



County of Santa Cruz

BOARD OF SUPERVISORS

701 OCEAN STREET, SUITE 500, SANTA CRUZ, CA 95060-4069
(831) 454-2200 • FAX: (831) 454-3262 TDD: (831) 454-2123

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9-24

September 11, 2013

Alex Leman, Chair
Fire Department Advisory Commission
P.O. Drawer F-2
Felton, CA 95018

Dear Mr. Leman:

On behalf of the Santa Cruz County Board of Supervisors, thank you for your recent correspondence dated August 27, 2013, which provides input from the Fire Department Advisory Commission on County Fire Department funding. A copy of your letter has been provided to each member of the Board.

As your Commission is aware, the County has embarked in the past on measures with voters to raise additional resources for funding County Fire, and unfortunately has not realized the hoped for results. Certainly, the severe economic downturn that has impacted our local government resources and community members alike over the past few years continues to pose a challenge for moving forward on this complicated issue.

Efforts by County staff to continually evaluate budget strategies, combined with careful service delivery planning and deployment of available resources under the current funding limitations, have been successful as interim measures. However, clearly we all understand that ongoing funding is an issue in need of significant action in order to address the long term viability of County Fire.

I am referring your correspondence to County Fire Chief Scott Jalbert and General Services Director Nancy Gordon for further review and consideration in their staff recommendations to the Board on long term maintenance of County Fire services.

September 11, 2013
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Again, the Board is very appreciative of your service on behalf of the County of Santa Cruz.

Sincerely,

A handwritten signature in black ink, appearing to read 'Neal Coonerty', with a large loop at the end.

NEAL COONERTY, Chairperson
Board of Supervisors

NC:ted

cc: Clerk of the Board
Members, Board of Supervisors
✓ Chief Scott Jalbert, County Fire Department
Nancy Gordon, General Services Director
Susan Mauriello, County Administrative Officer

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COUNTY OF SANTA CRUZ

FIRE DEPARTMENT ADVISORY COMMISSION

P.O. DRAWER F-2 6059 HIGHWAY 9 FELTON CA 95018

TEL: (831) 335-5353 FAX: (831) 335-4053 TDD: (831) 454-2123

ALEXANDER LEMAN, CHAIRMAN

August 27, 2013

Board of Supervisors
701 Ocean Street
Santa Cruz, CA 95060

FDAC Recommendation for County Fire Funding

Dear Members of the Board,

The Fire Department Advisory Commission (FDAC), established by your Board under the authority of Government Code Section 31000.1 in compliance with Section 2.38.060 is charged with ensuring that the interests of the Santa Cruz County Fire Department (County Fire) and the citizens of Santa Cruz County served within County Fire's jurisdiction are protected and promoted by monitoring, studying, and advising the County Fire Chief and your Board regarding suggested program improvements, changing requirements, budget recommendations, and other matters as deemed necessary.

As your Board is aware, County Fire has faced serious long term funding challenges over the last several years resulting in the need for major, systematic cuts in order to remain within available funding. In view of County Fire's current total reserve fund, you will see that an average balance of approximately \$1.6 million over the past several years has been maintained through a combination of reduced staffing, budget cuts, grant funding, and careful fiscal management. To a casual observer it may appear that all is well. Unfortunately, this is not the case and the FDAC's goal in submitting this letter is to tell you "the rest of the story..." and recommend specific actions to implement a long term funding plan for County Fire.

BACKGROUND

Major changes and cuts implemented to remain within our budget include:

- Increased the number of paid fire stations to 5 with no increased funding.
- Reduced paid staffing at the 5 paid stations from 3-person to 2-person staffing.
- Contingency fund reduction from \$300,000 to \$200,000.
- Deferred approximately \$2.8 million in purchases of fire engines and rescue vehicles through suspension of the Mobile Equipment Replacement Program (MERP) as outlined in the Santa Cruz County Fire Master Plan.

