Fire Service Delivery Alternatives Proposal to Initiate Annexation into San Bernardino County Fire Protection District

August 24, 2015

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What We'll Cover

- Context: Implementation of City Recovery Plan
- Fire Service Alternatives (Citygate): County is Best Service / Value Proposition
- Annexation Process to County Fire
- Fiscal Forecast

Proposal is Consistent with Recovery Plan Submitted to the Court

- Approved by Common Council on May 18, and submitted to Bankruptcy Court on May 30
- Plan called for alternative delivery of fire services to save General Fund resources
- City is doing what it committed to doing

Major Plan of Adjustment Provisions

1. Generate additional General Fund revenue
2. Propose impairment of major creditors
3. Contract municipal services and implement other efficiencies
4. Become a viable employer
5. Address maintenance and infrastructure needs backlog
6. Rebuild internal service funds
7. Present City Charter initiative to voters
8. Implement strategic plan

Progress is Being Made

- Strategic planning
- Charter review process well underway
- Agreement regarding retiree medical
- Restructuring of water franchise revenues completed
- Agreement with police officers
- Solid waste contracting process well underway
- Near agreement with secured creditors
- Organizational analysis for rebuilding of corporate support functions begun
- Viable fire service alternative to free up General Fund resources to improve fire service and support other critical city services developed

Time is of the Essence

- Bankruptcy protection approaching 37 months
- Continued bankruptcy is costly and hurts economic development
- Path out of bankruptcy is to implement the Recovery Plan
- Fire service delivery recommendation is consistent with Recovery Plan; represents a big step towards restoring solvency

Request for Proposal Process

- Requested proposals from fire service providers in April, 2015:
  - Surrounding cities
  - County Fire
  - Private companies
  - CAL FIRE
  - City Fire
- Retained Citygate to provide technical evaluation of proposals submitted

Evaluation of Fire Services Proposals

City of San Bernardino

Presented on August 24, 2015

CITYGATE ASSOCIATES, LLC
FIRE & EMERGENCY SERVICES

Fire Services Proposals Evaluation

- Citygate was retained after the RFP was issued to evaluate the results
- Three initial responses were received
- Not all responses were comparable to each other
- A required clarification was issued to standardize the final cost options

Three Pricing Packages Requested

- Option A – Current Services
  - Close Station 230 and a squad at Station 223
  - As is headquarters staffing and dispatch
- Option B – Station Closures
  - Close Stations 230, 231, and 223
  - As is headquarters staffing and dispatch
- Option C – Separate Deployment/Cost Proposal
  - Respondents to provide their best-fit proposal

Policy Choices

- There are no mandatory federal or state regulations directing the level of fire service response times and outcomes
- The body of regulations on the fire service provides that *if fire services are provided at all, they must be done so with the safety of the firefighters and citizens in mind*
- Deployment is about the ***speed*** *and* ***weight*** of the response
  - **Speed** = single neighborhood-based units
  - **Weight** = multiple units quickly enough to stop serious fires

How the Review Was Conducted

- Extensive document and cost of services review
- Follow-up questions and telephone interviews
- Citygate also referred to our 2014 deployment study
- We obtained updated dispatch incident statistics to review how the EMS minor incident response deferrals process is working and provided that information to the respondents for the second round of costing
- Bidders were able to conduct a field survey of the stations and apparatus before the second round of costs were submitted

City Services

- Were expensed for the Option A level of operation when the RFP was issued
- FY 15-16 budget estimates were used
- Citygate used FY 15-16 costs to estimate an Option B cost
- No Option C plan was submitted by the bid due date
- Current City Fire budgets are under-funding supplies, repairs, and capital replacement investment

Centerra's Service Levels

- All three options provided:
  - Existing City dispatching
  - Repair and replacement of equipment
  - Initial repairs for stations, over 2 years
  - Private sector wages and benefits
  - 72-hour work week
  - Recruitment of City employees
- Option C was a more aggressive service level reduction
  - 7 engines, 2 Quints (no dedicated ladder trucks), and 3 Squads

