

Needles Fire Service Options Report

Rick Daniels, City Manager

Summary: The San Bernardino County Fire Department has notified the City of Needles that the cost for the County to provide Fire Services to the City will increase \$600,000 in fiscal year 2015-16 to \$1,224,902. This report identifies four options available to the City and provides some basic information on each.

Background: The City is mandated by state law to provide fire services within its boundaries. Since at least 2004 the City has met that requirement by contracting with the San Bernardino County Fire Department. Prior to that the City operated its own Fire Department with a Fire Chief and PCFs and volunteers.

The SBCoFD provides 24 hour a day/7 days/week service by assigning six firefighters and portions of four administrative staff to the City owned Needles Fire Station on Front Street. They operate the City provided equipment such as the Fire Engines, Water Tender, Utility Truck, and miscellaneous pieces of equipment. (See City Fire Assets List part of 2004 and 2014 Fire Services Contract). From the Needles Station SBCoFD serves the unincorporated areas around Needles stretching south on Highway 95 to the Riverside County line at Highway 62 and westerly on both sides of I-40 to Amboy. Last year the Needles station responded to 1011 calls in the City of which 777 (77%) were rescue and emergency medical service incidents.

The fire equipment is owned by the City and is responsible under the current contract for its replacement. There has been no fleet asset replacement funding accrual for replacement. Assuming that the total equipment package is valued at \$1.0M (\$600,000 for the primary fire engine alone) and it has a useful life of 20 years, there should be a fleet replacement fund of \$50,000/year established.

The SBCoFD is about to begin to build a new fire station at the Highway 95/I-40 interchange. If the City remains with the SBCoFD the fire company will move to that site thus making the existing station surplus. If the City chooses another service option, there could be two fully equipped and staffed fire stations in Needles. Regardless of whether the City continues to contract with the SBCoFD they have said that they will staff and operate a fire company at the new station to serve their very large service area.

SBCoFD invoices the City for fire services based upon an annually renewable service contract. Many other cities in the County operate in a similar fashion in lieu of operating their own fire department. In 2014-15 SBCoFD charged the City of Needles \$623,565 fire services paid monthly. Fire service costs have steadily increased over the last 5 years by \$55,527 (10%) and when coupled with other Public Safety (Sheriff) costs it

currently consumes \$2,576,070 annually or 51% and is projected to cost \$3,327,176 or 66% of the City's entire General Fund Budget next year if the requested change is approved. Public Safety has been consuming more of the City's General Fund Budget in terms of amount and percentage.

On January 5 of this year the SBCoFD Fire Chief delivered a letter to the City Manager notifying the City that the annual fire services rate would increase \$600,000 for the upcoming year to a total of \$1.224M. Upon receiving that information the City Council directed the City Manager to investigate options including;

- Paying the additional charges,
- Annex the City of Needles area into the County Service District,
- Investigate obtaining fire services from another provider, and
- Investigate establishing a City Fire Department.

Periodic written reports have been sent to Council members as the options have been investigated.

The remainder of this report analyzes these options.

Requested Action; The City Council receive this report and utilize the next City Council meeting to review the options, seek public input, and provide direction for the budget preparation and any other implementation measures.

Extend the SBCoFD Service Contract Option

SBCoFD provides solid and dependable fire services to the City. They serviced over 1011 calls in the City of which 777 were medical calls. Additionally, the Needles Fire Station responds to mutual aid assistance calls from the Mohave Valley Fire Department in Mohave Valley, Arizona. This option will cost the City a total of \$1.225M and is subject to annual price increases. There has been no opportunity for the City to exert any control over the cost increases or service levels that have been unilaterally implemented by SBCoFD. Cost control measures could involve responses to medical calls, the use of paid Call firefighters, or the number of firefighters on duty on any shift.

The proposed budget for 2015-16 includes 6 firefighters at \$149,087 each, portions of 4 management Chiefs at \$270,495 (1), and \$236,748 (2), \$197,796 in materials and supplies including dispatch, and County Administrative Overhead of \$60,794. Alternatively they have provided a proposal for reduced service level of 3 firefighters and a portion of 4 chiefs, supplies, and administrative overhead for \$612,000.

Unless a new funding source, such as a voter approved fire levy is created, the proposed \$1.225M cost would be drawn from the City's General Fund of approximately \$5M total. The General Fund is created from property taxes, sales taxes, transient occupancy taxes, and fees and fines. The General Fund allows considerable discretion by the Council to fund City operations. Its intent is to fund general operations of the City for public services that benefit of all City residents and businesses as opposed to special benefits. The General Fund is mostly used for Legislative, Administration and Finance, Public Safety, Public Works, and Parks and Recreation programs.

