



**COUNTY OF SAN LUIS OBISPO
BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Board of Supervisors - Ad Hoc Fire Committee / Administrative Office	(2) MEETING DATE 5/7/2019	(3) CONTACT/PHONE Wade Horton / 805-781-5011	
(4) SUBJECT Request to 1) receive and file an update from the Ad Hoc Fire Committee evaluating fire protection service by special districts in unincorporated areas of San Luis Obispo County; 2) adopt a policy regarding the funding of independent special districts; 3) approve the approach to development of any "plan for services"; and 4) approve and direct the Administrative Office to send out the attached letter requesting service level data from special districts providing fire protection; and 5) and provide direction to staff to as necessary. All Districts. This item was continued from April 23, 2019.			
(5) RECOMMENDED ACTION It is recommended the Board: <ol style="list-style-type: none"> 1. Receive and file an update from the Ad Hoc Fire Committee evaluating fire protection service by special districts in unincorporated areas of San Luis Obispo County; 2. Adopt a policy regarding the funding of independent special districts; 3. Approve the approach to development of any "plan for services"; 4. Approve and direct the Administrative Office to send out the attached letter requesting service level data from special districts; and 5. Provide direction to staff as necessary. 			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? yes
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input checked="" type="checkbox"/> Board Business (Time Est. <u>60</u> Min)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? N/A	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date <u>January 15, 2018</u>	
(17) ADMINISTRATIVE OFFICE REVIEW This item was prepared in coordination with the Administrative Office.			
(18) SUPERVISOR DISTRICT(S) All Districts.			



COUNTY OF SAN LUIS OBISPO

TO: Board of Supervisors

FROM: Administrative Office / Wade Horton / 805-781-5011

DATE: 5/7/2019

SUBJECT: Request to 1) receive and file an update from the Ad Hoc Fire Committee evaluating fire protection service by special districts in unincorporated areas of San Luis Obispo County; 2) adopt a policy regarding the funding of independent special districts; 3) approve the approach to development of any "plan for services"; and 4) approve and direct the Administrative Office to send out the attached letter requesting service level data from special districts providing fire protection; and 5) and provide direction to staff to as necessary. All Districts. This item was continued from April 23, 2019.

RECOMMENDATION

It is recommended the Board:

1. Receive and file an update from the Ad Hoc Fire Committee evaluating fire protection service by special districts in unincorporated areas of San Luis Obispo County;
2. Adopt a policy regarding the funding of independent special districts;
3. Approve the approach to development of any "plan for services";
4. Approve and direct the Administrative Office to send out the attached letter requesting service level data from special districts; and
5. Provide direction to staff as necessary.

DISCUSSION

This item was continued from April 23, 2019. The only change made to this item from the item presented on April 23 is that the date requested for districts to respond to the attached letter by was changed from May 31, 2019 to June 14, 2019.

Background

As previously reported to the Board, properly staffing and funding fire protection services is increasingly difficult issues faced across the State of California and throughout the United States. In California, increased training

requirements for volunteers who provide fire services, coupled with changing demographics have resulted in significantly fewer people being available to provide volunteer fire service. The loss of volunteers has led to an increase in the need for career fire and paid-call fire personnel to provide this critical public safety service. While it provides a higher level of service, running a fire department with career (full-time) fire personnel is more expensive than staffing models that historically relied on volunteers. At the same time, expenses for fire departments continue to increase as health care costs and retirement contributions for career personnel rise. For many jurisdictions, the rise in costs has exceeded revenue increases, leading to fiscal instability of fire operations. Locally, the former Cayucos Fire Protection District (CFPD) dissolution application was approved, by the San Luis Obispo County Local Agency Formation Commission (LAFCO). The reasons for dissolution as stated by the District were a lack of available volunteer staff, limited revenues to pay for services and other increasing costs. In addition, the Special Districts of Templeton Community Service District (CSD), and Oceano CSD have approached the County about ways the County could provide additional funding for their fire services.