County Fire District Services

- Annexation model, not a contract
- Permanent transfer of almost all fire service authority, revenues, and expenses
- All personnel, stations, and apparatus moved to County
- Three service levels were expensed
- All options include:
  - Regional fire dispatching
  - Fire Prevention services with retained revenues
  - Full maintenance and repair of apparatus and stations
- *Not included* is apparatus and station replacement funding

Cost Comparisons

Best Fit Cost Choices

	Option A Current Service Level	Option A Current Service Level	Option C County Fire Alternative Service Level	City FY 2015-16 Cost Current Service Level
Provider	County Fire	Centerra	County Fire	City
Net Cost	$27,623,255	$26,120,972	$26,707,731	$28,619,411
Firefighters On Duty	38	38	41	38
Details	See slides 11-13.	The costs above reflect **cost minus revenues**.		

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County Option A

- The proposed cost is $996,156 less than City's cost for the current level of service
- Additionally, the County Fire proposal properly funds facility and apparatus repairs, converts dispatch over to County Fire, and transfers future pension and health costs to County Fire
- Includes shared response use of County Fire Station 75 and County Chief Officers
- Actuarial estimates also reflect contracting with County Fire will save the City an additional $2,700,000 per year in pension costs

Centerra Option A

- The first-year cost is $2,498,439 less than the City's cost and $1,502,283 less than County Fire Option A cost
- While Centerra costs decline in the third year, Centerra cannot ensure during the ten-year contract that the City will receive mutual aid
- The cost retains the present dispatch and:
  - Requires the City to fund any apparatus replacement and major rehabilitation as well as the replacement of fire stations
  - Provides fewer employee positions than the City now budgets
  - Requires impact bargaining at conversion
  - No assurance that state legislation will allow Charter Cities to contract for private fire services
- At the conclusion of the contract, the City may need to pick up future pension and health costs if a contract is not renewed with Centerra

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County Option C

- While the cost is $586,759 higher than Centerra's first-year cost and $1,851,498 higher than the Centerra third-year cost, the County Fire proposal not only provides three more firefighters on duty each day, and one additional fire apparatus, but also offers the City all of the benefits described under County Fire Option A
- Centerra continues to have the shortcomings described in the Centerra Option A alternative
- The County Fire proposal includes shared response use of County Fire Station 75 and chief officers for incident command

Concluding Opinions

Overall Opinions

- While in year three and later years Centerra's costs do decrease some, they still do not include the fire apparatus and station replacement expense
- In addition, with Centerra there is some uncertainty regarding the availability of mutual aid, and the results of employee conversion impacts
- There could be challenges implementing the Centerra choice; these costs, and whether these challenges will succeed or fail, cannot be estimated at this point because there is no precedent in the state

Overall Opinions (cont.)

- While the cost differences between County Fire-provided and Centerra-provided fire services are modest, County Fire is a stronger, more assured path to further explore
- This assessment is based on the uncertainties described with a Centerra contract, and because County Fire can:
  - Transfer the City's employees into a similar public employee retirement system
  - Offer large department career development opportunities
  - Absorb fire apparatus and station repair costs at present value and condition
  - Provide mutual aid (as a member of the existing mutual aid system)
  - Realize CalPERS savings by ceasing the City's firefighter payments

Concluding Recommendation

- The best cost-to-services choice is County Fire's Option C for 14 units and 41 firefighters at $26,307,731 which includes sharing the use of a nearby County Fire station and Battalion Chief that can assist with covering part of the western City
- This provides a higher level of service at a lower cost than County Fire Option A because it shares Battalion Chief services with the adjoining County areas and replaces a Fire Captain on the Squad with a Firefighter

Annexation to the County

- Requires a LAFCO process
- Provides the City the opportunity to further negotiate the details of the level of service and ultimate cost with County Fire
- In selecting a preferred fire service provider, the City has the requirement to negotiate the finer details of the service arrangement reflective of both providing adequate fire protection and meeting the cost needs of the City
- In that discussion final transfer of revenue options can be determined

