

Providing Fire Protection in Emergency Service District (ESD) 4

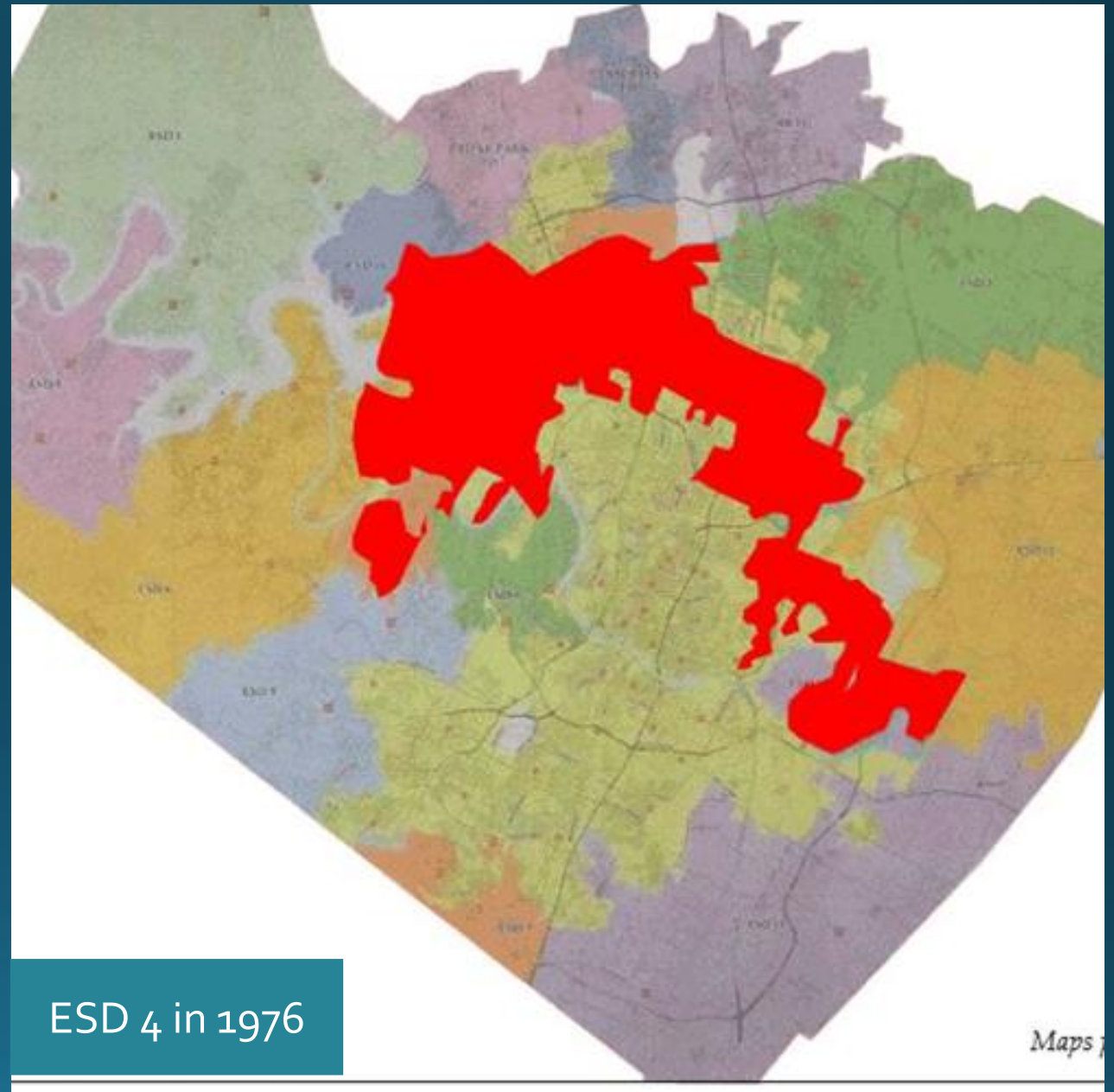
Response to Council Resolution 20160609-054

