information available for a standalone City of Belmont Fire Department, one option being considered for future fire service in Belmont. Staff's analysis to date indicates a standalone City of Belmont Fire Department is feasible.

No action of the Board is being requested by district staff at this meeting tonight. A final policy decision by the Board will be requested at public meeting number six on February 28, 2006.

Background

Staff has previously presented comprehensive staff reports and related consultant reports at four previous Board meetings on:

- District staff report #1 dated October 11, 2005
- District staff report #2 dated October 25, 2005
- District staff report #3 dated November 22, 2005
- District staff report #4 dated January 10, 2006

Copies of these reports are on file in the City Clerk's office. Copies are also available in the City Manager's office.

Subsequent to the completion of the original Maze report (dated September 15, 2005):

- Menlo Park FP district withdrew from the process
- The City of Redwood City has withdrawn from the process indicating they are now subcontracting with the City of San Mateo for Truck service only to the City of San Carlos
- The Board has indicated no further interest in the California Department of Forestry (CDF) proposal.
- Firefighters Local 2400 submitted a proposal late in the District's evaluation process. The Board is advised, however, that this fiscal analysis is incomplete. The Chief Officer Command staffing and support costs were not provided. This proposal is not receiving further consideration.

Remaining alternatives under consideration by the Board are:

- A Standalone City of Belmont Fire Department
- Retaining the South County Fire District in a reconfigured joint powers authority in accordance with terms and conditions negotiated by the Belmont representatives to the South County Fire Board
- Contract for Services with the City of San Mateo Fire Department

Discussion

The purpose of tonight's report is to update the Council on work staff is doing to refine a Standalone District Fire Department (Belmont Fire Department) alternative. The Standalone Belmont Fire Department alternative is feasible and has certain attributes which make it potentially attractive, such as potentially lower employer pension contribution rates, reduced cost to provide Truck service and increased local control of policy issues.

This standalone department has been further refined and developed based on data available for the South County Fire Authority, consulting assistance from Maze & Associates as well as fire consulting expert Citygate Associates. The pros and cons of such a department were presented in Future Fire Service Fire Report #4 dated January 10, 2006 and are recounted and expanded upon in this report. The District Fire Subcommittee members of Warden and Feierbach have discussed this alternative at a recent meeting with consultant Citygate & Associates.

In the January 10 staff report, the following description of such a department was presented.

Summary Description of Concept dated January 10, 2006:

This concept was developed after significant input from Citygate & Associates, a consulting firm with expertise in the area of fire services design, deployment and consolidations. Highlights include:

- A full-career two-station 21 Firefighter Belmont Fire Department (18 minimum staffing plus 3 additional Firefighters to backfill for training, vacation, sick leave, etc). The Fire Department would be a City department with the Fire Chief reporting directly to the City Manager.
- Advanced Life Support medical capability on each engine during every shift.
- Minimum command structure of 1- Fire Chief, 1- Fire Marshal, 3- Battalion Chiefs to provide 24/7/365 incident command and station supervision/training in accordance with standards established by the Commission on Fire Accreditation and the National Fire Protection Association (NFPA deployment guideline #1710)
- Fire Marshal could also serve as a Battalion Chief
- One office support position
- Personnel and Finance provided by the City of Belmont using standard support charges
- One Fire prevention inspector
- Total staffing of 28 positions
- Truck service contractually purchased from a neighboring agency (use the 25% San Mateo cost figure)
- Employment model subject to negotiations, but similar in scope to existing South County Fire Authority
- According to Citygate & Associates, "given the fire and emergency medical risks in Belmont, at a minimum, the City needs the two existing fire stations each staffed per day with a crew of 3-career firefighters. This will only provide an initial attack force for small fires and medical emergencies. The balance of an effective response force will have to come from the surrounding agencies. A building fire at a minimum will require 3-engine companies, 1-truck company and a Battalion Chief." "National norms are that 14-15 or so firefighters including an incident commander are needed at serious building fires if the expected outcome is to contain the fire to the room of origin and to be able to simultaneously and safely perform critical tasks. If Belmont can only deliver two three-person engine companies to a structure fire, the additional firefighters "will have to come from the adjoining community stations under an on-going cooperative relationship."
- Fire Dispatch contracted through Fire Net 6
- Training contracted through an adjoining community or provided by the 3 Battalion Chiefs
- Maze "standard" cost is \$ 4.95 mil, a 5% savings compared to the current South County Fire cost
- *Maze "nominal" cost is \$ 5.21 mil, essentially the same as the existing South County \$ 5.19. However, the Maze nominal cost of \$ 5.21 mil is for a higher level*