The combined effect of these cuts was to trade long term operational viability for short term financial survival. This cannot continue indefinitely and has precipitated serious consequences in two areas:

1. Reduction in staffing at paid stations from three firefighters to two, well below the National Fire Protection Association (NFPA) recommended minimum of four on-duty personnel for fire companies per NFPA 1710.
2. Ongoing and increasing apparatus failure, especially fire engines and water tenders.

The most critical issue that must be addressed is the reduced staffing at paid stations. Although its effects are largely invisible, except to those at the scene of an incident; in reducing Amador staffing from three to two firefighters, there is no third person to maintain scene safety until at least one volunteer firefighter arrives. Typically, at least two fire fighters are required to care for a single patient at even the simplest traffic collision. This leaves no one available to perform incident command, traffic control, and maintain scene safety until, again, a volunteer arrives. If the incident is a fire, the risk is even greater to the personnel at scene. Returning to 3 person minimum Amador staffing is a key element in restoring our operational capability, especially as our area becomes more populous and hosts an increasing number of recreational visitors. Volunteers are the keystone of support for the paid firefighters, the number of volunteers is not increasing and there are emergency responses that do not have a single volunteer response making three-person paid staffing even more critical.

In addition to cuts in staffing, the County Fire engine fleet is in need of funding to replace the aging engines; most of which (10 out of 16) now meet or exceed the 20 year lifetime expectancy. These are the vehicles which are used by our volunteers in responding to incidents and by the paid staff in the winter months. Some of the consequences encountered over the last two years from suspending the mobile equipment replacement program are:

1. Engine 2921, built in 1990, and spent 14 of the last 24 months out of service in the shop undergoing major repairs. Subsequently, this engine suffered a catastrophic transmission failure and was deemed uneconomical to repair.
2. Reserve Engine 3912, built in 1989 and logging more than 120,000 miles, failed while being driven to the CAL FIRE Felton Automotive Shop for service. The right brake caliper seized and caught on fire in December of 2012. Fortunately, this was quickly controlled and did not cause any secondary incident on a public roadway. Due to the age of the vehicle, replacement parts were on backorder until the late spring of 2013. This engine was recently repaired and is now in service.
3. Reserve Engine 3911, built in 1989 and logging over 90,000 miles (second of County Fire's only two reserve engines), had an electrical problem which caused the headlights to turn on and off at random. This has been repaired.
4. Engine 3221, built in 1988, was scheduled to be retired, but had to be re-commissioned for Company 29 out of necessity until a more suitable engine could be obtained. The recent purchase of the used Felton Fire Department

engine has now replaced E3221.

5. Engine 4111, built in 2007, has had engine problems requiring dealer warranty repair and is currently at the Felton shop for additional service.
6. Engine 3622, built in 1998 and logging 56,000+ miles, has been out of service a total of 10 months in the last 36 months and is once again in the shop for repair.

Fortunately, none of the mechanical failures listed above occurred at incidents where life and property were immediately at risk. The remaining fleet consists of 6 additional engines which are over 20 years in age, 3 engines between 12 and 15 years in age, 1 three year old engine, 2 water tenders over 19 years old, and 1 new water tender purchased last year in order to meet ISO criteria. The average age of County Fire's engines is 18 years, resulting in increased maintenance costs, reduced availability for emergency response, and continued decline of our overall fleet reliability.

SUMMARY

If a minimal mobile equipment replacement program were to be re-implemented, County Fire's fiscal reserves would vanish in single fiscal year. Assuming no increase for inflation and a flat budget for all other expenses, purchasing 4 engines to replace the 20+ year old equipment noted above, at an approximate cost of \$450,000 each if purchased new, would effectively eliminate County Fire's reserve. The current situation has been partially mitigated by the recent purchase of a used 1993 engine in good condition to replace one of our oldest engines and releasing \$480,000 from County Fire's reserve fund into the 2013-2014 budget to purchase new apparatus and a replacement training officer vehicle. Although it will deplete approximately 25% of our reserve funds without the expectation of replacement, this will allow some "breathing room" for at least part of the two years needed to implement a long term funding mechanism and vehicle replacement plan as outlined in the Santa Cruz County Fire Department Master Plan. New fire engines typically require about one year to specify, order, and deploy.

