



Legislation Text

File #: 19-0349, **Version:** 1

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Daryn Drum, Fire Chief

Steve S. Charelian, Finance Director

George Gabriel, Senior Management Analyst

SUBJECT:

Review Feasibility Study for the Provision of Fire Protection, Paramedic, and Incidental Services by the Consolidated Fire Protection District of Los Angeles County (City Manager Moe).

DISCUSS AND PROVIDE DIRECTION

RECOMMENDATION:

Staff recommends that the City Council discuss and provide direction on whether the City should move forward with its analysis for the provision of fire protection, paramedic, and incidental services by the Consolidated Fire Protection District of Los Angeles County. In the event City Council gives direction to move forward with the next phase of the analysis, staff recommends that Council authorize the City Manager to execute a reimbursement agreement with Los Angeles County for a total cost of \$18,000. In that event, an appropriation of \$18,000 is recommended from available General Fund balance.

EXECUTIVE SUMMARY:

The City of Manhattan Beach regularly explores opportunities to increase efficiencies and create cost savings while providing excellent municipal services. To this extent, the City has received a feasibility study from the Consolidated Fire Protection District of Los Angeles County (i.e. Fire District) to provide fire protection, paramedic, and incidental services.

The City has operated its own municipal Fire Department since the City's incorporation in 1912. While the City has excelled in providing high quality and effective emergency response services, cities throughout California have explored fire services within a regional context to maximize resources and provide cost savings.

The staff report details various implications associated with the City moving forward with an analysis on contracting with the Fire District. With the data available and growth assumptions, a preliminary forecast estimate by staff projects a 10-year savings of \$9.93 million in expenditures if the City converted to the Fire District (roughly \$993,000 per year). However, this projection can vary based on potential cost increases by the County and City that range from 3.0% to 5.5% annually. Depending

on the respective cost increases, the City's savings range from negative \$2,380,173 to \$21,995,095. Additionally, this analysis includes \$1.0 million for conversions costs associated with the Fire District, which will be an unknown cost until the conversion study is conducted. If City Council directs staff to move forward with the analysis and execute a reimbursement agreement in an amount up to \$18,000, it would provide the City a better understanding on fiscal implications associated with a potential contract.

FISCAL IMPLICATIONS:

No fiscal implications are associated with the recommended action. However, should the City Council authorize the City Manager to move forward with a reimbursement agreement, the City may expend a maximum of \$18,000 to pay the Fire District for costs incurred in the evaluation of the City's facilities, equipment, and vehicles for conversion to District requirements.

The preliminary fiscal implications associated with a contract with the Consolidated Fire Protection District of Los Angeles County for the Provision of Fire Protection, Paramedic, and Incidental Services is included in the Discussion section of this staff report.

BACKGROUND:

At its August 21, 2018, meeting, City Council directed staff to obtain a preliminary feasibility analysis from Los Angeles County for potentially contracting for fire services with the Fire District.

The City Manager formally requested that the Fire District provide a proposal to the City in a letter dated September 24, 2018. On April 30, 2019, the Los Angeles County Board of Supervisors approved the "Feasibility Study for the Provision of Fire Protection, Paramedic and Incidental Services for the City of Manhattan Beach by the Consolidated Fire Protection District of Los Angeles County" and forwarded the document to the City (see attachment).

Since that time, staff has reviewed the feasibility study, and held meetings with representatives of the City of Hermosa Beach (which currently contracts with the Fire District) and Redondo Beach (which at that time was considering contracting with the Fire District, but has since decided not to) to understand service delivery, cost implications, and experiences with contracting with the Fire District. Staff also developed models to estimate potential cost savings/additional expenses from contracting with the Fire District.

DISCUSSION:

The Consolidated Fire Protection District of Los Angeles County was established in 1949 and is a "special district" under California law. Pursuant to California Government Code Section 55632, the Board of Supervisors of Los Angeles County, as the governing body of the Fire District, may contract with any other neighboring city, county or fire protection district for the furnishing of fire protection to such other agency.

The Fire District currently serves approximately 4 million people in 59 cities, and all of the unincorporated areas of Los Angeles County. The Fire District operates:

- 173 fire stations with 164 staffed engine companies;
- 33 truck companies which are quint apparatuses that have both pumper and ladder truck features;

- 4 light forces, which are comprised of both an engine and truck company that respond in tandem;
- 4 hazardous materials response squads;
- 2 urban search and rescue task forces;
- 3 staffed paramedic air squads (with the capability of staffing an additional five air squads); and
- 73 paramedic rescue squads.