While the County has no legal obligation to provide fire protection in the unincorporated area as it is a discretionary service policy decision, public safety is a top priority for the County and as such the Board approved a study evaluating fire protection services by special districts. On January 15, 2019, the Board received and filed the report titled, 'Special Districts Fire Protection Study'. The Study evaluates fire protection services in unincorporated communities that are provided by special districts. It covers several issues, including the status of fire protection services, challenges to sustainability, and impact to the County of San Luis Obispo and County Fire Department if one, or more, special district(s) elects to discontinue providing fire protection, as was the case for the Cayucos Fire Protection District.

The study only included Cambria CSD, Oceano CSD, San Miguel CSD, Templeton CSD, and Santa Margarita Fire Protection District (FPD), as Cayucos FPD had filed for dissolution prior to the start of the study and Avila Beach CSD and Los Osos CSD are currently served by CAL FIRE. During the Board meeting on January 15, 2019, the Board appointed Supervisors Gibson and Peschong to an Ad Hoc Fire Committee to evaluate steps moving forward and report back to the board within a few months.

Ad Hoc Fire Committee Recommendations

The Ad Hoc Fire Committee met with the County Administrative Office and County Fire to discuss possible solutions and have determined that the next steps include the Board 1) clarifying the County's position on funding for independent special districts, 2) clarifying the response to a special district's request for an organizational change for fire service, 3) requesting information from agencies on emergency response capacity, and 4) requesting a fiscal analysis be included in the fire strategic plan. The following sections outline the recommended next steps.

1. Funding for Independent Special Districts

Independent and Dependent Special Districts

State law defines a special district as "any agency of the state for the local performance of governmental or proprietary functions within limited boundaries" (Government Code §16271[d]). In plain language, a special district is a separate local government structure that delivers public services to a particular area. Special districts are often formed to deliver services the community needs or desires above and beyond current service levels. Special districts localize the costs and benefits of public services and allow local citizens to obtain the services they want.

Independent special districts are autonomous government agencies with locally elected boards of directors. They are fully independent in governance, the provision of services, and funding -- neither governed nor financed by county

government. Independent special districts operate under Principal Acts, which are the state laws that govern a particular district, like a Community Services District or a Fire Protection District.

Dependent special districts are also autonomous government agencies. The significant difference is they are governed by the County Board of Supervisors, acting as the board of directors of the dependent special district. County Service Areas (CSA) are a common dependent special district that can provide a variety of services, pursuant to the Principal Act authorizing CSAs.

Recommended Next Steps – Adopt a new Budget Policy

To clarify the County's policy on providing funding contribution for independent special districts, the Ad Hoc Fire Committee is recommending that the Board add a new budget policy to the Expenditure Policies section of the Budget Goals and Policies. As has been previously reported to the Board, Budget Goals and Policies are important because they help to institutionalize good financial management practices, clarify and crystalize strategic intent for financial management, define boundaries, support good bond ratings, promote longer-term strategic thinking, comply with established public management best practices, and meet legal obligations. Each year the Board of Supervisors adopts budget goals and policies to guide staff in the preparation of the recommended budget. The Board approved the FY 2019-20 Budget Goals and Polices on November 11, 2018 and the staff report and attachments can be found at the following link:

<http://agenda.slocounty.ca.gov/IIP/sanluisobispo/agendaitem/details/9329>

The Board of Supervisors are stewards of the public trust and have financial fiduciary responsibility and as such it is good financial management practice for the Board of Supervisors to retain governance over General Fund monies. The Ad Hoc Fire Committee is recommending that the Board adopt the following policy regarding the funding of independent special districts:

Funding for Independent Special Districts: *As independent special districts are autonomous government agencies fully independent of the County in governance, the provision of services, and funding, the County shall not subsidize an independent special district with County General Fund monies nor should any property tax exchange result in a net fiscal loss to the County.*

2. Organizational Change of Fire Service Delivery Provider

If a special district decides it is unable to continue providing fire service to its community, it can apply for an organizational change to transfer that responsibility to a "successor agency." In the unincorporated county, the successor agency is usually expected to be the County. While as noted above, the County has no legal obligation to take over fire service, the Board has indicated that the protection of public safety is its highest priority and thus would engage discussions on this matter.