Next Steps

Incremental Steps if Conversion Selected

- Choose a preferred fire services provider and direct staff to work with that provider to set final service levels and costs
- If the choice is the County Fire District, pursue annexation into the County Fire District at the best pace possible and:
  - Keep operating the City Fire Department and fund needed equipment and safety repairs
  - Contract with County Fire for fire management services during the LAFCO Annexation process
  - If annexation is ultimately not approved, there are still two choices:
    - A City-provided fire service
    - Or revisiting the conversion to a private-sector fire service provider

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San Bernardino County Fire Protection District (County Fire)

- County Fire
  - 865 employees with 642 sworn firefighters
  - Operates 56 stations
  - Serves unincorporated San Bernardino County and 7 incorporated cities
- Headquartered in San Bernardino
- Full service provider including dispatch and all specialized services

Annexation Process

- Annexation
  - Into County Fire District
  - Into Valley Service Zone
  - Into Fire Service Zone 5
- Resources in Valley Service Zone 5 operate seamlessly to provide all risk and EMS response
- 16 fire stations (San Bernardino would add 10 more)
- Joint application with County Fire takes 9 months which makes timely submittal critical

Annexation Means

- Permanent shift of service responsibility
- Post annexation limited role by City in employee or labor relations, station or equipment maintenance
- Agree on service level and then a reallocation of property tax to support it
- Property tax reallocation agreement is fixed; City will not receive increasing bill
- District has interest in growing property tax revenue = success of City
- County Fire must will live within its own means; incentive for effective regional service