PLANS AND PROPOSAL

Briefly summarized below is a short description of the bond proposal and the suggested plans for a special tax in CSA 48 based on Fire Flow Unit (FFU). To clarify, Fire Flow is a methodology developed by the Insurance Services Office (ISO) to determine the amount of water necessary to provide adequate fire protection based on the type, occupancy, area, and exposures of a structure; for example, a single family residence is calculated at two FFUs. Note that Plan D is equivalent to Plan C without the MERP; the intent being to fund the MERP with the bond.

Four fee increase plans are shown on the attached spreadsheet based on an average 3% inflation rate over 20 years. Plan A and Plan B are shown primarily for reference. Neither of these would provide our historical pre-2007 level of service. Plan C and Plan D provide 3 person staffing at all 5 paid stations consistent with our pre-2007 level of service, but Plan D does not include any apparatus upgrades as these are intended to be paid for by an additional \$4 million bond.

In comparing costs, whereas Plan D in conjunction with the bond proposal has a lower annual cost, Plan C has a lower total cost as compared to the total cost of Plan D plus the \$4 million bond. Therefore, after evaluating all four plans, our recommendation is to pursue Plan C since it enables County Fire to return to a safe and effective response level. The reasoning here is that although Plan D plus the bond measure is less expensive on an annual basis, it is ultimately more expensive in total, owing to the interest and other expenses related to floating and servicing the bond. The plans are as follows:

1. Plan A: Current level of service - no MERP No Increase
2. Plan B: Pre-2007 level of service w/MERP Plan B \$42 per FFU
3. Plan C: Improved level of service w/MERP Plan A \$88 per FFU
4. Plan D: Improved level of service no MERP \$35 per FFU
5. Bond Proposal: CSA 48 voters would be asked to pass a \$4 million bond over a 20 year period at approximately 3% annual interest. This works out to roughly \$29 per parcel. The bond funds would be solely designated for emergency response vehicles, and increased staffing would be funded by Plan D which is intended to be used in conjunction with the Bond Proposal.

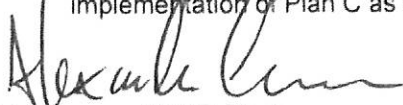
Our charter as the FDAC is to provide advice and suggestions to the Board, we are recommending that you adopt and implement Plan C as described above, augmented by a voter education initiative about County Fire.

Please further note that if any of these plans and/or the bond measure were to be approved today, it would still be at least a year before the funds became available, then another year to acquire new engines given the need to create a specification, put it out for bid, and have the engines built. Thus, at a minimum, County Fire faces a two year delay in replacing its aging engines even if we begin now; hence the need for urgency.

We are optimistic the voters in CSA 48, realizing the importance of three-person staffing at paid stations and the critical nature of the ongoing problems with our aging apparatus would support a tax increase to return to the level of service historically provided (pre-2007).

It is therefore RECOMMENDED that your Board:

1. Accept this recommendation letter from the Fire Department Advisory Commission (FDAC); and
2. Support a Cruz County Fire voter education initiative; and
3. Authorize a special tax election to be held by the end of 2014, enabling the implementation of Plan C as described above.