Recommended Next Steps – Clarify Approach

The Ad Hoc Fire Committee recommends that the Board clarify its approach to the development of any "plan for services" required by LAFCO as part of an organizational change application. Specifically, any plan for services would have the County determine the appropriate level of service, considering all available resources and financing options, in consultation with the affected community and County Fire. Note that the Board of Supervisors holds authority to approve the plan of services as part of any organizational change process.

The following is a primer on the organizational change process.

Any jurisdictional change for the delivery of fire protection services involves a thorough review and approval process through the San Luis Obispo Local Agency Formation Commission (LAFCO). The method is different for CSDs and FPDs. CSDs would “divest” their fire protection authority while retaining their other responsibilities. A FPD would apply for dissolution since they provide no other services. Dissolution was the process utilized in the case of the Cayucos Fire Protection District.

The discussion below provides more information regarding the dissolution and divestiture process. Both of these processes would result in the transfer of assets, facilities, and agreed upon property taxes and other funding mechanisms to the successor agency. It should be noted that a consolidation can also occur, which is the combining of two districts into one.

Other LAFCO actions that might come into play are consolidation, forming a new district, or activating an existing district’s fire authority.

Dissolution

Dissolution means the district dissolves and no longer exists; all services provided by the district would be assumed by another agency. Fire protection delivery, assets, property tax and special tax revenues of the former district will transfer to the successor agency. To dissolve the fire district board of directors must agree that relinquishing fire protection is in the best interest of the district and apply to LAFCO for dissolution. A Plan for Service must be approved by the district and submitted as part of the LAFCO application. The successor agency that will assume fire protection service in the district is also identified. The plan must include financing and tax transfers, level of service to be provided, transition plans of any personnel and assets, and timetable so no lapse of service occurs.

Divestiture

A divestiture would result in a CSD relinquishing authority to provide a service and enable a successor agency to provide said service. The Board of Directors must agree that relinquishing fire protection is in the best interest of the district. The Board of Directors can apply to LAFCO to divest their fire authority by submitting a resolution to LAFCO stating the district’s intent. A Plan for Service must be approved by the district. The successor fire agency that will provide the service must agree to the plan for services. The plan must include financing and tax transfers, level of service to be provided, transition plans of any personnel and assets, a budget that includes revenues and costs, and timetable so no lapse of service occurs. LAFCO must follow a specific process and timeline within state law to consider approval or denial of a district’s divestiture request. The divestiture is subject to the protest process.

Consolidation

A Consolidation is the combining of two districts into one. If the two Districts are in favor of a consolidation, LAFCO is required to approve the consolidation. The action is subject to the protest process.

District Formation

A Fire Protection District could form to provide services to a community or various communities. Some Counties have formed county-wide fire districts to provide fire services.

Activation of a Power

An application to activate a district’s fire authority could be considered by LAFCO.

Municipal Service Review

LAFCO is required to update the Sphere of Influence and Municipal Service Review every five years or as necessary. An MSR is completed for each jurisdiction and focuses on all of the services provided by the jurisdiction.

Summary of the LAFCO Process

With any of these actions, a plan for services and budget would be prepared, along with a resolution of application by the local agency that is the applicant. Also, the protest process applies to these actions, giving the community the opportunity to consider an approved action. If a special district is seeking divestiture or dissolution, and the County is identified as the successor agency, the district would coordinate with the County and request that the County prepare a Plan for Services. If the County chooses to take over fire services, this document would outline the terms and conditions, and define the level of service and funding costs. The district would then follow the application process for divestiture or dissolution through LAFCO.