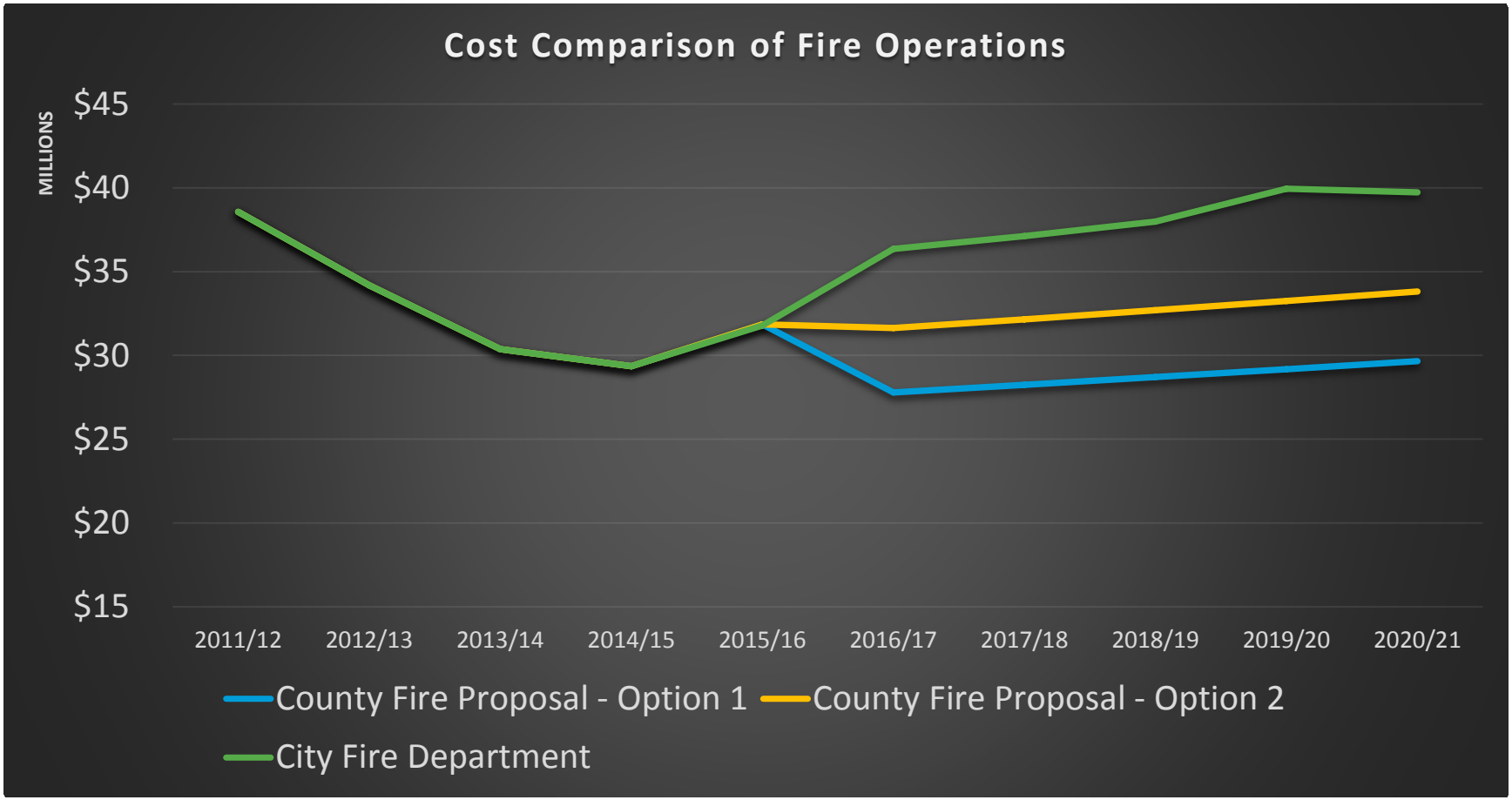
Fiscal Impact Analysis

- Required by annexation application
- Analysis by Urban Futures within parameters of ongoing City fiscal model
- County reduced service option as submitted in May is also shown for comparison
- County Option C, the preferred alternative, is significantly lower in cost than a sustainable City fire department, or prior year costs

Fiscal Impact Analysis

- Urban Futures' multi-year analysis for City includes costs necessary for sustainable operations, debt service, indirect overhead, station / equipment replacement
- County costs adjusted for station / equipment replacement, debt service and pension legacy costs
- Operational footprint per Citygate comparison (City fire; 38 ff on duty, County 41; ff on duty)

