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BY THE CITY COUNCIL

FEB 2 1999

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CITY CLERK



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DEPARTMENT OF
FIRE

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January 21, 1999

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Conduct a comprehensive feasibility study to reorganize the City's Fire Department and the American River Fire Protection District as an independent district.

LOCATION/COUNCIL DISTRICT: Citywide

RECOMMENDATION: In light of the current manner in which property tax is distributed and based upon the potential for significant revenue increases, it is recommended that the City Council direct the City Manager to undertake, in cooperation with the American River Fire Protection District, a comprehensive feasibility study for reorganization of the City of Sacramento Fire Department and American River Fire Protection District as an independent district.

CONTACT PERSON: William H. Edgar, City Manager 264-5704
Dennis Smith, Acting Fire Chief 264-5268

FOR CITY COUNCIL MEETING OF: February 2, 1999

SUMMARY:

The City of Sacramento continually faces the challenge of how to provide reliable, cost-effective service. The local fire service has responded to this situation by working together on issues of common concern. This has resulted in the City of Sacramento's Fire Department considering the possibility of consolidation. Based upon geographical compatibility and the potential for developing new revenues, the City staff, in cooperation with American River Fire Protection District, should be directed to provide a comprehensive feasibility study for the reorganization of Sacramento

Fire Department and American River Fire Protection District as an independent district.

BACKGROUND:

Local governments throughout California are faced with the challenge of how to provide reliable, cost effective service in a period of diminishing revenues. In the Sacramento area, these challenges are particularly difficult due to the growth that has stretched the capacity of basic services beyond normal expectations.

The local fire service has responded to this situation by working together on issues of common concern. The development of a regional fire communication center, a multi-agency Urban Search & Rescue (USAR) Team, a regional approach to hazardous material response and combined training efforts has increased the efficiency of limited resources. Most recently, a complete boundary drop for emergency fire, rescue and medical services has resulted in the provision of a seamless service across the multi-agency area. Given the result of these actions, the only portions still separated are the administration and support functions.

Having maximized this informal cooperative approach, it appears that the natural progression of combining the management and support functions into one regional service provider is the next logical step.

In November 1996, a Fire Reorganization Task Force was formed. This Task Force was comprised of elected officials from the Sacramento City Council, Sacramento County Fire Protection District, and the American River Fire Protection District along with representatives from Firefighters' Union Local 522. The goal of the Task Force was to review options for the continued mutual benefit of the region.

During the course of the first several Task Force meetings, it was generally agreed by those present that while operational issues facing a Regional Fire Service could be addressed over time, the issue of governance of the fire service would need to be resolved first in order for the proposal to be a success. Therefore, the Task Force requested the Fire Chiefs from each of the three agencies to explore and present alternative governmental structures for the consideration of each of the existing governing bodies for a Regional Fire Service. The options presented included: Contract for Service, Annexation, Joint Powers Authority (JPA), a combination of JPA and Consolidation, and Joining together by special legislation at the state level.

While the four entities in the Task Force were unable to reach agreement upon the issue of governance of the consolidated agency, the consensus of the group was that the goal of a regionalized fire service was to achieve improved efficiencies and economies in the delivery of fire prevention, fire suppression, emergency response, and emergency medical aid service to the

constituents within the region. It would appear that there may be an opportunity for consolidation of the administrative and support functions which may result in improved efficiencies, enhanced revenues, and unification of this critical function without a loss or deterioration of emergency service levels. A consolidated regional fire service should continue to be the recommended course of action. Based upon a more favorable property tax distribution allowed for some special fire districts, a regionalized fire service could also provide new revenue for emergency service. Essentially, this revenue would allow for an enhanced level of service to the citizens of our community without increasing fees or taxes.

At this point, based upon geographical compatibility and the potential for developing new revenues, a feasibility study should be conducted on the transfer of the function of the City of Sacramento Fire Department to a special district.

Currently, the work plan would include but not be limited to:

- Identification and verification of the necessary revenue stream
- Geographical compatibility
- Evaluation of existing cooperative efforts
- Review of existing revenue and potential financial benefits associated with reorganization
- Establishment of a time line for action

FINANCIAL CONSIDERATIONS:

Over the last several years, the City has been implementing efficiency measures to reduce costs in the City's General Fund. The City's Fire Department is funded from the General Fund (\$51.1 million gross budget, \$41.0 million budget net of fire revenues). A study would investigate efficiencies such as reduced administration, maximizing personnel and equipment, increased savings from volume purchases, coordinated strategic planning, coordinated specialty teams, etc. Savings could exceed \$500,000.

In light of the potential for new specifically directed revenue and cost savings, a study is needed to further examine and quantify financial impacts of a merger. Staff will report back in the context of the Midyear Review with the cost of the study and any cost sharing agreements.

ENVIRONMENTAL CONSIDERATIONS:

This report does not involve an activity which would be covered by CEQA (California Environmental Quality Act).

City Council Agenda February 2, 1999

Conduct of a comprehensive feasibility study to reorganize the City's Fire Department and the American River Fire Protection District as an independent district.

POLICY CONSIDERATIONS:

This report is consistent with the City Council's priorities for Public Safety and Fiscal Viability and Reinventing of City Government.

MBE/WBE:

The City's MBE/WBE purchasing policies will be followed to secure the selection of a consultant.

Respectfully Submitted,



Dennis Smith,
Acting Fire Chief

RECOMMENDATION APPROVED:



for WILLIAM H. EDGAR
City Manager