February 2, 2017



Background

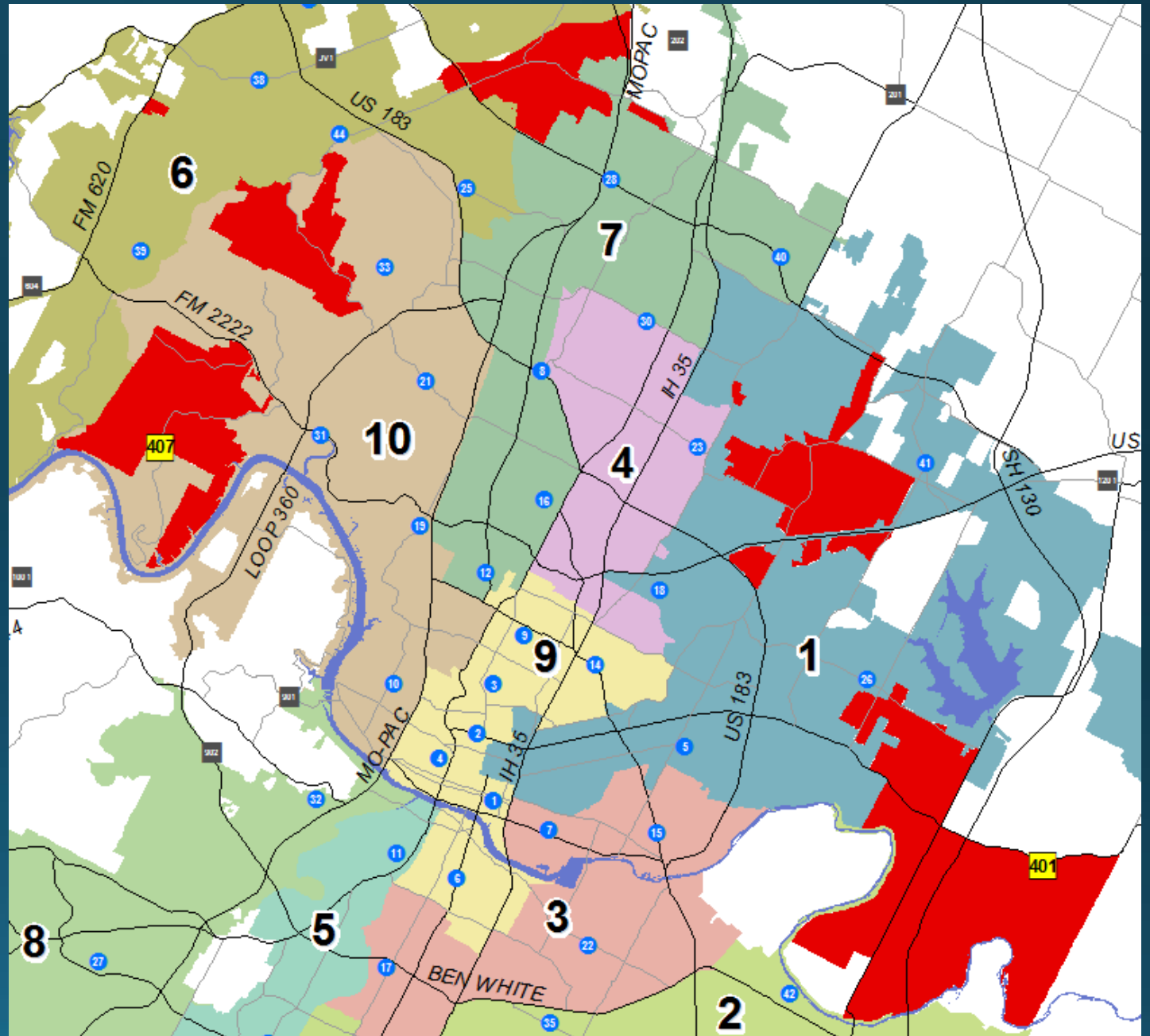
- ESD 4 changed from a single, contiguous district in 1976 into five “islands” today (next slide).
- Annexations reduce the ESD 4 tax base.
- ESD 4 Commissioners concerned that eventually they won’t be able to fund fire service.