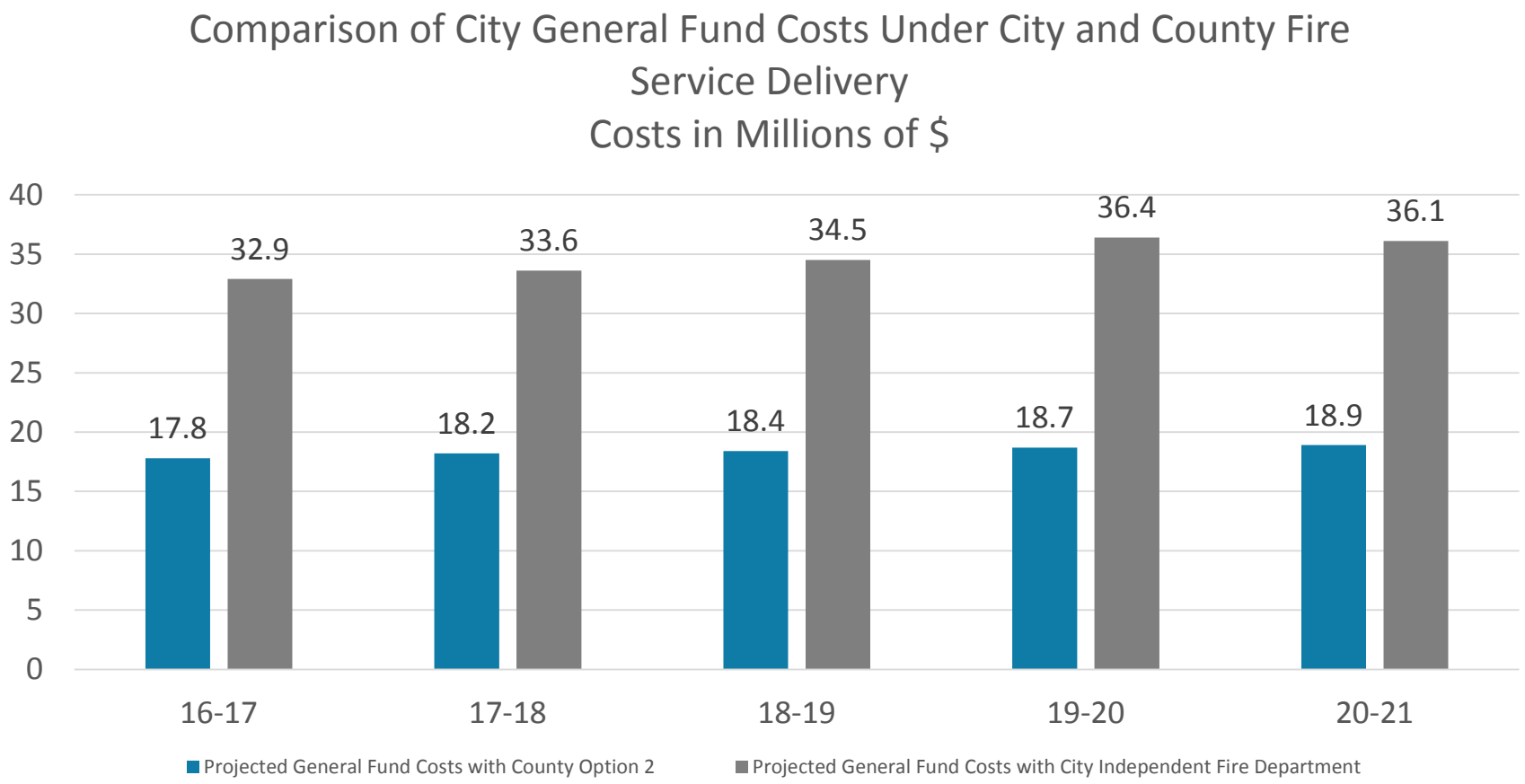
Expenditure Forecast Projections



Fire Service Zone FP- 5 Application of New Parcel Tax

- Annexation application into County Fire also proposes annexation into Fire Service Zone FP-5
- Fire Service Zone FP-5 parcel tax: $143 annually or $**11.92/month**
- Funds must support fire service by County Fire in the City per LAFCO oversight
- $7 - $8M annually significantly reduces City property tax reallocation to County Fire
- New revenue a critical piece of adopted Recovery Plan

An $11+ Million Annual Contribution to Solvency



Employee Impacts

- County Fire will offer positions to all current sworn firefighters; but at rank of captain or below
- Seniority protected, covered by provisions of County Fire annexation agreement
- Pension systems have reciprocity and are similar
- Non-safety positions may be hired depending on County needs
- Standard background / medical tests required