3. Special Fire Districts – Emergency Response Capacity

Status of Fire Protection Service

The purpose of the Special Districts Fire Protection Study, which was presented to the Board in January, was to determine the future operational and financial sustainability of the districts and did not go in to depth regarding the current service levels of each district. While the report included a status of fire protection services in terms of staffing and funding levels, it did include a review of current service level such as call response rates. What has been communicated to the County as part of the Special Districts Fire Protection Study is that all five study districts report that they do not have adequate funding to provide the baseline fire protection services they believe should exist in their communities today. A more in-depth and up-to-date analysis of actual services would be helpful to decision-makers and the public.

Municipal Service Reviews (MSRs) are done to inform local agencies and the community about the provision of municipal service in support of updating a Sphere of Influence. An MSR is a broad study done by LAFCO to provide information about the adequacy of governmental services being provided by the local agencies and are a prerequisite to a Sphere of Influence (SOI) determination and may also lead LAFCO to take other actions under its authority. Service reviews attempt to capture and analyze information about the governance structures and efficiencies of service providers, and to identify opportunities for greater coordination and cooperation between providers. MSRs use existing documentation and studies to analyze various services, including fire. The table below outlines LAFCO's written determination regarding service capacity for fire, the date of last update, and the schedule for updating the SOIs and MSRs for the five districts included in the Special Districts Fire Protection Study.

Special District	LAFCO Written Determinations from last MSR	Date Prepared	Next Update
Cambria CSD	The District manage resources adequately to provide services to the communities and areas.	August 2014	Begin the update process 2021
Oceano CSD	The District maintains fire facilities and adequate staff as needed to serve the residents of Oceano.	November 2012	Begin the update process 2019
San Miguel CSD	The District maintains fire facilities and adequate staff as needed to serve the residents of San Miguel.	November 2013	Begin the update process 2020

Templeton CSD	The District maintains fire facilities and adequate staff as needed to serve the residents of Templeton.	November 2013	Begin the update process 2020
Santa Margarita Fire District	The present capacity of the public facilities is adequate to provide services to the community of Santa Margarita.	November 2014	Begin the update process 2020

Recommended Next Steps – Request Current Service Level Capacity Information

The vision of the County is to provide a safe, healthy, livable, prosperous, and well governed community. As public safety is a top priority of the Board of Supervisors, the County has an interest in fully understanding the current and future of fire service delivery by special fire districts. As the table above indicates, the next updates for the Municipal Service Reviews for the five listed special districts are scheduled to begin anywhere from 2019 through 2021. As such, the Ad Hoc Fire Committee recommends that the Board direct the Administrative Office to send the attached letter to the five special districts. The letter requests information regarding current service level data so that the County can fully understand the current adequacy of governmental services being provided by the local agencies. Specifically, the attached letter requests information specific to incident, location, response by agency(s), and arrival time of each agency's resources, and how many responded by agency.

4. Inclusion of a Fiscal Analysis in the County Fire Protection Strategic Plan

Fire Protection Strategic Plan Update

In 2012, the County Fire Department developed a Service Level Analysis for the CAL FIRE/San Luis Obispo County Fire Department – Consolidated Fire Protection Strategic Plan as directed by the Board of Supervisors. The purpose of this plan was to serve as a guide for the Board of Supervisors and other partners in the CAL FIRE/San Luis Obispo County Fire consolidated fire protection program. Based on a comprehensive service level analysis of the County Fire Department, the document recommends levels of service for fire protection, makes an assessment of the delivery system and forecasts necessary changes to fire protection services. A goal of the plan was to provide a tool for making cost-effective decisions regarding changes in service levels. To achieve that goal, the plan describes and presented data regarding fire protection in the county by using community demographics, service level targets, staffing models, and governance and funding options. As previously reported to the Board, the County Fire Department is currently in the process of updating the 2012 Fire Protection Strategic Plan and Service Level Analysis through an outside consultant, retired County Fire Chief Dan Turner.

