



Item No. 18 Town of Atherton

CITY COUNCIL STAFF REPORT – REGULAR AGENDA

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: GEORGE RODERICKS, CITY MANAGER

DATE: DECEMBER 18, 2019

SUBJECT: REVIEW AND DISCUSS THE STATUS OF THE FIRE SERVICES FISCAL REVIEW AND PROVIDE DIRECTION ON NEXT STEPS

RECOMMENDATION

Review and discuss the status of the Fire Services Fiscal Review and provide direction on next steps.

BACKGROUND/ANALYSIS

In 2013, the Town put together material for its social media presence highlighting the various local municipal services provided to our residents. This material was created to help educate the community about the various services provided, the providers, and how they function. Services covered included animal services, cable services, library, school districts, mosquito and vector control, sanitation, sewer, transportation, water and fire. As a result of the research into these services, the data highlighted the cost of fire services provided to the Town via the Menlo Park Fire Protection District.

Over the next several years, the Town (and District) embarked on a series of conversations, meetings, and research to more clearly define the cost of services and to balance that cost against the revenue received by the District from Atherton residents. The District was able to provide data related to the revenue received by the District from Atherton residents as this data was also available via the County Assessor's Office. However, the District was unable to provide a detailed breakdown of services provided to Atherton residents and the specific cost of those services. The District advised that because they provide services to the jurisdictions of East Palo Alto, Menlo Park, Town of Atherton, and portions of unincorporated County of San Mateo as a whole, they were unable to breakout services and costs by specific jurisdiction. Ultimately, to get at the data at the level sought by the Town, the Town engaged a consultant to assist.

A full study was completed exploring alternatives that the Town could pursue. This Study has become known as the Fire Services Fiscal Review or Matrix Study Tasks I-IV. The City Council and Fire District jointly discussed the Matrix Study at a Joint Meeting in January 2019. The group discussed history and findings from the Study.

Following the January 2019 Joint Meeting, a Subcommittee of the City Council and the District's Liaisons were tasked to meet to identify ways to address the issues raised and improve collaboration. The Town put together a list of opportunities, which could be discussed by the subgroup. These opportunities were identified as Partnership Opportunities with the Menlo Park Fire Protection District. The intent of the list was to identify those areas of partnership that would assist with mitigating the equity issues raised in the Matrix Study between the cost of fire services and the revenue provided to the District by Atherton residents.

On July 22, 2019, the District advised that they had discussed the issue(s) with the Board of Directors and that they would like to explore 5 possible partnership areas. These areas were:

- 1) Emergency Management Services
- 2) A Joint EOC or MAC (at Fire Station 1)
- 3) Communications Infrastructure – Atherton's Communication Tower
- 4) LRAD and joint community notification systems
- 5) UAS/Drone Agreement

The subgroup met on July 23, 2019 to discuss the Town's list of partnership opportunities as well as the District's list. The Town Subcommittee advised that aside from Item No. 3, the items on the partnership list seemed to be a part of the District's underlying mission of support for communities within the District itself and were not Atherton-specific; therefore, the items did not go toward addressing the equity issue identified by the Town via the Matrix Study. The District advised that following Board discussion, it was made clear that the District believed that any partnership opportunity offered to one of its sub-jurisdictions should be offered to all and therefore the District must be prepared to do so. Therefore, only those partnership opportunities that were within the District's basic mission were considered. The Town's list was largely dismissed in favor of the District's more focused list.

The Town's Subcommittee expressed disappointment that the District did not wish to address the equity issue and expressed that the Subcommittee would have to report back to the Council and suggest next steps. The Subcommittee also noted that since the Town's initiation of concerns of equity, the Fire District has expanded their service model through the acquisition of new facilities, new vehicles, development of a regional fire academy, and enhancement of wages and benefits for fire personnel.

In October 2019, following a report out by the Subcommittee, the Council directed that the Subcommittee meet with representatives from the Local Agency Formation Commission (LAFCO) to explore the possibility of next steps through detachment or other solutions. The Subcommittee met with LAFCO in November 2019. LAFCO advised that they did not support the Town's detachment from the Fire District and believed that the consolidation of services, even at the countywide level, was the best course. Overall, LAFCO advised that they did not

have concerns about the fiscal equity issue(s) raised by the Town and felt that remaining in the District provided the best opportunity, not only for Atherton, but for other communities within the District's boundaries.

LAFCO advised that if the Town wished to pursue detachment, the Town could submit an application to do so and that application would be reviewed and processed by LAFCO in proper course. However, LAFCO advised that additional review and information would be required to provide LAFCO with data sufficient to review the application for detachment. That would represent additional cost to the Town.

At this time, the Town, Council, and Council Subcommittee have spent at least 5 years working with the District to identify and solve an equity issue between the cost to provide fire services to Atherton residents and the revenue provided to the District by Atherton residents.

As of FY 2015/16, the property tax revenue provided by Atherton residents to the Fire District totaled \$11.8 million and could be expected to rise each year based on Assessed Valuation at a rate of 3%-5%. Projected forward at a conservative rate of 3%, the *revenue* could be expected to be \$13.3 million or more for FY 2019/20. The cost of services based on the District's FY 2016/17 Operating Budget were estimated at \$4.6 million. Projecting forward aggressively at 5% per year, that *cost* could be expected to be approximately \$5.3 million.

The Matrix Study identified options for consideration should the Town desire to move forward. Those options are:

- Detachment
- Tax Agreements
- Special Legislation

Based on the results of the Study and subsequent conversations with the District and LAFCO, it is unlikely that a tax agreement could be negotiated; unlikely that Special Legislation would be supported; and a detachment application through LAFCO, although it could be pursued and would be processed, would not be supported by LAFCO staff.

POLICY ISSUES

It has been clearly expressed that the equity issue is unrelated to service delivery and that the District provides the Town and its residents with fire services of exceptional quality. Based on the feedback and discussions with the District, the policy issue is whether the Council would like to move forward with any of the following possible options and to what degree:

- further public education and engagement on the issue;
- completion of a formal application for detachment from the Fire District with LAFCO;
- further conversation with County and/or State legislators in pursuit of legislative relief;
- further conversation with the Fire District to pursue equity projects;
- end further pursuit of this issue; and/or

- combination of any of the preceding.

Before moving further forward on this issue, staff is requesting specific direction from the Council on what options to pursue for next steps.

FISCAL IMPACT

None at this time.

PUBLIC NOTICE

Public notification was achieved by posting the City Council 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 not limited to, media outlets, school districts, Menlo Park Fire District, service providers (water, power and sewer), and regional elected officials.

COMMISSION/COMMITTEE FEEDBACK/REFERRAL

This item ___ has or X has not been before a Town Committee or Commission.

- ___ Audit/Finance Committee (meets every other month)
- ___ Bicycle/Pedestrian Committee (meets as needed)
- ___ Civic Center Advisory Committee (meets as needed)
- ___ Environmental Programs Committee (meets every other month)
- ___ Park and Recreation Committee (meets each month)
- ___ Planning Commission (meets each month)
- ___ Rail Committee (meets every other month)
- ___ Transportation Committee (meets every other month)
- ___ Tree Committee (meets each month)

ATTACHMENTS

None