Alex Leman, FDAC Chair
Santa Cruz County Fire Department Advisory Commission

Attachment #1: Plan Descriptions

Budget and Service Level Summary

Budget									
Fiscal Year	Actual Revenue	Actual Expenditures	Actual Balance	Fund Balance per Auditor	Budgeted Revenue	Budgeted Expenditures	Budget Balance	Budgeted Exp. - Actual Exp.	
03/04	2,405,741	2,769,422	-363,681	N/A	2,506,302	2,964,480	-458,178	85,813	
04/05	2,595,583	2,878,667	-283,084	N/A	2,881,309	3,087,738	-206,429	385,614	
05/06	2,921,880	2,702,124	219,756(1)	254,674	2,896,746	2,927,309	-30,563	484,924	
06/07	3,137,617	2,442,385	695,232(2)	474,429	2,934,080	3,619,499	-685,419	785,586	
07/08	3,483,472	2,833,913	649,559(3)	1,169,660	3,215,042	3,787,722	-572,680	951,656	
08/09	3,144,943	2,836,066	308,877(4)	1,819,221	2,853,816	3,803,795	-949,979	680,259	
09/10	3,006,695	3,123,536	-116,841(5)	2,128,095	2,690,542	3,834,376	-1,143,834	988,515	
10/11	2,812,026	2,845,861	-33,835(6)	2,011,254	2,776,036	3,821,040	-1,045,004	1,013,425	
11/12	2,691,902	2,807,615	-115,713(7)	1,977,419	2,845,985	3,586,544	-740,559	1,019,828	
12/13	2,872,289	2,566,716	305,573	1,861,712	3,039,379	4,214,520	-1,175,141		
13/14	N/A	N/A	N/A	2,167,285					
Average	2,907,215	2,780,631	126,584	1,540,417	2,863,924	3,564,702	-700,779	710,624	

- Notes:
- The County Fire budget is running close to breakeven at an average of +\$126,584 over the last 10 years.
 - County Fire's total reserve fund balance is currently \$2,167,285, however, \$1,175,141 of that is currently designated to balance this year's projected budget, leaving \$992,144 undesignated.
 - The projected budget for 2013/14 includes 3 major items: a \$200,000 contingency fund, the CAL FIRE contract (CAL FIRE paid Firefighters are all budgeted at top step as directed by CAL FIRE's Local Government Program), and \$480,000 for a new engine and training vehicle.
 - County Fire's mobile equipment replacement plan has been deferred the last few years as a cost saving measure. If it were to be implemented immediately, the purchase of just 2 fire engines (\$450k each) would instantly deplete undesignated reserve fund.