Background

ESD 4 in 2017

- There are two ESD fire stations (407 and 401) in yellow.
- Council Districts are numbered and in different colors.
- Light blue dots on the map are AFD fire stations.



Background

June 2016 - Council Resolution directed AFD to explore a Contract for Service with ESD 4.

Sept. 12, 2016 - during budget adoption Council asked AFD to bring back options and cost projections.

OPTIONS need to consider:

- Integrating ESD 4 firefighters into AFD workforce
- Minimizing impact on City/County resources
- Providing cost and ESD revenue projections 10 years into the future

Option 1

- Add 30 firefighter positions to staff two (2) ESD 4 stations
- Stations and vehicles remain ESD4 property
- AFD maintains stations and vehicles except for major repairs and replacements
- Option is no longer cost neutral if station(s) are purchased



Option 2

- Add 15 firefighter positions to staff the ESD 4 station near City Park (407)
- AFD responds to calls for all ESD 4 “islands” except around station 401
- ESD4 responsible for residents in station 401 “island”
- AFD maintains station and vehicles

Station 407

4200 City Park Rd.

- .9890 acres
- 1,636 square feet
- Two story quarters
- 2 bays
- DEBT FREE



Option 3

- Add 32 firefighter positions to staff the two (2) ESD 4 stations and initiate the **annexation** of all ESD 4 territory
- 5-year process to annex (over 100 homes)
- Stations and vehicles become City property
- NOT RECOMMENDED due to initial cost, difficulty meeting the requirements of existing Agreements, and identifying the resources needed to provide full municipal services



Estimated Cost for Service

One-time costs: \$400-\$800K

- Fire Station upgrades
- Initial firefighter training
- Uniforms and equipment
- Actual cost based on the number of ESD 4 firefighters moving to AFD
- Paid from ESD 4 “reserve fund”

Estimated Cost for Service

Ongoing operating costs: \$200-\$400K annually

- AFD support functions (admin, wellness, etc.)
- Maintaining facilities and vehicles
- Actual cost based on the number of fire stations staffed

Ongoing cost of firefighter Salaries & Benefits, Overtime, and COA Overhead ranges from:

- \$1.9M (15 firefighter positions)
- \$3.8M (30 firefighter positions)

ESD 4 Estimated Revenue

Emergency Service District 4 collects property and sales tax dedicated to funding fire services.

- 2016 estimated Property Tax at \$1.6 million - projected \$1.9M in 2017
- 2016 estimated Sales Tax at \$3.4 million - includes \$1.6M in one-time adjustments going to a reserve account
- Estimated monthly Sales Tax at \$200K - \$2.4M annually

Estimated Ongoing Combined Tax Revenue at \$4.3M

Cost Summary (2017)

| Option | One-time Costs | Staffing | Support | Annual Ongoing Total Cost* | ESD 4 Balance (based on \$4.3 M available revenue) |
|--------------------------------|----------------|------------------|--|----------------------------|--|
| 1 : Two stations, no ownership | \$800K | (30 FTEs) \$3.8M | \$400K | \$4.2M | \$80K |
| 2 : One Station, no ownership | \$400K | (15 FTEs) \$1.9M | \$200K | \$2.1M | \$2.2M |
| 3 : Annexation | \$800K | (32 FTEs) \$4.3M | \$500K (potentially millions in 2022) | \$4.8M | (-\$500K) |

*Does not include one-time costs.

