



Item No. 19 Town of Atherton

CITY COUNCIL STAFF REPORT – REGULAR AGENDA

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: GEORGE RODERICKS, CITY MANAGER

DATE: JANUARY 15, 2020

SUBJECT: REVIEW AND DISCUSS THE PROPOSED EDUCATION/OUTREACH PROGRAM RELATED TO THE FIRE SERVICES STUDY AND PROVIDE DIRECTION

RECOMMENDATION

Review and discuss the proposed education/outreach program related to the Fire Services Study and provide direction.

BACKGROUND

At the December 18 City Council meeting, the Council discussed issues arising from completion of the Fire Services Fiscal Review and provided direction on next steps. The Council opted to consider:

- 1) pursuit of further public education and outreach;
- 2) completion of an application before the Local Agency Formation Commission (LAFCO) for detachment; and
- 3) further conversation with County and/or State legislators for possible legislative relief.

Because items 1 and 2 could result in additional fiscal impact, the Council provided direction to staff to return with a proposal for an education and outreach plan (and any associated costs) for the Council's consideration and return with a cost estimate and necessary reports for the LAFCO process, should it be pursued. The staff report and analysis on the LAFCO cost will likely return to the Council at the March 4 Study Session. Attached hereto is a proposal for public education and outreach and an estimate of associated costs.

ANALYSIS

The City Council has been engaged in issues related to fiscal review of fire services since 2013. A Town website was created chronicling the process and providing links to various reports and

studies - <https://www.ci.atherton.ca.us/460/Fire-Services-Fiscal-Review>. The website provides a History and Overview, a brief description of the revenues and costs for fire services as well as a table/map of calls by incident type. The website also provides links to the various Council meeting staff reports and studies. The January 2018 Staff Report link includes the letter sent to Atherton residents in January 2018 outlining the issues facing the Town. That letter is attached.

Should the Town move forward with a detachment process through LAFCO, that process includes various public meetings and could ultimately include a public vote process. In brief, the basic process is:

1. Town adopts resolution of application referenced above and submits it with application, plan for providing service, indemnification and fees to San Mateo Local Agency Formation Commission (LAFCO). The Commission has the authority to approve, approve with modifications, modify or deny applications.
2. LAFCO staff processes the application by referring it to affected county departments (assessor, elections, etc.) and agencies (Town of Atherton, MPFPD, affected cities).
3. LAFCO application triggers a letter from the Controller to the County and the Town initiating a 60-day property tax negotiation period. Both the Board of Supervisors and City Council must adopt property tax resolutions before LAFCO can schedule the application for hearing.
4. Once the application is deemed complete including adopted resolutions of tax exchange, LAFCO can schedule a noticed public hearing.
5. At the hearing, the Commission has the authority to approve, approve with modifications or conditions or deny the application.
6. If approved, LAFCO would be required to hold a protest hearing at which registered voters can submit written protest. If 50% or more of the voters submit protest, the detachment is terminated. If less than 25% of the registered voters in the Town submit protest, LAFCO orders the detachment. If 25% or more of the registered voters but less than 50% submit written protest, the detachment is subject to an election at which a majority of the Atherton registered voters must vote in favor of the detachment.
7. If approved by lack of protest or by majority vote at an election, LAFCO would finalize the detachment once all conditions are met. Conditions could include an executed contract with another fire agency, acquisition of station, apparatus or other actions.

Without an election, the process would typically take 6 to 8 months. With an election, an estimate would be 15 to 24 months, depending on election timing. The LAFCO process is a public process.

Based on the time spent thus far on this issue and the various potential public processes to come, staff recommends an abbreviated public education process that utilizes the potential LAFCO process for further engagement.

A 4-page Athertonian Newsletter could be dedicated to the fire service issues and mailed to all Atherton residents. The cost of a mailer of this type is approximately \$2,000. Staff would engage the assistance of the Ad Hoc Subcommittee in preparing the publication. The recent Town Center Special Edition Athertonian is a recent example of a similar cost publication. Following

release of this publication and advertised within the publication, a community meeting can be hosted and facilitated by staff and the Ad Hoc Subcommittee. Refreshments at this meeting would be minimal cost (\$200). Alternatively, the Council could opt to host a full Special City Council meeting dedicated to the issue.

POLICY ISSUES

Policy discussion issues related to this item include whether or not to move forward with an abbreviated Town-driven public education process; expand the public education process with multiple meetings; and/or use the LAFCO process as the sole public education process.

FISCAL IMPACT

None at this time. Costs related to the public education process are driven by the Council’s desired options for the number of meetings and publications. An estimate would be \$2,000-\$2,200 per publication and associated meeting. All publications would be replicated and released digitally as part of the Town’s normal processes.

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

Letter to Atherton Residents – January 2018

ATTACHMENT 1
Town of Atherton



91 Ashfield Road
Atherton, California 94027

Phone 650-752-0500
Fax 650-688-6528

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.

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.

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

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

Jurisdiction Revenue			
Jurisdiction	Population	Property Tax Revenue	Total General Fund Revenues
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
		\$34,351,137	

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.



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

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.

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

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 – <http://www.ci.atherton.ca.us/index.aspx?NID=460>.