Comparison of 4 Different Service Levels Over a 10 Year Period

Description	Plan A (Current):				Plan B:				Plan C:				Plan D:			
	- 5 Stations - 18 Firefighter 1's (2 person staffing) - 0.5 Fire Marshal - Average Expenses - \$200K Contingency - Minimal Clothing Budget - Minimal Building Maintenance - No MERP (Mobile Equipment Replacement Plan)	- 5 Stations - 20 Firefighter 1's (2 person staffing) - 1.5 Fire Marshal - Average Expenses - \$200K Contingency - Full Clothing Budget - Average Building Maintenance - MERP Plan B	- 5 Stations - 25 Firefighter 1's (3 person staffing) - 1.5 Fire Marshal - Average Expenses - \$200K Contingency - Full Clothing Budget - Full Building Maintenance - MERP Plan A	- 5 Stations - 25 Firefighter 1's (3 person staffing) - 1.5 Fire Marshal - Average Expenses - \$200K Contingency - Full Clothing Budget - Full Building Maintenance - No MERP (Mobile Equipment Replacement Plan)	- 5 Stations - 25 Firefighter 1's (3 person staffing) - 1.5 Fire Marshal - Average Expenses - \$200K Contingency - Full Clothing Budget - Full Building Maintenance - No MERP (Mobile Equipment Replacement Plan)	- 5 Stations - 25 Firefighter 1's (3 person staffing) - 1.5 Fire Marshal - Average Expenses - \$200K Contingency - Full Clothing Budget - Full Building Maintenance - No MERP (Mobile Equipment Replacement Plan)	- 5 Stations - 25 Firefighter 1's (3 person staffing) - 1.5 Fire Marshal - Average Expenses - \$200K Contingency - Full Clothing Budget - Full Building Maintenance - No MERP (Mobile Equipment Replacement Plan)	- 5 Stations - 25 Firefighter 1's (3 person staffing) - 1.5 Fire Marshal - Average Expenses - \$200K Contingency - Full Clothing Budget - Full Building Maintenance - No MERP (Mobile Equipment Replacement Plan)	- 5 Stations - 25 Firefighter 1's (3 person staffing) - 1.5 Fire Marshal - Average Expenses - \$200K Contingency - Full Clothing Budget - Full Building Maintenance - No MERP (Mobile Equipment Replacement Plan)	- 5 Stations - 25 Firefighter 1's (3 person staffing) - 1.5 Fire Marshal - Average Expenses - \$200K Contingency - Full Clothing Budget - Full Building Maintenance - No MERP (Mobile Equipment Replacement Plan)	- 5 Stations - 25 Firefighter 1's (3 person staffing) - 1.5 Fire Marshal - Average Expenses - \$200K Contingency - Full Clothing Budget - Full Building Maintenance - No MERP (Mobile Equipment Replacement Plan)	- 5 Stations - 25 Firefighter 1's (3 person staffing) - 1.5 Fire Marshal - Average Expenses - \$200K Contingency - Full Clothing Budget - Full Building Maintenance - No MERP (Mobile Equipment Replacement Plan)	- 5 Stations - 25 Firefighter 1's (3 person staffing) - 1.5 Fire Marshal - Average Expenses - \$200K Contingency - Full Clothing Budget - Full Building Maintenance - No MERP (Mobile Equipment Replacement Plan)	- 5 Stations - 25 Firefighter 1's (3 person staffing) - 1.5 Fire Marshal - Average Expenses - \$200K Contingency - Full Clothing Budget - Full Building Maintenance - No MERP (Mobile Equipment Replacement Plan)	- 5 Stations - 25 Firefighter 1's (3 person staffing) - 1.5 Fire Marshal - Average Expenses - \$200K Contingency - Full Clothing Budget - Full Building Maintenance - No MERP (Mobile Equipment Replacement Plan)	- 5 Stations - 25 Firefighter 1's (3 person staffing) - 1.5 Fire Marshal - Average Expenses - \$200K Contingency - Full Clothing Budget - Full Building Maintenance - No MERP (Mobile Equipment Replacement Plan)
10 Year Average of Actual Revenues	2,907,215	2,907,215	2,907,215	2,907,215	2,907,215	2,907,215	2,907,215	2,907,215	2,907,215	2,907,215	2,907,215	2,907,215	2,907,215	2,907,215	2,907,215	2,907,215
10 Year Average of Actual Expenditures (Total S&S + Salaries)	2,780,631	3,386,440	3,866,122	3,866,122	3,386,440	3,866,122	3,866,122	3,866,122	3,386,440	3,866,122	3,866,122	3,866,122	3,386,440	3,866,122	3,866,122	3,866,122
10 Year Average Balance	126,584	(459,225)	(958,907)	(958,907)	(459,225)	(958,907)	(958,907)	(958,907)	(459,225)	(958,907)	(958,907)	(958,907)	(459,225)	(958,907)	(958,907)	(958,907)
Average annual projected operating loss over 20 years at 3% average annual inflation based on the above 10 Year Average Balance.		658,448	1,374,904	1,374,904	658,448	1,374,904	1,374,904	1,374,904	658,448	1,374,904	1,374,904	1,374,904	658,448	1,374,904	1,374,904	1,374,904
Number of Fire Flow Units (FFU) (Single family dwelling = 2 FFUs)	15,568	15,568	15,568	15,568	15,568	15,568	15,568	15,568	15,568	15,568	15,568	15,568	15,568	15,568	15,568	15,568
Projected needed increased cost per FFU	0	42	88	88	42	88	88	88	42	88	88	88	42	88	88	88
Avg. Increased cost per Single Family Home (2 Fire Flow Units)	0	84	176	176	84	176	176	176	84	176	176	176	84	176	176	176

Notes:			
Annual Inflation Factor Calculation	Total	Avg	
3% for 20 yrs compounded	0.81	0.43	