In addition, numerous support services and special pieces of equipment are utilized.

Fire District Operations Proposal

In accordance with Manhattan Beach's request, the Fire District provided a feasibility study to provide various fire services to the City.

In the study (Attachment #1), the Fire District proposes to annex the City's fire station operations, located at 400 15th St. (Fire Station #1) and 1400 Manhattan Beach Boulevard (Fire Station #2) for a minimum term of ten years. The Fire District proposes to staff the City's fire stations with permanent, full-time firefighting personnel and various apparatus comprised of: one paramedic assessment engine, one quint apparatus (an engine with some ladder truck capabilities), and one paramedic squad, for a total of nine uniformed personnel on duty daily, which is equivalent to the current staffing level in the City. Additionally, the Fire District proposes to offer 2.83 employees toward fire prevention staff. Attachment #2 details the Fire District's proposal to place one quint apparatus and one paramedic engine at Fire Station #1 and one assessment engine at Fire Station #2.

The City's fire stations would be assigned to Battalion 18 which is headquartered at Fire District Station 161 in Hawthorne. The Chief Officer would be located at Fire District Station 161 as well.

Fiscal Analysis

The District's fee structure ensures that the City would pay all costs associated with providing fire protection and emergency medical services to the City, including its proportional share of related expenses such as liability, workers' compensation, and overhead. These preliminary "proforma" costs are summarized below based on Finance staff's analysis.

In reviewing the Feasibility Study, staff has preliminary identified \$9.93 million in expenditure savings over a 10-year period based on the information provided (Attachment #3). Other costs not included in the analysis are any additional fees or special studies required by the Fire District.

In the study, the Fire District estimated that it would cost \$10.66 million to provide fire and paramedic services to Manhattan Beach. The study also stated that the annual cap for increases is a maximum of 5.5% for the first 5 years. During a conference call, Fire District staff stated that the average actual increase over the past 20 years was 3-4%. Finance staff has built in a 4% annual increase each year to project the Fire District cost.

In the projection, staff looked at historical cost data and projected the City's Fire Department budget to grow at an average of 4% annually. If the City's Fire Department budget were to grow less than 4% annually, or if the Fire District's cost of service were to grow more than 4% annually, then the \$9.93 million in potential savings would decrease.

In a scenario that the City's expenditures for the Fire Department grow an average of 3.5% annually, and the Fire District costs grow at an average of 5.5% annually, converting to the Fire District would cost the City an additional \$2.38 million over 10 years. Conversely, if the City's expenditures for the Fire Department grow at an average of 5.0% annually, and the Fire District costs grow at an average of 3.0%, converting to the Fire District would save the City \$21.9 million over 10 years. See Attachment #4 for staff's analysis of potential 10-year savings by percentage increase for additional scenarios.

Additionally, Finance staff analyzed the City's Fire Department budget of \$14.8 million for FY 2020 and identified costs in several key categories that the City would still be responsible for even after converting to the Fire District. These categories are as follows:

Special Events Overtime

Special event staffing is not included in the Fire District proposal. Staffing special events with Fire District personnel will be at an additional cost to the City. This cost is estimated at approximately \$43,100 annually.

PERS Net Pension Liability

The CalPERS pension payments are made up of two components: normal cost and net pension liability. Normal costs are paid through the biweekly payroll process for current service. Net pension liability is the difference between the CalPERS plan's assets and accrued liability for past service.

If the City converts to the Fire District, any payments for CalPERS normal service cost are eliminated. This is a savings to the City of approximately \$1.0 million a year.

However, the City would still be responsible for the accrued net pension liability for past service. The liability payment averages \$1.63 million annually over 10 years. As the City pays down the CalPERS net pension liability, this cost will be eliminated over time.

As of June 30, 2018, the net pension liability for the Fire Department is \$16.4 million.

Emergency Preparedness Program

The City's current emergency preparedness program is estimated at approximately \$138,000 annually. This program consists of a part-time Emergency Services Coordinator, the Emergency Operations Center (EOC), and public emergency notification systems.

Any internal emergency preparedness programs are not included in the Fire District proposal. However, during a conference call on September 3, 2019, the Fire District stated that they would be able to assist the City with internal emergency preparedness and EOC trainings. If the City decides to convert to the Fire District and keep the program in its current state, it would not provide any savings to the City and would need to be relocated to another department.

Ambulance Program

The Fire District proposes ambulance transport be provided by the Los Angeles County Department of Health Services. Paramedics may accompany the patient during transport as

needed for patient care. The private ambulance firm charges the responsible party for the transport and any revenues collected for the paramedic on board are passed onto the City as a credit towards the annual fee.