Cost Summary and Projections

ESD 4 Available Revenue vs Service Contract Estimated Costs (in millions)

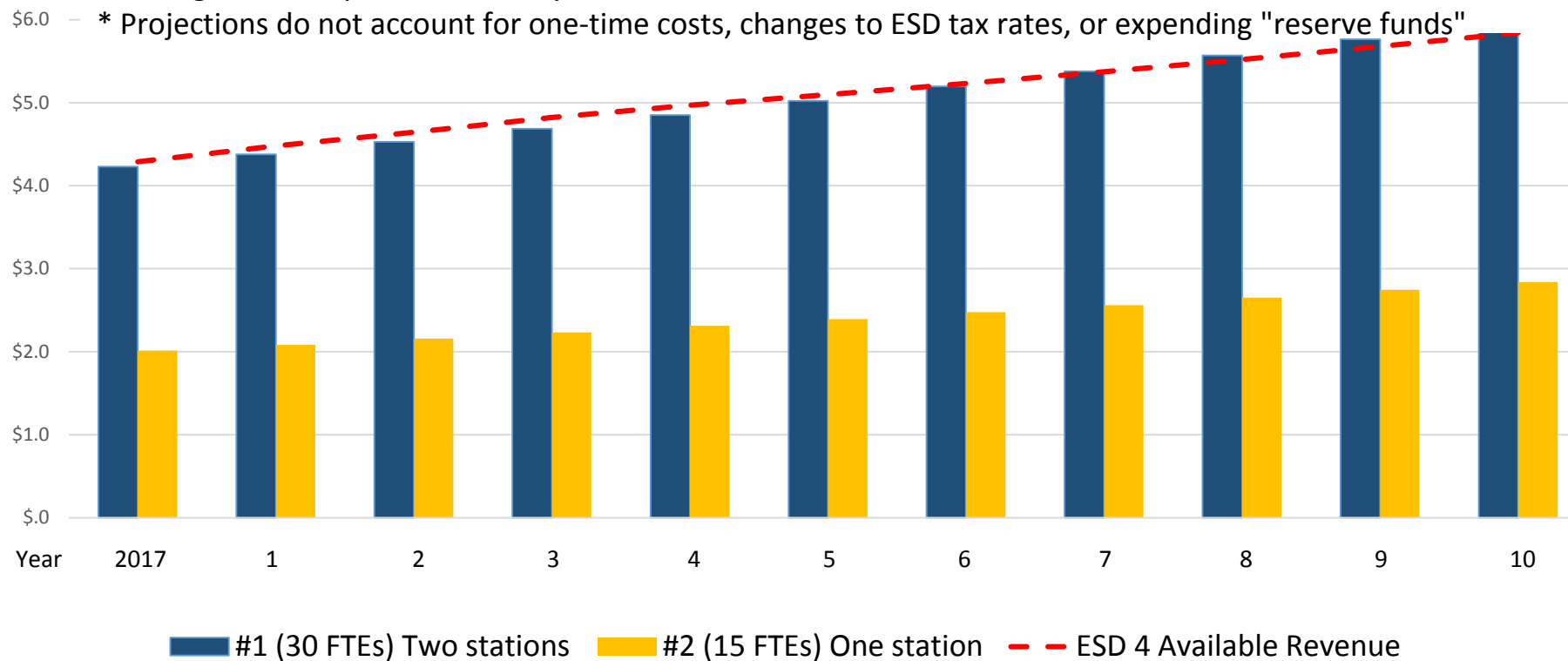
Assumes:

* Year 1-3 revenue = \$4.289M plus 4% growth

* Year 4-10 revenue = \$4.23M plus 3% growth

* 3.5% growth in operations costs year 1 thru 10

* Projections do not account for one-time costs, changes to ESD tax rates, or expending "reserve funds"



Conclusion

Fire Chief Recommends Option 1:

- Provides better service to City residents living near ESD 4 stations
- Maintains standards described in the Collective Bargaining Agreement
- Supported by ESD 4 Commissioners and Union (Local 975)

