



## Item No. 18 Town of Atherton

### **CITY COUNCIL STAFF REPORT – REGULAR AGENDA**

**TO: HONORABLE MAYOR AND CITY COUNCIL**

**FROM: GEORGE RODERICKS, CITY MANAGER**

**DATE: MARCH 21, 2018**

**SUBJECT: FIRE SERVICES FISCAL REVIEW – REVIEW TASK 4 PROPOSAL; DISCUSS MOVING FORWARD WITH TASK 4; AND, IF APPROPRIATE, APPROVE THE SCOPE OF WORK AND AUTHORIZE STAFF TO MOVE FORWARD WITH TASK 4**

### **RECOMMENDATION**

Review the Task 4 Proposal from Matrix Consulting; discuss moving forward with Task 4; and, if appropriate, approve the Scope of Work and authorize staff to move forward with Task 4.

### **BACKGROUND**

In October 2016, the City Council authorized the release of a Scope of Work to conduct a Fire Services Fiscal Review. That study was completed in January 2018 and at the January City Council meeting, the Council was presented with the completed Study and issued a letter to Atherton residents inviting comment and attendance at the February 21, 2018 City Council Meeting.

At the February 21, 2018 Council Meeting, following public comment and discussion, the Council directed staff to obtain a cost and move forward with Task 4, as described by the Council:

*...an analysis of the range of options that might be open to the Town, to include, a framework of the LAFCO process, time involved (staff and public), an estimate of cost, potential outcomes; as well as, any other options that might be pursued by the Town, to include, but not limited to legislative changes, agreements, etc.*

### **ANALYSIS**

Matrix Consulting has provided the attached Scope of Work at a *not to exceed* fee of \$13,500.

It would be appropriate for the Council to review the Scope of Work; provide feedback; discuss continued pursuit of Task 4 as defined; and, if appropriate, approve the Scope of Work and authorize staff to execute the Scope of Work to move forward with Task 4.

## **POLICY FOCUS**

It is important to note that continued work under Task 4 does not initiate any formal processes involving LAFCO or legislative options. The purpose of Task 4 is to gain deeper understanding of the LAFCO and legislative options open to the Town together with any requirements associated therein; and, present the Town with an Action Plan should it choose to move forward.

Authorization to formally initiate the LAFCO process or pursue specific legislative solutions requires separate City Council approval.

If the Council does not approve the Scope of Work and authorize staff to move forward with Task 4, further movement on the Fire Services Fiscal Review does not occur at this time.

## **FISCAL IMPACT**

The not to exceed cost of the Scope of Work is \$13,500.

## **PUBLIC NOTICE**

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting in print and electronically. Information about the project is also disseminated via the Town's electronic News Flash and Atherton Online. There are approximately 1,200 subscribers to the Town's electronic News Flash publications. Subscribers include residents as well as stakeholders – to include, but be not limited to, media outlets, school districts, Menlo Park Fire District, service providers (water, power, and sewer), and regional elected officials.

## **ATTACHMENT**

Matrix Consulting Scope of Work

March 12, 2018

George Rodericks  
City Manager  
Town of Atherton  
91 Ashfield Road  
Atherton, California 94027

Dear Mr. Rodericks:

The Matrix Consulting Group is pleased to present our proposal to conduct a “Phase 4” Assessment of the Legal and Financial Processes Associated with Detachment from a Special District and Creation of a Municipal Fire Department. This proposal is based on our just completed study of the revenue and costs associated with receiving fire services from the Menlo Park Fire Protection District, Town staff work to define the process, and our understanding of LAFCO and legislative processes and requirements impacting fire service reorganization in California since Proposition 13.

The scope of work for this portion of the process is limited to understanding the LAFCO and legislative processes and requirements associated with detachment and not the analyzing costs and structure of a municipal fire department or contracting with another agency. This incremental process allows the Town to control its interest in pursuing an alternative approach for fire service delivery.