Alternatively, the City has the option to exercise Section 1797.201 of the Health and Safety Code (201 rights) during negotiation. By exercising this right, the City retains responsibility for the contract and billing for ambulance transport. The assumption that the City exercised the 201 rights was built into the projection.

The Ambulance Program costs are estimated at approximately \$223,000 annually over 10 years.

SBRPCA

South Bay Regional Public Communications Authority (SBRPCA; also commonly referred to as "RCC" - Regional Communications Center) provides 911 call center and dispatch service to the South Bay region. If the City were to convert to the Fire District, dispatching would be handled through L.A. County, by a pass-through hand-off through RCC. There would be potential savings on the RCC fire dispatch which cost an average of \$500,000 annually. However, call center services estimated at annual cost of \$50,000 would remain.

Information Systems

The Information System Fund is an internal service fund that allocates costs to departments that receive IT support. The current allocation is based on the number of devices that IT supports in each department. Current costs in the Information System Fund consists of IT support, network and server maintenance, internet connectivity, phone line maintenance, broadcasting, software, etc. The City projects an annual decrease of \$44,800 in information systems cost due to converting to the Fire District.

The remaining Fire Department information systems allocation of approximately \$373,000 annually will be reallocated to other departments.

Building Maintenance/Fire District Maintenance

The Building Maintenance Fund is an internal service fund that allocates the personnel and operations to support the maintenance of City facilities to each department based on square footage. The City does not anticipate a significant reduction in costs if the City were to convert to the Fire District. An average of \$219,000 in building maintenance fees is currently allocated to the Fire Department annually.

Per the Fire District's proposal, the City will lease the fire stations to the Fire District at a nominal cost of \$1 per year per facility. The Fire District will maintain the building and provide minor repairs up to \$100,000 (\$50,000 per station) per year with a maximum 10% increase for the first 5 years.

Liability Insurance

The liability insurance currently charged to the Fire Department is for property and liability insurance. Since the Fire District is the lessee, the City is responsible for property and liability insurance for the building which is estimated at \$58,000 annually.

Existing Worker's Compensation Cases

The City is responsible for worker's compensation cases and injuries that occurred prior to a Fire District conversion. Staff estimates first year costs of \$600,000 for potential new cases that are attributable to the City, with an average cost of \$375,000 over the succeeding 4 years. This cost is expected to go down over time as cases are settled, and be eliminated completely by the 6th year.

Debt Service

Current debt service for Fire Station #1 is \$386,000 annually (the debt will be paid off in 2032). The original City budget did not include the financing for the construction of Fire Station #2, which is estimated at \$500,000 annually. Beginning in FY 2021, \$500,000 was added to both the City budget and as an adjustment to existing debt service cost if the City converted to the Fire District.

Leave Pay Out

Each full-time employee has a bank of leave to utilize for vacation leave, sick leave, and holidays. The Fire District will transfer a maximum of 20 vacation days and 12 sick days upon conversion. The remaining leave balance on the City's books is the responsibility of the City. One-time leave payout is estimated at \$1,423,613 as of August 2, 2019. It is important to note that the City is already responsible for payoff of leave balances upon employee separation irrespective of a move to the Fire District.

Estimated Conversion Cost

The conversion study consists of a Fire District survey of the City's equipment, apparatus, and facilities to determine whether these items will require conversion, repair, or upgrade to be compatible with Fire District operations and meet Fire District standards. The conversion costs would be outlined after conducting a conversion study. The conversion costs are estimated at \$1.0 million, but cannot be fully determined until after a conversion study is completed.

Municipal Services Review

The municipal services review is a mandatory charge by the Local Agency Formation Commission for the County of Los Angeles (LAFCO) after converting to the Fire District. The fee is estimated at \$150,000, but a request for proposal will need to be issued after deciding to convert to the Fire District to obtain the actual costs.

Fiscal Conclusion

With the data available and growth assumptions, the forecast projects a 10-year savings of \$9.93 million in expenditures after converting to the Fire District (roughly \$993,000 per year). The conversion costs may be a significant factor in determining whether it is feasible to convert to the Fire District. The City would have a better understanding of conversion costs after receiving a conversion study.

Considerations and Impacts

There are several effects that can be anticipated if the City were to contract with the Fire District. The following is a list of some of those considerations:

Depth of Service and Resources

The Fire District has eight fire stations, housing 12 units that are staffed daily with 35 firefighters, within five miles of the City, which would provide direct and support service under the regional service delivery concept (Attachment #5).