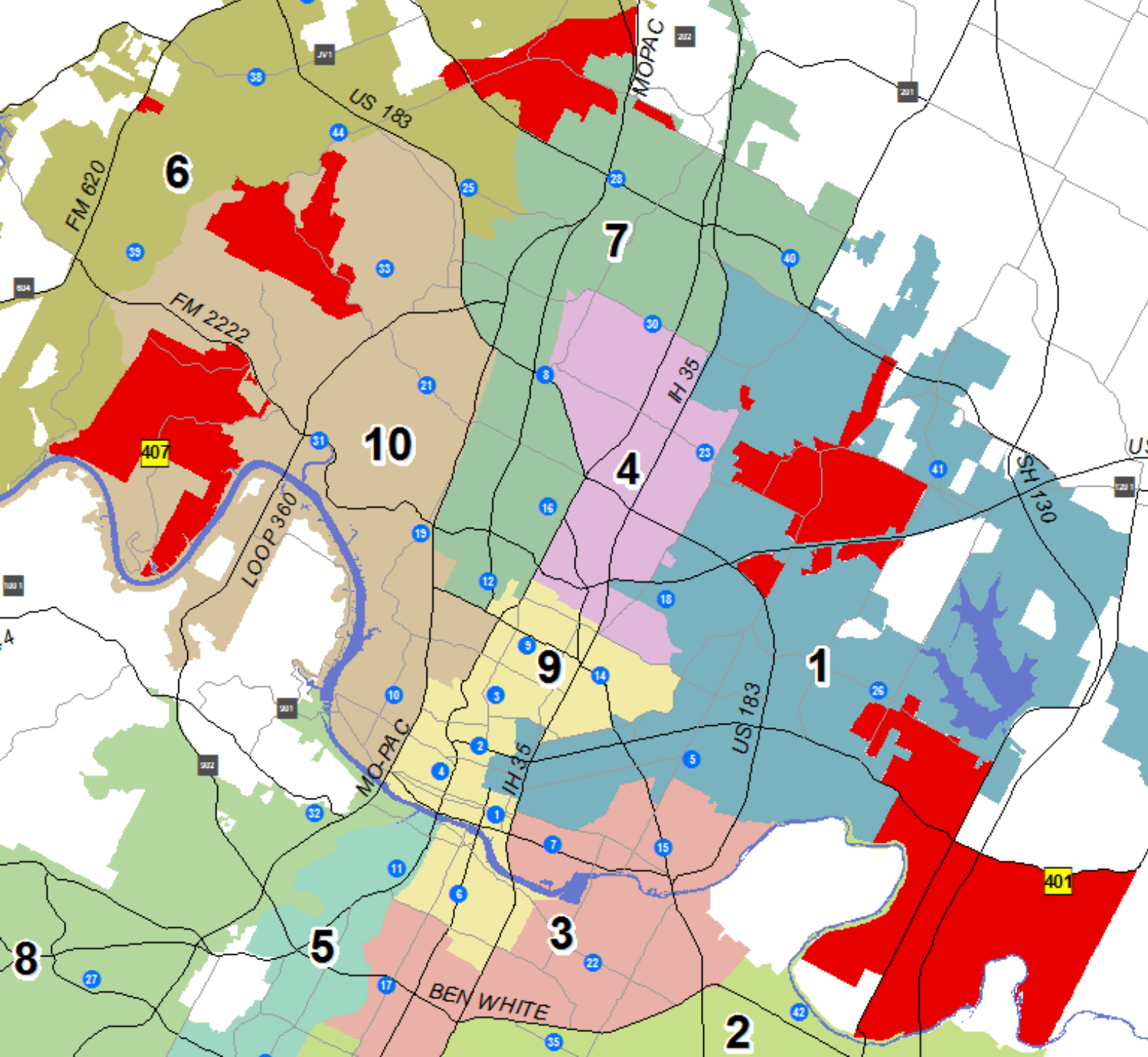
Option 1 – Key Points:

- Does NOT transfer fire stations or vehicles to COA
- ESD 4 stays in place to collect the taxes
- ESD 4 administers “reserve” fund to pay for capital repairs and replacements
- Over time, annexations will continue to hinder ability for revenues to cover operating costs

Next Steps

If Council approves:

- Contract negotiated by AFD/City Legal and executed by City Manager
- Council action needed to amend FY2017 Budget for one-time funding of training and equipment
- FY2018 Proposed Budget would include -
 - changes to Classification Ordinance adding 30 Firefighter positions
 - ESD 4 ongoing operations funding added to Fire budget



Emergency Service
District 4
(in red)
And Council Districts by
Number