

**A REPORT BY
THE 2011-2012 CONTRA COSTA COUNTY GRAND JURY**

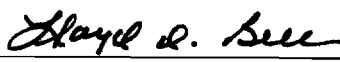
725 Court Street
Martinez, California 94553

REPORT 1202

Fire Protection – What Can You Afford?

APPROVED BY THE GRAND JURY:

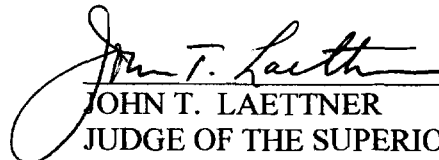
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Contra Costa County Grand Jury Report 1202

Fire Protection – What Can You Afford?

It's Your Choice

TO: Board of Directors, East Contra Costa Fire Protection District

SUMMARY

The East Contra Costa Fire Protection District (District) is currently confronting a critical funding issue that has been worsening for three years. In response, the District has implemented staff reductions and fire station closures, but still provides an acceptable level of service. However, the current level of service cannot be maintained without additional revenue.

Rather than developing a revenue solution to sustain the current operating structure, the Board of Directors (Board) is in the process of pursuing a parcel tax ballot initiative of \$197 to establish an expanded operating structure. Over a five-year planning period, this tax will generate revenue beyond what is needed for the proposed expanded operating structure. At the time this report was written, the residents had not been advised of alternative solutions. Additionally, no viable alternative has been identified if the parcel tax does not pass.

The Board should consider all operating structure alternatives and inform the residents of the options. These should be presented so residents can express their desired service level expectations while considering the associated cost. After receiving resident input, the Board should prepare its proposed operating structure and the associated parcel tax for a ballot measure. Concurrently, the Board should prepare a plan in case the ballot measure does not pass.

The residents will then be in a position to make an informed decision.

BACKGROUND

Created in 2002 by consolidating three smaller and mostly volunteer fire districts (Oakley-Knightsen, Bethel Island, and East Diablo), the East Contra Costa Fire Protection District provides fire suppression and basic life support emergency medical response services to the cities of Oakley and Brentwood, a portion of the city of Antioch and the unincorporated communities of Bethel Island, Byron, Discovery Bay, and Knightsen. In 2011, it is estimated that about 70% of the District's responses will be for emergency medical services.

The District's current operating structure consists of 48 full time equivalent fire suppression

personnel working out of six stations, four management positions and one administrative position. It also includes medical emergency response, advanced life support (paramedics), and ambulance services, all provided through a contract with Contra Costa County Emergency Medical Services by American Medical Response, Inc. at no cost to the District.

The Grand Jury has validated that the level of service provided with the current operating structure meets the needs of the residents of the District. There has been no loss of life or property directly attributable to the service levels provided through the current operating structure.

District operations have been funded primarily through an allocation of property tax revenues: 7% in Brentwood, 5% in Oakley, and 9% on average in unincorporated areas. Because of Proposition 13 and the original volunteer firefighter component at the time of formation, these property tax allocations are well below the average for other fire districts countywide. They range between 12% to 16% in cities and 13% in unincorporated areas. While the revenues covered all operating expenses in 2002 through 2007, they began dropping in Fiscal Year 2008-2009 and continue to drop as assessed property values decrease.

The District forecasts that continued operation in the current manner and without additional revenue sources will result in the District running out of operating funds and reserves by Summer 2012.

Since their appointment in 2010, the District's Board has been studying the financial problem from three perspectives: alternative operating structures, cost containment opportunities, and revenue enhancement initiatives.

Some cost containment actions have been implemented, such as staff reductions and closure of two stations. The reductions have not adversely impacted service, as evidenced by the fire insurance rating for the District remaining unchanged. However, a significant operational expense, benefits paid to personnel covered by a collective bargaining agreement, has not been addressed. The current agreement expired in November 2011.

