

Oceano CSD / June 2022 Special Tax Q&A- Emergency Medical & Fire Services

History and Background Questions

What is the history of Oceano Fire and Emergency services?

- 1947 - Oceano Fire Protection District is created.
- 1981 - Oceano voters approved the creation of the Oceano Community Services District, including the consolidation of the Oceano Fire Protection District.
- 2010 - Oceano CSD and the cities of Arroyo Grande and Grover Beach create the Five Cities Fire Authority

Why did OCSD join Five Cities Fire Authority?

- 2005 - Fire Department Consolidation Feasibility Study

Concluded that stand-alone fire departments are “not cost effective, nor will stand alone services have the technical depth needed in a world that grows more technical, complex and regulated every year. While the partners in this study are providing some level of fire services today, if the communities were to pool their efforts, they could cost effectively operate a full service agency, meeting everyone’s needs more effectively.”

- 2008 - Fire Oversight Committee directed efforts to consolidate Oceano, Arroyo Grande and Grover Beach fire departments
- 2010 - Oceano CSD and the cities of Arroyo Grande and Grover Beach create the Five Cities Fire Authority

How much has Oceano already invested in Fire and Emergency services?

- Since 2010, Oceano has contributed over \$10 million to help fund the Five Cities Fire Authority.

Why is a special tax being proposed for Oceano?

- 2017 – Five Cities Fire Authority Strategic Plan
 - Transition to Full Time Emergency Personnel
 - Maintain 911 Emergency Rapid Response
 - Maintain Consistent 24/7 Staffing Levels

Why aren't Arroyo Grande and Grover Beach proposing special taxes too?

- Arroyo Grande and Grover Beach are cities and have different abilities to pay.
 - Grover Beach has increased taxes:
 - Hotel taxes
 - Cannabis taxes.
 - Arroyo Grande is researching an additional sales tax increase

How does the community maintain local control?

Maintaining local control means that Oceano CSD would continue to have jurisdiction over emergency medical and fire protection services. Losing local control means that the County of San Luis Obispo would have responsibility and determine response levels for Oceano

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Service Level and Emergency Response Questions

What are the state mandates that FCFA needs to fund in Strategic Plan?

The State does not mandate or require local agencies to provide emergency medical and fire protection services. The services that are provided depend on local revenues, such as property taxes. In order to maintain 911 rapid response and 24/7 staffing, the existing taxes are not sufficient. Oceano voters will decide whether to approve a special tax, which will determine the level of service and staffing.

Why does the Strategic Plan need to be supported with additional funding?

Mike Hubert, FCFA Fire Chief (ret.):

“When drafting the initial budget for the Five Cities Fire Authority (in 2010) it was apparent to all concerned that the organization would need additional funding for its on-going operational needs. It was felt the benefits from standardization of training, fireground safety and economies of scale would save money and enhance service to our communities.”

Terry Fibich, Arroyo Grande & Grover Beach Fire Chief (ret.):

“It was never believed, nor was it stated, that the development of the consolidated organization would save the cities money beyond what they were currently allocating for their respective fire departments. Rather, it was stated that the consolidation would result in a significantly more safe and efficient level of service for the community that would never have been achieved working individually. Again, it was recognized that this minimum level of service would be more expensive as time went on, but would be far less expensive than if done individually.”

Why is the FCFA Strategic Plan transitioning from reserve firefighters to full time professional fire fighters / emergency medical response?

- To maintain 911 rapid response
- To provide 24/7 staffing
 - Part-Time Employees work multiple jobs and are not consistently available for FCFA staffing.
 - Baby Boomer retirements have resulted in larger fire departments recruiting new employees (reserve employees can become full time/benefitted).

How many emergency medical calls does FCFA respond to versus fire related calls?

- Just over 70% of calls are for medical emergencies and just under 30% are non-medical.

Does FCFA respond to emergencies outside the boundaries of the three communities?

- Yes, in some situations.
- Just like all fire agencies, responding to each other's emergencies and providing back-up support is critical cooperation to help maintain 911 rapid responses.

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Will the special tax fund emergency response to the State Vehicle Recreational Area beach?

- No. The special taxes are not for responding to the Oceano Dunes State Vehicle Recreational Area (SVRA).
- Five Cities Fire Authority does not respond to SVRA since SVRA is the jurisdiction of State Parks and CAL FIRE.

