



# Town of Atherton

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January 18, 2018

Subject: Fire Services Fiscal Review

Dear Resident:

As you may know, in late 2016, the Town initiated a Fire Services Fiscal Review. The Town elected to undertake a review after it had prepared an overview of the Town's municipal services and an initial assessment seemed to indicate that revenue received by the Menlo Park Fire Protection District (MPFPD) from Atherton residents far exceeded the cost to provide the services. Prior to engaging the services of Matrix Consulting, the Town asked for more Atherton-specific detail from the MPFPD but the District indicated that it was unable to provide that level of detail since it provided services District-wide versus specifically to Atherton. The issue(s) raised are not service related and the Town believes that the District provides Atherton residents with exceptional service.

The purpose of the Review was to answer three questions:

1. What revenue does the Menlo Park Fire Protection District receive from property taxes from Atherton residents?
2. What are the actual costs for services (direct and indirect) received by Atherton residents?
3. What would the cost of services be if the Town itself were responsible for providing fire protection services via its own municipal department or the potential contract for services?

The Review is complete and is now available on the Town's website. The City Council held its initial meeting on the Review on January 17 and the purpose of this letter is to provide a broad summary of the results of the Review and invite any member of the community to participate in the discussion at the February 21 City Council Meeting.

Attached is a 2-page Executive Summary of the results of the Review. We look forward to hearing from you at the February 21, 2018 City Council Meeting.

Sincerely,

Cary Wiest  
Mayor, Town of Atherton



**Executive Summary  
Town of Atherton  
Fire Services Fiscal Review**

The Menlo Park Fire Protection District provides Fire Services to the Town of Atherton. The District's area of jurisdiction covers approximately 30 square miles and includes the communities of Atherton, Menlo Park, East Palo Alto and some areas of unincorporated San Mateo County. The District estimates their population to be around 90,000. Assuming that population estimate is correct, the unincorporated County area population in the table below reflects the difference between the 90,000 population and the known populations of the three incorporated communities.

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***Revenue – What Revenue Does the District Receive From Property Taxes from Atherton Residents?***

In Fiscal Year 2015/16, the District received an estimated \$37.26 million in total tax revenue. Of that total, Atherton residents contributed \$11.81 million or approximately 31.7%. Atherton's population represents 8% of the District's 90,000 total population estimate. The land uses within Atherton are 99% residential, with limited exception being schools and the Menlo Park Circus Club. Atherton does not have commercial or multi-family land use.

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<b>Menlo Park Fire Protection District Revenue</b>			
<b>Jurisdiction</b>	<b>Population</b>	<b>Property Tax Revenue</b>	<b>%</b>
<b>Atherton</b>	7,207 - (8%)	\$11,812,734	31.7%
<b>East Palo Alto</b>	29,684 - (33%)	\$2,082,850	5.6%
<b>Menlo Park</b>	33,888 - (38%)	\$17,547,987	47.1%
<b>Unincorporated County</b>	19,221 - (21%)	\$5,817,192	15.6%
	<b>90,000</b>	<b>\$37,260,763</b>	<b>100%</b>

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For comparison, the 2015/16 budgets for each of the incorporated communities served by the District for basic property tax revenue:

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<b>Jurisdiction Revenue</b>			
<b>Jurisdiction</b>	<b>Population</b>	<b>Property Tax Revenue</b>	<b>Total General Fund Revenues</b>
Atherton	7,207	\$7,547,888	\$12,959,218
East Palo Alto	29,684	\$9,540,000	\$19,772,560
Menlo Park	33,888	\$17,263,249	\$50,043,413
		<b>\$34,351,137</b>	

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Revenue to the District shown above is Fiscal Year 2015/16. Revenue projections for FY 2017/18, based on a recent property tax study from HdL Consultants, reflect estimated property tax revenue from Atherton residents of \$13,653,178 to the Fire District, as compared to \$8,513,388 to the Town.

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***Cost - What are the actual costs for services (direct and indirect) received by Atherton residents?***

Although the District does not track or maintain records specific to individual jurisdictions they serve (rather to the District as a whole), computer-aided dispatch (CAD) records reflect service delivery by geo-location. CAD records show that Atherton accounted for 9.6% of the time spent on emergency calls in calendar year 2016. That factor was used in most areas of the District’s operational budget to determine the amount of effort required to provide services to the Town. Using the allocation where appropriate and actual costs where known, the following table reflects the Atherton allocation of costs to provide services using the Fiscal Year 2016/17 District Budget.

	<b>FY 2016/17 Budget</b>	<b>Atherton Capital Investment Costs</b>	<b>Atherton Operating Costs</b>	<b>Total Costs</b>
<b>Admin &amp; Support</b>	\$14,696,305	\$530,772	\$1,167,721	\$1,698,493
<b>Fire Suppression</b>	\$30,369,025	\$18,723	\$2,896,704	\$2,915,427
	<b>\$48,515,430</b>	<b>\$549,494</b>	<b>\$4,065,424</b>	<b>\$4,613,920</b>

***Independent Cost - What would the cost of services be if the Town itself were responsible for providing fire protection services via its own municipal department or the potential contract for services?***

The options for providing services independent of the District include formation of a stand-alone fire department within the Town and contracting for services with another entity. In either instance, the Town would continue to be a part of mutual aid and response programs such that fire service agencies respond across jurisdictional boundaries where necessary. This would not represent any change to current practice.

The consultant extrapolated the start-up costs and annual operational needs associated with a stand-alone fire department and used a current contract model in existence between Redwood City and San Carlos to assess the potential cost of contract for services.

- Potential Start-up Cost for a Stand-Alone Department - \$14.2 million
- Annual Operating Cost for a Stand-Alone Municipal Department - \$6.8 million
- Annual Contract Cost for a Contract-Services Model - \$7.4 million

**Next Steps**

***There are a wide range of options and next steps available to the Town. However, before considering any next steps, the City Council would like to hear from the community regarding the above data. As a reminder, the issue for discussion is not quality of service as the City Council believes that the District provides Atherton with exceptional service. You can find more information on the Review as well as a full copy of the Review, with back detail, on the Town’s Website – [www.ci.atherton.ca.us/fire](http://www.ci.atherton.ca.us/fire).***



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