In 2011, the Board spent much of its time evaluating alternative operating structures that result in expanded resource requirements: more stations, more equipment, more personnel -- and methods to generate the additional funds needed to support that expansion. The public record does not reflect that the Board has considered seeking a parcel tax required simply to maintain the current operating structure.

The District currently contracts with the California Department of Forestry and Fire Protection (CAL FIRE) for coverage during the non-peak fire season in the Marsh Creek - Morgan Territory Area. CAL FIRE provides some manner of emergency services, including fire suppression, to local government via contract in 35 counties and may be able to provide the fire suppression services in the balance of the District. Although the Board received cost estimates from the Contra Costa Fire Protection District for coverage of the District, the Board has not looked at CAL FIRE for outsourcing all fire suppression services, which may result in lower overall costs of operation.

At the Board meeting of October 3, 2011, the Board considered a five-year plan for an expanded operating structure based on eight stations and 72 fire fighters, including first responder paramedics. An initial parcel tax proposal of \$187, which did not pass, was deemed by the Board to be inadequate to sustain this structure as it would have resulted in deficit spending by the third year. Subsequently the Board adopted a five-year plan for an operating structure based upon seven stations and 63 firefighters, including first responder paramedics. This approach would add almost 20 new positions falling within the coverage of the collective bargaining agreement.

The District is contemplating a ballot initiative for a parcel tax to generate the required funds in June 2012 for the expanded operating structure. The proposal at the time this report was written is for a parcel tax of \$197, with an automatic increase of 5% each year with no sunset provision. Over the five-year planning period, the tax will generate more revenue than necessary to support the proposed expanded operating structure. Based on its assumptions, the Board estimates that the amount of unused funds at the end of a five-year period will be \$11.8 million.

The District has hired a consultant, at a cost not to exceed \$120,000, to develop and lead implementation of a public education/outreach program. The first public education brochure being distributed by the District presents the \$197 parcel tax, approved by the Board on September 12, as the only option to prevent station closures and lay-offs.

Finally, in the event that the parcel tax fails, the District reports that they will be forced to close additional stations and reduce their firefighter staffing from 48 to 24.

FINDINGS

1. Without new sources of revenue, the District's current operating structure cannot be sustained.
2. From a quality of service point of view, the current operating structure is adequate.
3. The Board of Directors has not publicly explained a parcel tax option at a level necessary to sustain the current operating structure.
4. The Board has not considered contracting for all fire suppression services from CAL FIRE, a capable, recognized provider of those services.
5. The \$197 parcel tax exceeds the amount required to support the Board's proposed, expanded operating structure, resulting in substantial reserves and cost to the taxpayers.
6. The Grand Jury estimates the proposed \$197 parcel tax will generate about 50% more revenue over a four year period than is needed to sustain the current operating structure.
7. Only one approach to solving the problem is being presented in public information sessions. As a result, the residents have not been presented with their other options.

8. The Board is not offering a viable service option in the event a \$197 parcel tax initiative for an expanded operating structure is not passed by voters in June, 2012.
9. It is not clear that the Board is actively pursuing negotiations with collective bargaining units to reduce costs.

RECOMMENDATIONS

1. The Board should consider other available operating structure alternatives before deciding on a ballot measure.
2. The Board should consider whether the current operating structure provides adequate service levels, and should be included as an alternative.
3. The Board should consider outsourcing all fire suppression services to CAL FIRE for the current operating structure as a potential cost saving measure.
4. All possible cost containment opportunities, including resolution of the union agreement, should be considered in the Board's evaluation of alternatives for providing service.
5. For all operating structures considered, the Board should conduct the analyses required to determine whether the additional revenue being requested from the taxpayers is the minimum reasonably required to fund and sustain each alternative.
6. The Board should inform and educate the residents of the District regarding alternative operating structures and associated costs, and solicit their input.
7. After receiving public input, the Board should decide on the most appropriate operating structure and propose an appropriate parcel tax initiative.
8. The Board should consider developing a viable service alternative to be implemented in the event of the parcel tax initiative failing.

REQUIRED RESPONSES

Findings

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Recommendations

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