The Fire District, due to its overall size and economy of scale, can provide a broader range of in-depth, quality services than most municipal fire departments.

The Fire District operates under a regional approach in providing emergency services to its Fire District cities and unincorporated areas of Los Angeles County. Some of the nearby cities and communities that are served by the Fire District include unincorporated Del Aire, Lennox, Wiseburn, Hawthorne, and El Camino Village areas, and the cities of Hermosa Beach, Hawthorne, Lawndale, and Gardena. To ensure the best response times possible, the closest available resource is dispatched to an incident, regardless of jurisdictional or municipal boundaries.

In contracting with the Fire District, the City may benefit from the twelve Fire District emergency response units located within five miles of the City that would be available to provide enhanced responses to large incidents, and/or simultaneous incidents when the City's resources are assigned to other incidents. With the Fire District also providing lifeguard services to the City, the integration of the lifeguard and fire station operations by one agency would enable a more streamlined operation of services and efficient use of emergency resources.

Call Processing & Response Time

In the feasibility study provided by the District, it is proposed that all dispatching for Fire District units would be provided from the Fire District's Fire Command and Control Facility. This change would result in a delay of approximately 30-60 seconds from the current dispatch process provided by the South Bay Regional Public Communications Authority (SBRPCA) which could delay the response. SBRPCA is the primary public safety answering point (PSAP) for the City of Manhattan Beach. As the PSAP for the City, all 911 calls are routed to SBRPCA and processed to determine the following: the nature of the emergency (police or fire/EMS), exact location of the emergency, chief complaint (if an EMS call), name of caller, and call back number of caller. While a dispatcher is working to determine the previously mentioned information, the information is simultaneously being entered in to the computer aided dispatch (CAD) and the appropriate resources are being dispatched.

SBRPCA will continue to be the PSAP for all 911 calls originating within the City of Manhattan Beach. Under the County proposal, the information would continue to be gathered by SBRPCA and when this is complete, the call would then be transferred to the Fire District's Command and Control Facility. As previously stated, this will result in a delay of the overall time of response by 30-60 seconds. Hermosa Beach, which contracts with the Fire District, reported that this delay was 48 seconds in the month of June 2019.

It is possible that this delay could be reduced in the future by electronically linking the SBRPCA CAD to the Fire District's CAD. This would be a costly option and is not projected to occur in the foreseeable future.

Staffing and Resources Shift

The City currently staffs eight licensed paramedics each day, three on each engine and two on the rescue ambulance. Under the feasibility study, the Fire District proposes to staff three licensed

paramedics on duty each day, one on engine 22 and two on a squad. All other positions would have Emergency Medical Technician level certifications. Multiple paramedics allows the Manhattan Beach Fire Department to respond to simultaneous incidents with advanced life support personnel and provide advanced care immediately.

As presented in the feasibility study, the Battalion Chief assigned to the City will be stationed in Battalion 18, headquartered at Fire District Station 161 in the City of Hawthorne. This represents a 4.8 mile distance and approximately 15 minute driving distance. Should a fire arise in the City, this may result in a delay of command and control response to the fire.

Local Policy Influence

The City currently exerts complete control of the Fire Department as it relates to budgeting, staffing, response time, requests, fees, and more. While the Fire District will work with the City on various requests, the County of Los Angeles Board of Supervisors has ultimate approval authority over the Fire District.

Fire District and Redondo Beach

Similar to the City of Manhattan Beach, the City of Redondo Beach received a feasibility study from the Fire District for the provision of fire protection, paramedic, marine and incidental services. At the April 16, 2019, meeting, the Redondo Beach City Council, directed the City Manager to request a reimbursement agreement from the Fire District for review. At the August 20, 2019, meeting, the Redondo Beach City Council, gave direction to not execute a reimbursement agreement with the Fire District for further analysis.

Potential Loss of Fire Department Related Revenues

The City estimates an average of \$1.12 million of annual revenues generated by the Fire Department over the next 5 years. A significant portion of the revenues are from Ambulance transports averaging \$775,000. The City would still keep this revenue if it exercises the ambulance transport rights.

Licenses, permits, and plan checks are estimated to bring in \$351,000 annually. The Fire District provides this services and collects the fees imposed by the City. These fees are passed through to the City in the form of a credit to the annual Fire District fee, less a 5% administrative fee. Based on the budgeted \$351,000, the administrative fee is expected to average \$17,500 a year.

Approximately \$234,000 in fire reimbursements will no longer be collectable if the City converts to the Fire District. The fire reimbursements typically consist of mutual aid and other statewide deployments. LA County has their own strike team. It is important to note that the City would also not be incurring those costs for reimbursement.