of service than the existing South County model (2 engines vs. 1 ½ engines in the Maze 'standard' cost) (2-7-06 addition)

Advantages of a City of Belmont Fire Department:

- 100% Fire District local control of public safety policy and cost issues
- A Belmont Fire Department would likely receive significant support from the community, which may result in long term funding stability for safety services.
- Many existing South County Firefighters could elect to come to work for the new Belmont Fire Department.
- Firefighter first responders would become more knowledgeable regarding the community and thus more operationally effective.
- Vacancies will be filled by new hires at lower cost.
- *Employer PERS pension contribution rates could be lower than what is currently being paid by South County, although this is not certain at this time. The final determination is a function of what pension plan is chosen by the City of Belmont and what implementation options are selected. This report deals with this uncertainty by presenting a range of possible costs. Staff strongly recommends a consulting actuary be retained by the City to advise the District as important pension decision are considered.*
- *It is possible that the standalone Fire Department could potentially lower the cost of providing Truck service by a material amount depending on what service delivery option is chosen by the City.*

Disadvantages of a City of Belmont Fire Department:

- A two-station Belmont Fire Department would be co-dependent on neighboring agencies. As stated above, a two-station department is "short" an engine and a truck for structure fire response. However, a *Belmont Fire department would be able to reciprocate in the regional boundary drop system with its engine companies as is currently done by the JPA from stations 13 and 14 and would be willing to consider paying for a pro rata share of truck service from San Mateo.*(2-7-06 addition)
- A two-station Fire department would not be cost effective *compared to a larger Fire department* because significant and costly overhead for a minimum of five command staff plus support personnel could only be allocated to two companies when they normally would be allocated to many more stations
- Institutionalizes high exposure, high frequency risk into relatively small City of Belmont organizational structure. Potential for risk to "spill over" into other cost centers, such as retirement plan, workers' compensation program, liability coverage, etc. *Hiring employees as Belmont Fire Protection District employees rather than City of Belmont employees could mitigate this disadvantage.*(2-7-06 addition)
- Effective response to significant events requires cooperation of neighboring agencies which could evolve into additional contract for service costs.
- Recruiting timeline for Firefighter, Command staff and a Fire Chief by July 1,

2006 could be problematic and 3% at age 50 retirement formulas has thinned the ranks of experienced Fire Chiefs in California.

Fiscal Impact

Since the January 10 report, staff has continued to refine the cost estimate for a Belmont standalone Fire department. When Maze & Associates developed the initial nominal cost estimate of \$ 5.21 mil, they did so by tiering off the existing South County budget. This was a high level approach. Since then, staff has developed a "bottoms up" detailed line item budget for the proposed standalone fire department. Staff believes the revised estimate ranges are conservative, yet realistic given the uncertainties of starting up a new Fire department in a relatively short period of time. We have also provided a current estimate of revenue available to the Belmont Fire Protection District.