Recommended Next Steps – Fiscal Analysis

The 2012 Consolidated Fire Protection Strategic Plan includes an overview of expenditures, revenues and funding options. For the updated strategic plan, the Ad Hoc Fire Committee recommends that the Board direct staff to expand this section to include a broader fiscal analysis including an in-depth review of service models and funding options for sufficient resources to extend adequate levels of structural fire protection and emergency medical services to unserved and underserved areas of the unincorporated San Luis Obispo County.

OTHER AGENCY INVOLVEMENT/IMPACT

The initial Special Districts Fire Protection Study was conducted by Dan Turner, Fire Chief (retired), Cal Fire, San Luis Obispo and Mike McMurry, Fire Chief (retired), Scotts Valley Fire Protection District. The special districts of Cambria Community Services District, Oceano Community Services District, San Miguel Community Services District, Santa Margarita Fire Protection District, and Templeton Community Services District all participated in the study. LAFCO

provided district history, district processes and organizational dynamics. The appointed members of the Ad Hoc Fire Committee, Supervisors Gibson and Peschong, coordinated with the Administrative Office and County Fire on this item.

FINANCIAL CONSIDERATIONS

The initial study was funded through the contract with Dan Turner to update the Consolidated Fire Protection Strategic Plan which includes an amount not to exceed to \$45,000 and is funded from FC 140 – County Fire. If the Board approves the recommendation to include a fiscal analysis in the strategic plan, County Fire will coordinate with Dan Turner to update the amend the scope of the contract if needed. If additional funds are determined to be needed, County Fire will coordinate with the Administrative Office and return to the board for a budget adjustment if needed.

RESULTS

This item provides an update to the Board and recommends that the next steps forward regarding fire protection services by special districts is for the Board to 1) clarify the County's position on funding for independent special districts, 2) clarify the process for a request by a special district for an organizational change for fire service, 3) request information from agencies on emergency response capacity, and 4) request a fiscal analysis be included in the fire strategic plan. This action is consistent with the countywide goal of a safe community.

ATTACHMENTS

- 1 Attachment 1 - Letter to Districts.pdf
- 2 Attachment 2 -Presentation



Ad-Hoc Fire Committee Update

www.slocounty.ca.gov

Background

Special Districts Fire Protection Study

- Presented to the Board January 15, 2019
- Challenges to sustainability and impact to the County
- All districts are facing funding issues or service delivery changes now or within 5 years

Board Direction

- Created Ad Hoc Fire Committee to evaluate next steps
- Supervisor Peschong – District 1
- Supervisor Gibson – District 2



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Ad Hoc Fire Committee Recommendations:

1. Clarify the County's position on funding for independent special districts
2. Clarify the response to a special district's request for an organizational change for fire service
3. Request information from agencies on emergency response capacity
4. Request a fiscal analysis be included in the fire strategic plan



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1. Clarify the County's position on funding for independent special districts

Recommended Next Step: Adopt a new budget policy

- County will not subsidize an independent special district with General Fund monies
- Any Property Tax exchange shall not result in net fiscal loss to the County

Funding for Independent Special Districts: *As independent special districts are autonomous government agencies fully independent of the County in governance, the provision of services, and funding, the County shall not subsidize an independent special district with County General Fund monies nor should any property tax exchange result in a net fiscal loss to the County.*



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2. Clarify the response to a special district's request for an organizational change for fire service

Recommended Next Step: Clarify approach

- "Plan for Services" developed in consultation with the affected community and County Fire
- County to determine the appropriate level of service
- County to consider all available resources and financing options



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3. Request information from agencies on emergency response capacity

Recommended Next Steps: Request current service level data

- Incident, location, response by agency
- Arrival time of each agency's resources
- Number of personnel responded by agency



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4. Request a fiscal analysis be included in the fire strategic plan

Recommended Next Step: Fiscal Analysis

- Expand the Countywide Fire Protection Strategic Plan
- In-depth review of service models and funding options for unincorporated area



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Questions



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