



STAFF REPORT
CITY COUNCIL MEETING OF MARCH 20, 2012

TO: Tony O'Rourke

FR: Brian T. Uhler, Chief of Police

RE: A short presentation and request for Council to authorize the formation of a joint study group to explore possible consolidation between the City of South Lake Tahoe Fire Department and the Lake Valley Fire Protection District (LVFPD).

RECOMMENDATION:

Hear staff report and authorize City staff to organize a study group, including two Council Members, to explore the possibility of consolidation between the South Lake Tahoe Fire Department and the Lake Valley Fire Protection District.

DISCUSSION:

On March 8th, 2012, the Lake Valley Fire Protection District Board met and approved allowing Lake Valley Chief Gareth Harris and staff to evaluate the "feasibility of a consolidation of fire protection and EMS services between the South Lake Tahoe Fire Department and the Lake Valley Fire Protection District." Once the LVFPD authorized this action, Chief Gareth Harris forwarded a letter which outlines a possible framework for such a consolidation to City Council members (Attachment A).

Chief Harris' letter serves as a great starting point for discussions. Clearly, exploring the possibility of a full consolidation is a very intensive undertaking and City staff recommends the development of a Study Group consisting of two City Council members, the City Manager, myself and Fire Association representatives work with members from the Lake Valley Board and staff to study the viability and cost/benefits of a consolidation or increased contractual services.

We would recommend bi-weekly Study Group sessions based on a study outline. For example, key Study Group issues would include:

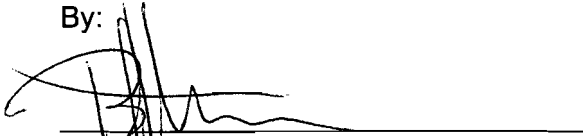
- ✓ Service Delivery model and options
- ✓ Calls for service breakdown
- ✓ Organizational structure
- ✓ Suppression/EMS Policies
- ✓ Training Programs
- ✓ Staffing Levels/Compensation/Memorandum of Understanding
- ✓ CalPERS Benefits
- ✓ Retiree Health Care Benefits
- ✓ Capital Asset Inventory/Needs
- ✓ Fiscal Analysis
- ✓ CalPERS/Retiree Health Care Unfunded Liability
- ✓ Governance Model
- ✓ LAFCO
- ✓ Plan of Implementation
- ✓ Fire Prevention Program

The principle benefit of a regional fire service provider are reduced cost, increased effectiveness, and larger depth of resources , thereby ensuring the public the highest level of fire and emergency medical resources.

FINANCIAL AND/OR POLICY IMPLICATIONS:

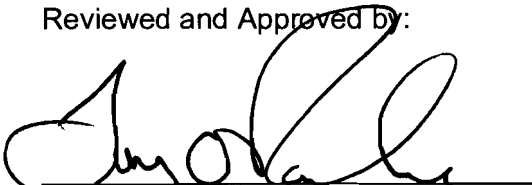
Authorizing City Council and staff to participate in a study group as recommended has no significant budget impact for this budget year. The financial and policy implications for a consolidation effort in the longer range is significant but forecasting and planning for such implications will be part of the work product that comes from establishment of this Study Group.

By:



Brian Uhler, Chief of Police

Reviewed and Approved by:



Tony O'Rourke, City Manager

Attachments:

March 8th Letter from Chief G. Harris

LAKE VALLEY FIRE PROTECTION DISTRICT

"Serving the Community Since 1947"

Gareth S. Harris, Fire Chief



March 8, 2012

Honorable City Council Members
City of South Lake Tahoe
1901 Airport Road
South Lake Tahoe CA 96150

Dear Council Members,

This letter is for the purpose of discussing the feasibility of a consolidation of fire protection and EMS services between the South Lake Tahoe Fire Department and the Lake Valley Fire Protection District. This proposal is for the annexation of all of the properties within the City of South Lake Tahoe city limits into the Lake Valley Fire Protection District. The Lake Valley Fire Protection District is a California Special District formed in 1947. It is governed by a five person elected Board of Directors. The District covers approximately 100 square miles around the South Shore of Lake Tahoe extending to the east to the California / Nevada state line, to the west to the community of Twin Bridges, to the north to Emerald Bay, and to the south into Alpine County. The Fire District surrounds the City of South Lake Tahoe and operates out of three fire stations and a seasonal 20 person fire crew. The primary source of revenue for the Fire District is ad valorem revenue from property taxes. This proposal is for the reapportionment of a percentage of the ad valorem revenue received by the City of South Lake Tahoe for properties within the City limits going to the Fire District to fund fire protection in the City.