Table one below summarizes the assumed staffing level for the proposed Fire Department:

Table I
Standalone City of Belmont Fire Department

Suggested Full Time Equivalent Positions:

Department	Description	Standalone FY 2006	Standalone FY 2007
Management & Policy:			
	Fire Chief	0.75	0.75
	Administrative Asst.	1.00	1.00
Subtotal Management & Policy		1.75	1.75
Suppression & Rescue:			
	Fire Chief	0.25	0.25
	Battalion Chiefs	3.00	3.00
	Fire Captains	6.00	6.00
	Firefighters	12.00	12.00
	Relief Firefighters	3.00	3.00
Subtotal Suppression & Rescue:		24.25	24.25
Prevention & Education:			
	Fire Marshal/Fire Inspector	1.00	1.00
Subtotal Prevention & Rescue		1.00	1.00
Grand Total Positions		27.00	27.00

Table two below summarizes the range of cost estimates:

Table II
STANDALONE CITY OF BELMONT FIRE DEPARTMENT
Revenue & Expenditure Summary

	SCFA 50% FY 2006 <i>(per million)</i>	Belmont Standalone FY 2006 FY 2007 <i>(per million)</i>	
Revenue	\$5.1	\$5.4	\$5.8
Expenditures	5.5	4.9-5.6	5.0-5.8
Surplus / <Deficit>	<\$.4>	\$+.4-<.2>	\$+.7-.0
Expenditure Recap:			
▪ Management Policy	\$.5	\$.5	\$.5
▪ Suppression & Rescue	4.3	4.2-4.9	4.3-5.1
▪ Paramedic Services	.1	.1	.1
▪ Hazardous Material	-0-	-0-	-0-
▪ Prevention & Education	.2	.1	.1
▪ Other SCFA Costs	.4	---	---
	\$5.5	\$ 4.9-5.6	\$ 5.0-5.8

Once again, staff has presented a range of potential costs for a standalone Belmont Fire department. Where the City of Belmont would end up within this range is dependent upon:

- What arrangement is developed for delivery of Truck service
- Number and classification of employee positions finally approved by the District Board
- What CalPERS pension plan is selected and what funding decisions are made regarding employee past service costs
- What salary and benefit levels are approved by the District Board/City Council
- What reserve policy is set by the Board

Assumptions used in developing this conceptual budget were as follows:

- The service delivery model is a two engine company advanced life support qualified department as suggested by Citygate Associates with Truck service purchased on contract from the City of San Mateo or provided by the department with cross staffed personnel.
- Fire Dispatch service to be provided by Fire Net6 (\$ 48k).
- 7% growth rate for property tax for FY 2007
- 10% increase in Fire plan check fees/ 60% increase in revenue (this is possible because multifamily inspections are every other year and 2007 is the year).
- 27 total positions (1 Fire Chief, 3 Battalion Chiefs, 6 Fire Captains, and 15 firefighters, 3 of which are relief firefighters). The one position reduction from

the January 10 report is the elimination of the Fire inspector and combining the duties with the Fire Marshal. The Fire inspector was considered a “nice to have,” but not essential. Certain routine inspections could be done by either the Fire Marshal or the Fire companies when not responding to calls for service.

- The combination of three relief firefighters and \$ 150k in overtime dollars is provided to cover vacation, sick leave, injury time off, training, etc.
- Salaries based on existing South County salary schedule
- PERS retirement contribution rates ranging from 19% (less than 100 employees CalPERS normal cost pool rate) to 29/30% (Current Police rate/CalPERS pool rate for normal cost plus UFL) based on conversation with a consulting actuary
- Provides \$ 10k per Fire Engine per year for vehicle maintenance which is similar to the San Mateo proposal
- Upper range of cost provides for replacement to two fire engines based on a 15 year replacement cycle
- Upper range provides \$523k for annual purchase of Truck Service from San Mateo
- Administrative overhead charges assume ½ of the existing South County (\$118,772) admin charges. This will require further refinement to include vehicle, building and computer usage charges.
- Assumes a combination of in house training and purchasing training from a neighboring agency
- Excludes rental payments for office space
- Hazardous Material payments to the County are currently budgeted and paid for out of the City’s general fund, as we have in the past.
- Contains no provision for development of a fund balance reserve over time
- Contains no provision for amortization payments to retire South County Fire Authority unfunded liabilities (PERS retirement \$ 13.5 mil, post retirement health benefit costs rough estimate \$ 1 mil, Truck lease payment \$ 0.2 mil, Worker’s Compensation \$ 0.4 mil and Other District Costs \$ 1 mil). The \$13.5 mil is based on communications received from PERS. The Truck lease remaining balance is defined by the lease agreement. Other costs such as post retirement health benefit costs are crude estimates by staff and will be more precisely estimated by consulting actuaries currently being retained by the South County Fire Authority. Staff estimates these annual payments to amortize all the unfunded liabilities could range for each City from \$ 4-500k per year or more for the next 20 years. Any plan to address unfunded liabilities will need to be developed in cooperation with the City of San Carlos and CalPERS.