Does FCFA respond to emergencies outside the County?

- Yes - FCFA supports the California Mutual Aid system.
- Fighting wildfires in California is an important statewide priority and Five Cities Fire Authority provides response teams provided that it won't leave the local communities shorthanded.
- The cost of FCFA responding to wildfires is reimbursed by the State.

How is CAL FIRE staff assigned to stations?

- Staffing and operations of CAL FIRE stations is based on county priorities, which includes about 3,200 square miles of territory and 23 stations.

What is the 911 response time for Cal Fire vs FCFA?

- The 911 response time for "first-call" emergencies in Oceano would be about the same for most emergencies except in portions of Halcyon which receive 911 first responses from the FCFA station in Arroyo Grande.
- The 911 response time for "second-calls" will be slower by Cal Fire since back-up would come from the Nipomo Mesa or Pismo Beach.
- The 911 response time for "second calls" from Five Cities Fire Authority will be quicker because back-up comes from the Grover and/or Arroyo Grande stations.

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Financial Questions

What would it cost for the District to relocate administrative staff if Cal Fire needed the fire station?

- Costs to Oceano would include relocation costs and monthly rent for new administrative offices.
- Depending on availability, offices may need to be rented in Grover Beach and could cost \$2,500 per month or \$30,000 each year.
- Each time administrative offices are relocated, there will be additional costs and lost staff productivity which can exceed tens of thousands of dollars.

Will the federal government reimburse any FCFA costs for mutual aid?

- Federal financial support does not fund mutual aid, is altogether rare and is not reliable for ongoing operational costs.

What if the County gave OCSD sales or other taxes?

- County policy does not provide financial support for independent fire departments that are operated by local communities.

What if the Fire Department charged for permit fees/ inspection fees?

- Permit and inspection fees do exist but can only be used for those costs.
- Issuing permits and performing inspections are a small cost of FCFA.
- Permit and inspection fees cannot be used for 911 rapid response and 24/7 staffing.

Are there other ways for the community to get a tax on the ballot?

- Yes, by voter petition.

How will passage or failure of the special tax effect the cost fire insurance or homeowners' policies?

- The cost of fire insurance is based on a Fire Suppression Rating Schedule
 - 50% of the rating is based on the quality of the fire department, staffing levels, training and the location of the firehouse.
 - 40% of the rating is based on the water system and location of fire hydrants.
 - 10% of the rating is based on the quality of the local 911 emergency communications systems.
 - An extra 5.5% can come from community outreach, including fire prevention and safety courses.
- It is not known whether the cost of fire insurance will increase or decrease based on the results of the special tax vote.

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What are the Options for Oceano?

What are the other options?

- Three other options exist for Oceano if the special tax does not pass because the agreement with Grover Beach and Arroyo Grande states that Oceano's membership in Five Cities Fire Authority end on June 30, 2023.
 - One option is to "divest" or give up the services to the County.
 - A second option is to revert to a standalone part-time fire station.
 - A third option would be to contract with Five Cities Fire Authority for a part-time fire station.

Will the District pursue "divestiture" of Fire and Emergency services if the parcel tax does not pass?

- The District should consider all options.
 - Transferring emergency medical and fire protection services to the County is an option to hopefully maintain a 24/7 fire station in Oceano, but it would also have community impacts, which may include the following:
 - All or most of the Oceano CSD property taxes will be permanently transferred to the County.
 - The Oceano CSD will lose property tax revenues exceeding \$1 million per year.
 - The Oceano fire station will be permanently transferred to the County.
 - Oceano CSD will need to find new office space to rent for staff.
 - Residents who pay water bills at the office may need to go to Grover Beach depending on where rental space for the office can be found.
 - Recent County policy adopted in 2019 could also result in the following losses to the community:
 - Permanent transfer of the Sheriff Substation, which is owned by Oceano CSD and earns \$113,000 per year in rental revenues.
 - Permanent transfer of the garbage franchise to the County, which generates almost \$100,000 per year for Oceano CSD and helps fund local costs for illegal dumping, clean-up events and residential costs for large-item pickup during fall clean-up week.
 - Overall, if the special tax does not pass and the County takes on emergency medical and fire protection services, impacts to the District could exceed \$225,000 per year, or more than 50% of the proposed special tax in addition to loss of current property tax revenues.