Paramedic Transport Model Changes

Ambulance transport within the Fire District is typically provided through private ambulance contracts administered by the Los Angeles County Department of Health Services (DHS) under the exclusive operating area arrangement. However, the Fire District will work with the City and DHS to determine the viability of the City maintaining an ambulance transport program in concert with the Fire District station personnel similar to programs operated by the Fire District-served cities of La Habra and Hermosa Beach, if requested by the City.

As presented in the study, the City may need to change the Paramedic Transport Model (without

policy input) since the Fire District does not offer a model which utilizes Firefighter Paramedics staffing an ambulance. The Fire District primarily staffs only paramedic squads and rely on private ambulances for transport.

Public Availability of Fire Prevention Services

Currently, the front desk at Fire Station #1 processes fire plan check documents from the public. Should the City contract with the Fire District, plan check submittals will need to be submitted to Fire District Station 161 in the City of Hawthorne. Upon negotiation with the Fire District, the City may request for services hours to be offered at City Hall as well.

Preliminary Process

In the event the City Council authorizes the next step of requesting a final evaluation and analysis of contracting with the County of Los Angeles for fire services, the process is summarized below (Attachment #6). Steps 1-5 are completed. Step 6 is for Council consideration tonight. Steps 7- 12 are contingent on Council authorization.

Steps:

- 1) City Council requests proposal for services from the Fire District (completed);
- 2) Fire District provides a questionnaire to the City to complete. City submits questionnaire for preliminary evaluation (completed);
- 3) Complete questionnaire and return to the Fire District. (completed);
- 4) Fire District evaluates information provided by the City. (completed);
- 5) Los Angeles County Board of Supervisors reviews feasibility study, and if supported, authorize the Fire Chief Supervisors of the Fire District to provide a copy of the study to the City and to commence negotiations if the City requests to continue the process (completed);
- 6) City consider results of the feasibility study and determine if the City would like to proceed with negotiations. If so, the City must execute a Reimbursement Agreement for the surveying of City facilities/ equipment/vehicles (If authorized by the City Council tonight or at a future Council meeting);
- 7) City and Fire District proceed with negotiations of a service agreement. The Fire District will survey City vehicles, equipment, and facilities and provide an estimated "conversion" cost to the City during negotiations.
- 8) City Council considers negotiated service agreement and any other documents required to proceed with annexation to the Fire District;
- 9) Los Angeles County Board of Supervisors applies to LAFCO for the annexation of the City to the Fire District.
- 10) LAFCO considers annexation application, and if approved, provides a certificate of completion for the annexation on a date mutually acceptable to the City and the Fire District.
- 11) Los Angeles County Board of Supervisors considers service agreement with the City; and
- 12) City transitions service to Fire District service.

At any step, the City can unilaterally opt to stop the process. However, if the city were to terminate the process after initiating negotiations, it would be obligated to pay any amounts owed pursuant to the reimbursement agreement.

POLICY ALTERNATIVES:

ALTERNATIVE #1:

Direct staff to move forward with the analysis and authorize the City Manager to enter into a reimbursement agreement with the Consolidated Fire Protection District of Los Angeles County for the preparation of a conversion costs survey of the fire protection assets of the City of Manhattan Beach, for the amount not to exceed \$18,000, effective until the termination of the agreement. The Fire District currently estimates that it can take 3-4 months to survey all equipment, vehicles, facilities, costs, and report back to the City.

ALTERNATIVE #2:

Direct staff to not move forward with the analysis.

CONCLUSION:

Staff recommends that the City Council discuss and provide direction on whether the City should move forward with the next steps in the analysis for the provision of fire protection, paramedic, and incidental services by the Consolidated Fire Protection District of Los Angeles County.

PUBLIC OUTREACH:

If City Council gives direction to continue with further analysis of contracting with the Fire District, staff will commence a public information program to advise residents that this option is being furthered explored and that the final report from the County is being prepared. Once the final report is received, and Council has reviewed it, staff anticipates further engagement including conducting community meetings, creating stakeholder groups, conducting surveys, etc. Council may consider establishing an ad-hoc committee or task force on the issue as well.

LEGAL REVIEW:

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.

ATTACHMENTS:

1. Los Angeles County Feasibility Study
2. Staffing/Apparatus Comparison (Current versus Fire District Proposal)
3. Fire Feasibility Fiscal Analysis Over 10 Years
4. Potential 10-Year Savings by Percentage Increase
5. Regional Fire Service Delivery Map
6. Feasibility Study Process