If the Standalone Fire department option is chosen, the City would need to retain an Interim/Implementation Fire Chief immediately to assist in the implementation of the new department. Staff assumes essentially a “fresh start” approach. Numerous implementation steps would be required, including but not limited to:

- Re-establishing in the Municipal Code a City Fire Department
- Hiring an Interim/Implementation Fire Chief

- Creating a transition plan, including establishing job descriptions, adopting salary schedules and benefit plans
- Working with PERS to create the new retirement plan
- Negotiating Truck Service with San Mateo or developing a cross staff model and acquisition of a truck as has been proposed by South County Chief Lowden
- Establishing an interim Employer-Employee Relations Resolution, Fire Memorandum of Understanding, Fire Personnel Rules, Bargaining unit recognition and meeting and conferring with the recognized bargaining units.
- Interviewing and hiring employees
- Employee orientation and training
- Establish a quality assurance program for paramedic services
- Create standard operating procedures, training manuals, safety plans/procedures
- Establishing a worker's compensation program
- Establishing an administrative function for the department

Staff would also advise that other consultants would be required to quickly implement a new Fire Department. A Consulting Actuary would be important in establishing the new retirement plan agreement with PERS. Citygate consulting could continue to advise the City on how to go about implementing the new Fire Department. Legal support would also likely be required. The HR function of the City would need consulting assistance to recruit the permanent Chief and to assist in the hiring process of a large number of Firefighters in a short period of time.

Next Steps

Next steps call for staff to present the final staff report to the District Board on February 28. This report will comprehensively present the remaining options (Standalone Belmont Fire Department, Contract with the City of San Mateo and Rescuing South County Fire Authority if still an option. At that time, staff will request a final Board decision so that implementation can begin immediately and be completed by June 30, 2006, the date South County Fire Authority is scheduled to dissolve.

Update on February 8th South County Fire Authority Board Meeting

The South County Fire Authority met again on Wednesday night, February 8th. The published agenda indicated an "Update regarding the "2+2" Special Meetings of the South County Fire Authority concerning future fire service alternatives (Chief Lowden-Verbal). At that meeting, Chief Lowden provided the Board with two handouts. These handouts marked exhibits I and II are attached to this report.

Exhibit I titled "Fire Service Options Comparison February 8, 2006" was prepared by the City of San Carlos as a discussion document. This document attempts to list nine (9) proposed funding formulas between the two cities and depicts what each City would pay under each alternative formula. The nine options for each City are ranked from least expensive to most expensive.

A note of caution: The option titled "City Fire Dept" indicates both cities would pay \$ 4.95 mil. This number is lifted directly from the Maze report and is inappropriately used in this table since

it is the cost for a 1 ½ engine company department. We are now talking about a 2 engine company department. The correct number derived from the Maze study should have been \$ 5.21 mil. As stated earlier in this report, staff is now reporting a range of from \$ 5.0 to \$ 5.8 mil for a standalone fire department depending upon the final construct of the department.

Exhibit II titled “South County Fire Authority “Continuation”; Cost Distribution Alternatives” was prepared by Fire Chief Lowden for discussion. This document depicts four alternative cost sharing formulas: the existing 50/50 split, a 49/51 split, a population based 45/55 split and an assessed value 40/60 split. In addition, the Lowden schedule presents a menu of services to choose from and shows the cost to each agency if menu items are chosen. One unique aspect of this schedule is a proposal to provide partial truck service through utilization of a cross staffed engine/truck station. The Lowden proposal assumes the two cities would assume responsibility for acquisition of fire engines and maintenance of the fire stations.