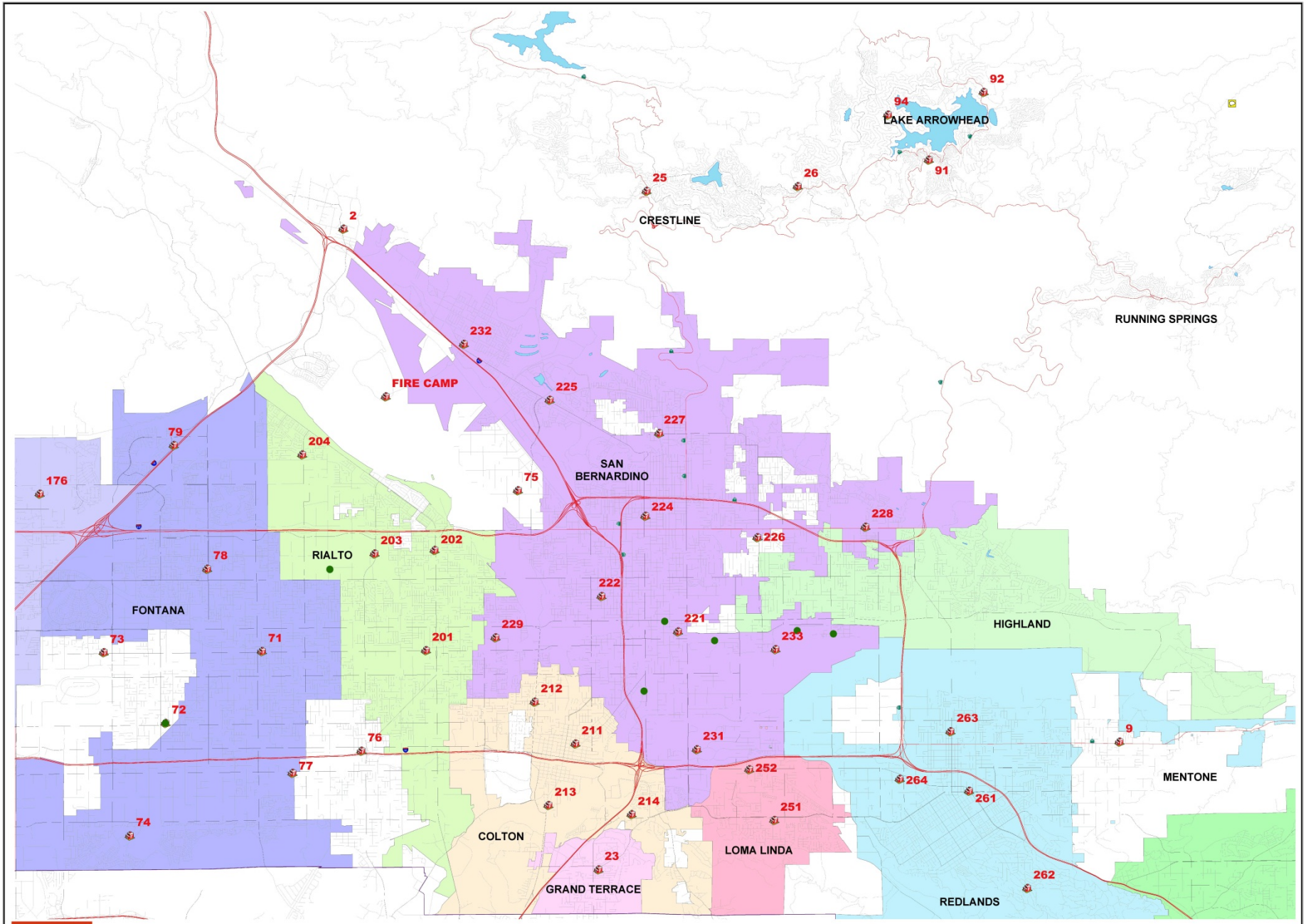
Legacy Costs to be Negotiated

- Payment for unfunded liability of current pensions
- Payment of accrued workers compensation liabilities
- Leave balances
- Litigation costs and any settlement costs associated with current lawsuits with fire union

Conclusion

- City must implement Recovery Plan
  - Recommendation is consistent with adopted Recovery Plan filed with Court
- Annexation to Fire District is a Sound Option
  - Improved service to residents and businesses
  - Cost savings and additional revenues reduce GF requirement
  - Common service delivery approach
- Annexation application needs to be filed no later than the first week in September and the City needs to work with LAFCO and County Fire to complete the process

San Bernardino City/County Partnership



SBCo Fire and CONFIRE Resources

Legend

- Fire Station
- Other County Fire Facilities

August 2015

County Fire Programs

- Confire
  - Accreditation, Seamless movement of resources
- EMS
  - EMD (resource differentiation), Community Paramedic Pilot
- Wildland
  - Seasonal and Inmate Handcrews (all-risk), Dozers, Air Partnership w/Sheriff
- Technical Rescue
  - CA-RTF-6
  - 3 Heavy Rescues
  - Swift water/Confined space/Trench/High and low angle
- Haz Mat
  - OES Type 1, Type 2
- Office of Fire Marshal
  - Hazard Reduction, CUPA/HHW, Prevention, Arson Inv., Public Education
- ARFF
  - SCLA, FAA Training Facility
- OES
  - Mitigation, Preparedness, Response, Recovery, CERT, ACS
- Fire Corps

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