As you are aware, the Fire District and the City of South Lake Tahoe have enjoyed a successful 11 year relationship as business partners in the Cal-Tahoe EMS Joint Powers Authority. With the current economic downturn, it is a perfect time to consider a consolidation of essential fire protection and EMS services. The realization of economies of scale and the elimination of a duplication of services with a consolidation of fire protection services on the South Shore would potentially benefit City of South Lake Tahoe residents as well as the existing constituents served by the Lake Valley Fire Protection District.

This proposal necessitates all of the present represented employees of the South Lake Tahoe Fire Department leaving their employment with the City and becoming employees of the Fire District under the terms and conditions of the Memorandum of Understanding in place between the Board of Directors of the Fire District and the Lake Valley Firefighters' Association.

LAKE VALLEY FIRE PROTECTION DISTRICT

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Unrepresented employees of the South Lake Tahoe Fire Department displaced by the consolidation would be offered positions with the Fire District as at-will employees.

This proposal also includes the replacement of two of the City's first out fire engines and the ladder truck. This will be accomplished by a financed lease/purchase of the apparatus. In addition, both Station 3 and Station 2 will be remodeled and updated to accommodate the new ladder truck and meet current fire station design codes and requirements.

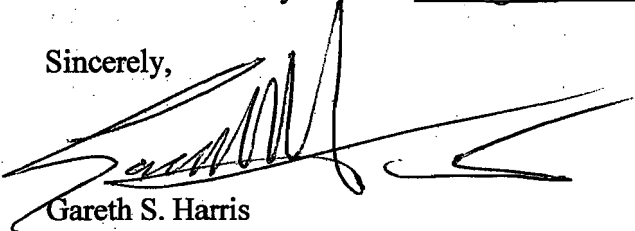
The proposed structure of the consolidated fire department is as follows: Governance will continue to be accomplished by an elected five person Board of Directors. Residents of South Lake Tahoe would be eligible to run for a seat on the Board of Directors at the next Fire District election just like any other resident in the unincorporated County area. The consolidated Fire District will be managed by a Fire Chief. Mid-level management will be by three shift Battalion Chiefs. The Fire Prevention Division will be managed by a 40-hour a week Fire Marshal at the Battalion Chief rank. The 20 person seasonal fire crew will also be managed by the Fire Marshal. Each of the five staffed fire stations will be managed by three shift Captains. In addition, non-represented administrative staff as well as a full time Mechanic and part-time Mechanic's Assistant will be employed by the Fire District. The South Lake Tahoe Fire Department's Reserve Firefighter program will be merged into the Fire District's Volunteer Firefighter program and will be managed by the Fire District's Training Battalion Chief.

The attached Appendix A, including Annual Operating, Capital Replacement, Associated Start-up Cost, and Revenue budgets will be used as a guideline for determining the percentage reapportioned from the ad valorem revenue currently received by the City of South Lake Tahoe over to the Fire District.

Based on the attached Appendix A, the percentage of ad valorem revenue reapportioned to the Fire District based on the assessed valuation of the properties located within the city limits of South Lake Tahoe, will be 16.7% of 1% of the 2011 / 2012 Tax Roll assessed valuation of \$3,903,077,660.00 as prepared by the El Dorado County Tax Assessor's Office dated August 9, 2011. This would represent \$6,526,200.00 in ad valorem revenue for the Fire District.

I look forward to a continuing mutually beneficial relationship with the City of South Lake Tahoe. Please feel free to contact me if you have any questions, or if I can be of any assistance at 530-577-3737 or by email at harris@caltahoe.net.