Members of the South County Board were asked to bring the data from these two exhibits back to their full City Councils for discussion and direction. The South County Board may have one additional special meeting to discuss rescuing the entity depending upon the outcome of these two discussions in the respective cities.

Public Contact

A copy of this report was sent to the local print media, the City of San Mateo, Firefighters Local 2400, the South County Fire Chief, the Battalion Chiefs, the Fire Marshal, and the City of San Carlos. The item was posted on the agenda as required by law. Articles have appeared in local newspapers following the South County meetings.

Recommendation

This report is for information purposes only.

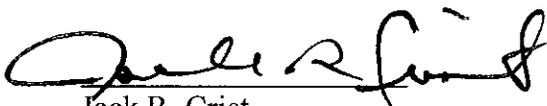
Alternatives

1. Creation of a stand alone Belmont Fire Department
2. Implement a contract for service with the City of San Mateo
3. Rescue the South County Fire Authority

Attachments

South County Fire Authority February 8, 2006 Board meeting handouts labeled Exhibits I & II

Respectfully submitted,



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Fire Service Options Comparison
February 8, 2006

San Carlos Options - Sorted by Cost (in Millions)

	# 1	# 2	# 3	# 4	# 5	# 6	# 7	# 8	# 9
	CDF Staff	CDF Red	Service	Current	San Mateo	City Fire	HIA	75% Base	Property
	+ 25% Truck	+ 25% Truck	Calls	50/50	Both	Dept.	Rev	25% Property	Values
San Carlos	\$3.94	\$4.47	\$4.63	\$4.83	\$4.87	\$4.95	\$5.02	\$5.07	\$5.79
Belmont	\$3.94	\$4.47	\$5.02	\$4.83	\$4.87	\$4.95	\$4.72	\$4.58	\$3.86

Belmont Options - Sorted by Cost (in Millions)

	# 1	# 2	# 3	# 4	# 5	# 6	# 7	# 8	# 9
	Property	CDF Staff	CDF Red	75% Base	HIA	Current	San Mateo	City Fire	Service
	Values	+ 25% Truck	+ 25% Truck	25% Property	Rev	50/50	Both	Dept.	Calls
Belmont	\$3.86	\$3.94	\$4.47	\$4.58	\$4.72	\$4.83	\$4.87	\$4.95	\$5.02
San Carlos	\$5.79	\$3.94	\$4.47	\$5.07	\$5.02	\$4.83	\$4.87	\$4.95	\$4.63

Options

- # 1 CDF Contract, Truck service by San Mateo/RWC
- # 2 CDF Contract, Salaries Red Circled, Truck service by San Mateo/RWC
- # 3 Costs based on number of service calls
- # 4 Current Model - 50% San Carlos, 50% Belmont Fire Protection District
- # 5 City of San Mateo Contract - Both Cities Participate
- # 6 City Fire Department
- # 7 Based on Harbor Industrial Area Revenue (\$150,000/year change)
- # 8 75% based on 50/50 split of costs; 25% based on property values
- # 9 Costs based on property values, assumes a 60/40 valuation (San Carlos/BFPD)

Costs Not Included

- Unfunded PERS Costs
- Unfunded Workers Comp Costs
- Balance - Truck # 13
- Unfunded Retiree Medical
- Unfunded Vacation Payout

South County Fire Authority "Continuation"; Cost Distribution Alternatives

The following details are based on current year revenues received from the City of San Carlos and the Belmont Fire Protection District (\$4.83M each) and do not include additional revenues of approximately \$500K (prevention inspections, plan check, hazardous materials, etc).