The work plan for the analysis is presented below. The cost proposal is presented at the conclusion of this proposal.

## **1. Work Plan**

This review will focus on documenting on and evaluating LAFCO and California legislative processes and requirements for detachment from a special district. This assessment would not only include a description of these processes (and possible variations) but also the financial and organizational risks to the Town and potential mitigation measures for this risk. In addition to a research, we would also survey other community’s interests and experience in special district detachment processes. Finally, next steps would be outlined and evaluated for the Town.

Some of these processes are known and have been explained to the Town from LAFCO. However, having an independent assessment has value, especially for a little-utilized process such as detachment.

The steps we would take in this analysis are presented below.

**Task 1** | **Conduct Research on LAFCO and Other California Regulations and Processes Governing Special District Reorganization.**

The project team would review LAFCO regulations and processes regarding how a petition to the Commission would proceed including:

- The steps the Town would have to take to initiate the process with LAFCO.
- The required and likely processes which LAFCO would take once a petition was received.
- Approaches for special legislation, if required.

This documentary process would include addressing issues associated with detachment / redefinition of the District's sphere of influence, revenue (tax) reallocation, and approvals by the Town Council, the Commission, the County Board of Supervisors and the Town's voters.

**TASK RESULT**

**A description of the governmental, legal and financial processes associated with detachment from a special district in California**

**Task 2** | **Conduct a Survey of Local Governments in California Which Have Detached or Have Recently Attempted to Detach from a Special District.**

The experience of other agencies in these processes would be a desirable and necessary step in this assessment. Because interest in detachment, in the sense of a municipality taking control over a core public service, has been rare (and unprecedented in completion) in California these experiences would be valuable in helping Atherton understand not only the processes and requirements but also the risks.

The project team would contact LAFCO's in urbanized counties across the State to identify their participation in any special district reorganizations in the past 10 years, the communities involved, the processes utilized, and the results, including reasons for terminating the process at any point within it.

The project team would also contact the municipalities with re-organization interest in the past about those processes, and the results including reasons for early termination.

**TASK RESULT**

**The product of this task would be the results of the comparative survey on special district / municipal reorganization in California in the recent past.**

**Task 3 | Develop a Risk Assessment for the Town.**

Once the documentary tasks describe above have been completed, the next step would be to evaluate the risks to the Town associated with the LAFCO process and potential steps to mitigate these issues. These risks include:

- The strength of application to initiate the process.
- LAFCO’s rejection to an application and suggestions to reduce that risk.
- Support by County Departments which would review the application.
- Public hearings initiated through protests against the application.
- An election for Town residents.
- The processes for special legislation to increase the potential for desirable outcomes.

These risks would be identified together with potential strategies which could reduce the potential for an unfavorable outcome.

**TASK RESULT**

**The product of this task would be an assessment of the risks in the special district detachment process and suggested measures to reduce these risks.**

**Task 4 | Develop an Action Plan for the Town.**

Once the tasks described above have been completed, the project team would develop an action plan on how to proceed if interest is maintained in detachment from the Menlo Park Fire Protection District. This action plan would encompass the following:

- Steps needed and timetable associated with a strong application / petition to LAFCO.
- LAFCO and County processes to review the detachment application and timetable.
- Planning for the public processes associated with hearings and elections.
- Approaches for special legislation, if needed.

Once staff and the Town has reviewed the action plan, and required modifications completed, we would be prepared to present the plan as desired by the Town.

**TASK RESULT**

**The product of this task and for this Phase of the project would be the draft and final report, including the recommended action plan.**

**2. Cost Proposal**

We would be pleased to provide the services associated with this proposal for a not to exceed fee of **\$13,500**. The work associated with completion of this phase of the project is estimated to be 2 months.

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We appreciate this opportunity to submit this proposal.

Richard Brady  
President

*Richard P. Brady*  
**Matrix Consulting Group**