Why doesn't OCSD directly contract with Cal Fire?

- Existing property tax revenues are not enough to directly contract with Cal Fire.

Can Oceano re-establish a stand-alone fire department?

- If the special tax does not pass, Oceano may need to re-establish a stand-alone fire department.
- Existing revenues of Oceano CSD are not enough to fund 24/7 staffing.
- 911 rapid response will be impacted.

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What Issues Exist if OCSD “divests” from Emergency Medical and Fire Protection Services?

What does “divest” mean?

- If Oceano CSD was to divest its emergency medical and fire protection services, then it would no longer provide them. In order to do so, a “successor” agency would need to be identified, which would be the County of San Luis Obispo.

What’s the difference between divestiture versus dissolution?

- Divestiture means to give up one or more powers, but not all powers.
- Dissolution means to give up all powers and to no longer exist.

What is the process for divestiture and when would it happen?

- The process of divestiture includes a formal application with the San Luis Obispo County Local Agency Formation Commission (LAFCo), the development of a “Plan for Services” led by the County of San Luis Obispo, formal hearings, and a community protest vote in case the community objects to divestiture.
- Initiating the process can happen at any time.

What are the costs to divest?

- Costs include fees to LAFCo for their time and efforts, Oceano CSD staff time to prepare an application, meet with LAFCo and the County. It is not known at this time how much it will cost in total.
- In addition, divesting will have additional community costs, as explained in the option described.

Must the County provide services if the District divests?

- No, the County is not obligated to provide emergency medical and fire protection services for Oceano.

If the District divests does the County get everything? i.e. Personnel and Property taxes?

- County policy adopted in 2019 states that the County will consider “all available resources.”
- Unless the County clarifies that it will not expect transfer of property taxes, the fire station, the sheriff substation, and the garbage franchise, the new County policy seems to indicate that they will expect everything possible.

How much property taxes will be transferred to the County if the District divests and the County agrees to take over emergency medical and fire protection services?

- Approximately \$1 million per year.

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What District assets would be transferred to the County? Would the firetrucks stay in Oceano?

- District assets that could be transferred to the County include the Fire Station, the Sheriff Substation, the garbage franchise and other possible real property.
- The location of the fire trucks would be based on County/Cal Fire decisions.

Would the District still own the Sheriff Station?

- Based on County policy adopted in 2019, transferring the Sheriff Substation to the County should be anticipated unless the County confirms that the station does not fall within the intent of their policy.

What if the ballot measure in 2022 fails and the County agrees to take over Fire and Emergency medical services, but the community rejects the divestiture?

- In this situation, the remaining Oceano CSD options known at this time would be to operate a stand-alone or contract part-time fire department.

If one day the District wants to reinstate the power, how much does that cost?

- If divested, the ability for Oceano CSD to reinstate the emergency medical and fire protection services in the future is speculative.
- A special tax vote would be required.
- Negotiations with the County to obtain property taxes and property transferred to the County would also be needed.

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What is the County Saying about Fire and Emergency Services for Oceano?

What will the County say before the election?

- In a letter dated December 17, 2021, the County stated that it could provide 3 days per week 24 hours per day of fire response service with transfer of existing property taxes to the County. In order to provide more fire service than that, the County would consider all potential options for the transfer of assets, facilities, and other funding mechanisms from the District to the County to fund the desired level of service. Any supplemental County General Fund allocation would be weighed against other General Fund requirements in the budget process, potentially impacting other services in Oceano.

When should we start talking to the County?

- The County letter dated December 17, 2021, was in response to a District request to initiate consultation dated December 8, 2021.

Can the County increase property taxes if they take over the service?

- No. Only voters can approve an increase in property taxes over amounts established by Proposition 13.

What are the unintended consequences and reduction of service if the County takes over service?

- Unintended consequences could be the following items based on the County's 2019 policy to "consider all resources:"
 - Transfer of the Sheriff Substation from Oceano CSD to the County
 - Transfer of the garbage franchise from Oceano CSD to the County;
 - Elimination of funding for community clean-up.
 - Elimination of clean-up of illegal dumping.

Other Questions?

What other communities in San Luis Obispo County approved special taxes for emergency medical and fire protection services?

- Los Osos
- Cayucos
- Cambria
- Templeton