Options:	B /SC 50/50 <u>JPA</u>	B /SC 49/51 <u>HIA</u>	B /SC 45/55 <u>POP</u>	B /SC 40/60 <u>AV</u>	
A. Base rate – two paramedic Engine Companies each City at \$3.6million each	\$3.6M (\$7.2M)	\$3.6M \$7.2M	\$3.6M \$7.2M	\$3.6M \$7.2M	- ea (\$7.2M)
A.1 Battalion Chief Coverage (3 BC's) subtotal	\$350K (\$3.950)	\$343K \$3.943	\$315K \$3.915	\$280K \$3.880M)	- B
subtotal	\$350K (\$3.950)	\$357K \$3.957	\$385K \$3.985	\$420K \$4.020M)	- SC
A.2 Administration (Chf,Trn,Med,Clrks) subtotal	\$300K (\$4.25)	\$295K \$4.238	\$270K \$4.185	\$240K \$4.12M)	- B
subtotal	\$300K (\$4.25)	\$305K \$4.262	\$330K \$4.315	\$360K \$4.38M)	- SC
A.3 Prevention (FMarsh, Inspctrs) subtotal	\$200K (\$4.45)	\$196K \$4.434	\$180K \$4.365	\$160K \$4.28M)	- B
subtotal	\$200K (\$4.45)	\$204K \$4.466	\$220K \$4.535	\$240K \$4.62M)	- SC
A.4 Partial Truck Service (3 addtnl FF +vehicle) subtotal	\$330K (\$4.78)	\$323K \$4.757	\$297K \$4.662	\$264K \$4.544M)	- B
subtotal	\$330K (\$4.78)	\$337K \$4.803	\$363K \$4.898	\$396K \$5.016M)	- SC

(Lowden 2/8/06 – pg1)

A.5 Full Truck Service (9 addtnl FF)	subtotal	\$930K (\$5.71)	\$911K \$5.668	\$850K \$4.747	\$744K \$5.288M)	- B
	subtotal	\$930K (\$5.71)	\$949K \$5.752	\$1.01M \$5.908	\$1.116M \$6.132M)	- SC
	Total:		\$11,420,000			

The above scenario "A" expenses provides for individual jurisdiction ownership and subsequent responsibility for, fixed and mobile assets. The Fire Stations and Vehicles would become the property and responsibility of the Belmont Fire Protection District and separately the property of the City of San Carlos.

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Option

B. Assumes a base of 75% total revenues at 50/50; with the remaining 25% divided as above.

B.1 Base (\$9.66M x .75 = \$7.245M)					\$3.6225	- B
					\$3.6225	- SC

B.2 25%		JPA <u>50/50</u>	HIA <u>49/51</u>	POP <u>45/55</u>	AV <u>40/60</u>	
	subtotal	\$1.2075 (\$4.830)	\$1.183 \$4.8055	\$1.087 \$4.7095	\$.966M \$4.5885M)	- B
	subtotal	\$1.2075 (4.830)	\$1.232 \$4.8545	\$1.328 \$4.9505	\$1.449M \$5.0715M)	- SC
	Total:		\$9,660,000			

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Option

C. Assumes full member revenues Cost distributions; \$9.66M	JPA <u>50/50</u>	HIA <u>49/51</u>	POP <u>45/55</u>	AV <u>40/60</u>
	\$4.83	\$4.73	\$4.35	\$3.86M - B
	\$4.83	\$4.93	\$5.31	\$5.80M - SC
Total		\$9,660,000		

Note:

1. "JPA" – Joint Powers Authority Agreement provides for a matched 50/50 contribution of revenues.
2. "HIA" – Harbor Industrial Area, recognition of 1997 annexation from the Belmont Fire Protection District into the City of San Carlos, approx 2% impact.
3. "POP" – Population based, San Carlos – 28,190; Belmont – 25,470, approx 10%.
4. "AV" – Assessed Valuation, estimated San Carlos 60%, Belmont 40%.
5. If each partner assumed ownership of, and responsibility for real and mobile properties, options B and C total could be reduced by approximately \$600K.
6. Calculations herein have been rounded.
7. Cost estimates do not provide for anticipated future budget expenses, but are based on the existing 05/06 FY.