The City's General Fund has been under considerable stress over the last few years and generates significantly less money than that required for minimum levels of public services. As a result the service levels have declined in recent years with City employees on a reduced pay/work week. For example, there is no General Fund appropriation for street repairs despite having a backlog of maintenance of over \$13M.

The General Fund revenues have declined in recent years primarily as a result of the recession which began in 2008 causing a dramatic decline in property values upon which property taxes are based, reduction in taxable sales of goods, reduced automobile sales, and reduced travel and vacationing. Additionally the recession caused a dramatic reduction in new construction and the associated jobs. The current General Fund revenues are \$467,000 less than 2007-8.

In order to fund the SBCoFD requested increase, the City will be required to seek voter approval of additional taxes or consider funding cuts to other General Fund based operations such as Parks and Recreation (\$225,000), Aquatics (\$122,000), and Animal Shelter (\$113,000). The reallocation of general fund revenues to fund the requested fire

services increase will have significant and dramatic adverse impacts on the quality of life in the City of Needles.

Additionally, the City needs to establish a fleet asset replacement fund of \$50,000 per year.

Annex the City of Needles Area into the Fire District

This option involves the County Fire District annexing the incorporated area, relieving the City of the Fire services responsibility. Fire services would be directly provided by the District. The City and County would negotiate an immediate and permanent transfer of taxes to the District to cover their service plan costs.

San Bernardino County Board of Supervisors oversees the San Bernardino County Fire District in to provide fire services to primarily to the unincorporated portions of the County. Since the formation, some cities of have been annexed into the District. The District has a \$146M annual budget, is funded by fines/fees, grants, taxes, County General Fund, and other District generated funding sources. The SBCoFD budget has increased 14% since 2010-11

Operationally the District is served by the same SBCoFD that operates in the City of Needles. It is reasonable to expect that the same level of service and costs would occur under the District operated option.

Annexation of the area within the City into the District is governed by the Local Agency Formation Commission (LAFCo). In meetings with LAFCo the following process was discussed;

- Petition to annex the area by SBCoFD, which includes a Services Plan which identifies service levels and revenues sufficient to fund the Service Plan.
- Public Hearing by LAFCo to gain public comment,
- Tentative Decision,
- Notice to all property owners within the annexation area with an opportunity to file an objection;
 - If less than 20% object the LAFCo decision become final,
 - If over 20%, but less than 50% object then an election is scheduled and the LAFCo decision is suspended pending the vote,
 - If over 50% object the process is terminated and LAFCo withdraws their decision.

The SBCoFD has indicated that there is not sufficient revenues in the District or will be provided by the County General Fund to cover the added costs of serving the area within the City thus requiring a funding agreement between the City and the District. The SBCoFD has indicated that they will need a permanent transfer of the City's tax base to the District at least equal to the proposed first year costs of \$1.225M. The City's total property tax base is \$800,000. An additional permanent assignment of other revenues, such as Transient Occupancy, Sales, Vehicle License Fees, or other revenue streams

would be required. The District would fully control the fire services in the City and would bear the full cost of that service.

The SBCoFD provided an alternative Proposed Contract Annual Budget on 4/10/15 which reduces the firefighters from 6 to 3, plus a portion of 4 Chiefs, \$98,898 in operating expenses, and \$30,397 in County Administrative Overhead charges for a total of \$612,451.

The SBCoFD has stated that should the Council choose to pursue the annexation route, the reduced service level costs would be further reduced by administrative costs being absorbed by the District. This would result in the annual apportionment dropping to \$582,024 on an ongoing basis. Now although this is higher than the 2004 amount, it is inflation protected via a fixed amount tax base assignment through LAFCO.

Secure an Alternative Service Provider

The two possible alternative service providers including soliciting a private fire services company or securing the services of the adjacent, yet Arizona based Mohave Valley Fire Department (MVFD).

Conversations with the MVFD Fire Chief and Battalion Chief indicate that while they are experienced in providing fire services in another state other than their base, it is unlikely that there would be any appreciable cost reduction below that proposed by SBCoFD. Their reported cost to operate the Avi Resort and Casino station is in excess of \$1.15M/year. There is no reason to believe that a MVFD staffed station in Needles would materially differ.