Sincerely,



Gareth S. Harris
Fire Chief

Attachment: Appendix A

Appendix A

Proposed Annual Operating Budget South Lake Tahoe Fire Related Expenses Only

Wages and Salaries (33 Represented @ 100%, Fire Chief, Fire Marshal, Three Battalion Chiefs, Two Admin Assistants, Mechanic, and Mechanic's Assistant @ 50%), (Includes Health Benefit Discretionary Cafeteria Payments)	3,540,000.00
Non-discretionary Health, Dental, and Vision Benefits	85,000.00
PERS Retirement Benefits (3% @ 55)	1,451,000.00
Medicare (1.45%)	51,000.00
Worker's Compensation (8.9%)	315,000.00
Overtime	250,000.00
Vacation and Sick Leave Payoff	100,000.00
El Dorado County Tax Collection Fees	200,000.00
Clothing and Personnel Safety Equipment, Uniforms, Turnout Clothing, Helmets, and Other OSHA Required Gear	20,000.00
Dispatching Services	95,000.00
Household Expenses	10,000.00
Liability, Vehicle, E&O, and All Hazard Insurance	45,000.00
Vehicle and Equipment Maintenance	75,000.00
Office Expense	10,000.00
Volunteer Firefighter Expenses	10,000.00
Legal Expenses	15,000.00
Annual Audit Expenses	10,000.00
Election Expenses	7,500.00
Fire Prevention and Education Expenses	10,000.00
Training Expenses	25,000.00
Transportation, Travel, Gasoline, Diesel Fuel	115,000.00
Fire Hose, Hose Testing, Snow Stakes	10,000.00
Technical Rescue Equipment	10,000.00
Station Utilities – Garbage, Water, Gas, Electrical, Sewer, Telephone	45,000.00
Building and Grounds Maintenance	10,000.00
Snow Removal	10,000.00
Computers and Software	10,000.00
Employee Memberships (Calstar, NFPA, etc.)	10,000.00
Radio and Pager Equipment	20,000.00
Two Type 1 Fire Engines and One Ladder Truck Payments (10 Year Term @ 3.25% for \$2,000,000.00 Financed)	240,000.00
Two Fire Station Remodels (Station's 1 and Three @ \$500,000.00 Each Total of \$1,000,000.00 Financed @ 15 Year Term @ 3.85%)	95,000.00
Contingency	100,000.00
Total Annual Operating Expenses	\$6,999,500.00

Appendix A

Proposed Annual Capital Replacement / Reserve Budget

Ladder Truck (1,000,000.00 / 20 Years)	50,000.00
Type 3 Engines (700,000.00 / 15 Years)	46,700.00
Type 1 Engines (1,500,000.00 / 15 Years)	100,000.00
Fire Boat (150,000.00 / 10 Years)	15,000.00
Squad (75,000.00 / 15 Years)	5,000.00
Command Vehicles (300,000.00 / 10 Years @ 50%)	15,000.00
ARFF (800,000.00 / 20 Years)	40,000.00
Fire Station Replacement (6,000,000.00 / 25 Years)	240,000.00
Total Capital Replacement Annual Costs	\$511,700.00

Proposed Start-up Expenditures Budget (One-time)

Stationary, Business Cards, Forms, Letterhead, etc.	7,500.00
Station Signage	15,000.00
Vehicle Signage	2,500.00
Website Update	2,500.00
Badges, Nameplates, Patches, Uniform Shirts	7,500.00
Turnout Name Plates	1,500.00
Computer Systems Integration	25,000.00
Hiring Costs	3,500.00
Legal and Consultant's Fees	50,000.00
LAFCO Associated Costs	65,000.00
Public Relations Campaign	5,000.00
Vacation, Sick Time, Comp Time Buyout	534,000.00
Holiday Pay Option Buyout	68,000.00
Total Start-up Associated Costs	\$787,000.00

Appendix A

Proposed Annual Revenue – On-going

Ad Valorem	6,526,200.00
JPA (6 FF/PM Positions, Overtime, Executive Director)	960,000.00
Fire Prevention Fees	25,000.00
Total Ongoing Annual Revenue	7,511,200.00

Proposed Revenue – One-time

City of South Lake Tahoe – One Time Payment	787,000.00
Total One-time Start-up Revenue	787,000.00