Further research indicates that an industry standard for the planned operational costs for a 3-4 person/shift fire station is slightly in excess of \$1M/year.

MVFD did express a reasonable interest in providing fire services subject to their analysis and consideration by their Board of Directors. The major consideration would be the City completely funding their operation.

An issue as to the certification requirements of firefighters in Arizona operating in California, other than mutual aid needs further research.

This option would also require a fleet asset replacement allocation of \$50,000 per year.

If the City wanted to pursue a private fire services vendor it would need to issue a Fire Services Request for Proposal in order to defining service levels and commensurate costs.

Establish a City Fire Department

While a local government often joins a regional services solution because of the economies of scale producing potential lower per unit costs that it represents, the regional solution often involves the loss of control of service levels and cost control strategies. Creation of a local Fire Department by the City Council creates locally set level of service and cost control opportunities.

If the City attempted to replicate the existing SBCoFD level of service with 6 professional firefighters provide 24/7/365 service, there would be no cost savings and the administrative, risk management, and legislative burden would increase.

Therefore, a hybrid was developed for consideration which includes the following components;

- City engaged Fire Chief (contract and or part time) which meets all requirements normally associated with the position and required by the State of California,
- Use of Paid Call Firefighters (PCF) and volunteers,
- Use dispatch services from an existing dispatch system in an adjoining community's dispatch program with sufficient coverage over the Needles area,
- City set service level standards, and
- Use and scheduled replacement of the City's existing fire equipment.

State law and the City Charter require that a Fire Chief be designated by the City. There exists standard educational, training, and experience requirements for a Fire Chief. Position requirements and a sufficient salary would need to be set if the City wishes to directly employ the Fire Chief. Alternatively, Fire Chief services could be contracted from a nearby fire services provider.

PCFs are subject to the same fire academy and continuing education requirements as that of full time professional firefighters, but are often lower paid significantly and do not include standard employee benefits. The ranks of the PCFs are normally filled by those seeking part time positions and those professional firefighters currently employed by another fire department seeking a second position. The 3 day, 24 hour shifts allow firefighters to engage in second careers concurrent with their full time firefighter position. Between the existing firefighters populating Kingman, Lake Havasu, Bullhead City, Laughlin, Mohave Valley, and San Bernardino County Fire Departments and local residents seeking a second or part time career, a City of Needles staffed fire company could be adequately staffed. Distance from Needles is not seen as a detriment to recruiting PCFs. Currently, firefighters assigned to the Needles Station by SBCoFD come from as far away as Fontana and Rancho Cucamonga for their 3 day/24 hour shifts.

The current SBCoFD service standard seems to be to respond to every 911 call whether fire or medically related. The City would not need to respond with fire apparatus for non-fire events. Instead the City could rely upon the County Designated emergency medical response provider. Baker Ambulance is fully authorized, qualified, licensed and capable of responding to all medical emergencies including transport and currently does so. There is no requirement that the proposed City Fire Department respond to these calls which constitute over 80% of the SBCoFD Needles Fire Station current response load.

There appear to be a number of currently operating 911 based emergency response dispatch systems that cover the Needles area; CHP, MVFD, Bullhead City, San Bernardino County Sheriff, and SBCoFD. A satisfactory dispatch provider would need to be secured at a reasonable cost. The City could contract with the same provider under the same per call terms that exist for the Baker Ambulance operation which serves the Needles area.

The City owns and the SBCoFD operates the full complement of fire equipment necessary to operate a fire company. While that equipment has provided years of service, it appears that there remains sufficient useful life to operate until sufficient funds are reserved for replacement. There has been no fleet management replacement program developed for fire equipment replacement. Typically a \$650,000 fire engine will last 20 years if properly maintained.

Very preliminary cost estimates indicate that the City Fire Department option utilizing paid call firefighters, contracted dispatch, and can be implemented by shifting from professional full time firefighters to paid call firefighters, if they are certified to operate in California.

Exhibits

Fire Service Mandates of state law and City Charter

2004 fire services contract and 2014 amendment

Public Safety Costs as a portion of General Fund 2005-2013

January letter from Fire Chief notifying that the rate will increase by \$600,000 for next year

Proposed Contract Annual Budget with 6 firefighters and 4 Chiefs, 4/10/15

Proposed Contract Annual Budget with 3 firefighters and 4 Chiefs, 4/10/15

Progress Reports to Council

Map of Ambulance Transport Service Providers