COUNTY OF LOS ANGELES

FIRE DEPARTMENT

1320 NORTH EASTERN AVENUE
LOS ANGELES, CALIFORNIA 90063-3294

(323) 881-2401

P. MICHAEL FREEMAN
FIRE CHIEF
FORESTER & FIRE WARDEN

February 1, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

APPROVAL OF AMENDMENT NUMBER THREE TO THE ANNEXATION AGREEMENT BETWEEN THE CITY OF COMMERCE AND THE CONSOLIDATED FIRE PROTECTION DISTRICT OF LOS ANGELES COUNTY
(3 Votes) (1ST District)

IT IS RECOMMENDED THAT YOUR HONORABLE BOARD, ACTING AS THE GOVERNING BODY OF THE CONSOLIDATED FIRE PROTECTION DISTRICT:

1. Find that this Amendment Number Three to the Annexation Agreement between the City of Commerce and the Consolidated Fire Protection District is exempt from the California Environmental Quality Act.

2. Approve and instruct the Chair of the Board to sign Amendment Number Three between the City of Commerce and the Consolidated Fire Protection District of Los Angeles County (Fire District) for a minimum five-year term effective upon approval by your Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Fire District provides fire protection and emergency medical services to the City of Commerce (City) pursuant to an Annexation Agreement (No. 51258 dated December 10, 1985), as amended on November 1, 1988 and August 20, 1996. The Annexation Agreement is effective until it is terminated or renegotiated, as provided in the August 20, 1996 amendment. However, at the request of the City, the Fire District and the City have been operating on a month-to-month basis since August 2001. The City recently requested the Annexation Agreement be renegotiated and amended to extend its term for a minimum of 5 years.

A long-term agreement will benefit not only the residents of the City of Commerce, but the surrounding Fire District communities as well. Therefore, your Board is being requested to approve the attached Amendment Number Three with the following changes in terms.

Purchase of Fire Station 22

The Annexation Agreement required the City of Commerce to deed the title of Fire Station 22 to the Fire District at no cost. In the event the City should ever terminate its contract with the Fire District, a reversionary provision requires the return of ownership of Fire Station 22 to the City. Fire Station 22 is located at 928 S. Gerhart Avenue, on the border of the City of Commerce and East Los Angeles. The vast majority of Fire Station 22's jurisdiction and its responses are in East Los Angeles. Fire Station 22 is an essential part of the network of resources protecting the East Los Angeles area. Purchasing Fire Station 22 from the City now will ensure that the Fire District has a station from which to protect the East Los Angeles area should the City ever withdraw from the Fire District.

To establish a purchase price for Fire Station 22, both the City and the Fire District had Fire Station 22 appraised. The City's appraised value of Fire Station 22 was $447,000, while the Fire District's appraised value was $295,000. A purchase price of $340,000 has been agreed to by the City and is recommended to your Board.

Cost-Share Adjustments

The Fire District will assume full operational costs of Fire Station 22 since it primarily serves the unincorporated East Los Angeles area. The Fire District currently funds 66 percent of the staffing costs for this station; fully funding the station will cost the Fire District an additional $471,000 annually.

Additionally, the Fire District will increase its cost share for the staffing of Quint 27 from 25 percent to 50 percent. While physically located at Station 27 in the City of Commerce, Quint 27 is a regional resource that is critical for quint services in the City of Commerce and surrounding areas outside of the City. Funding the additional cost share will cost the Fire District $450,000 annually.

Term

Amendment Number Three would be effective upon Board approval and would extend the Annexation Agreement for a minimum of five years. The Annexation Agreement will thereafter remain in effect unless terminated by either party by giving 180 days notice prior to the anniversary effective date of Amendment Number Three.

FISCAL IMPACT/FINANCING

Approval of Amendment Number Three will authorize: 1) the purchase of Fire Station 22 in the amount of $340,000, and 2) an estimated $921,000 annual increase in the Fire District's share of staffing costs for Fire Station 22 and Quint 27. The Fire District will return to your Board upon conveyance of Fire Station 22 by the City, requesting approval of an Appropriation Adjustment to correctly account for the purchase of this fixed asset. Additionally, the Fire District has sufficient funds available in its current Budget to absorb the additional staffing cost share estimated to be $384,000 this fiscal year based upon an anticipated effective date of February 1, 2005.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Annexation Agreement was approved by your Board on December 10, 1985 (Agreement No. 51258), and was subsequently amended on November 1, 1988 and August 20, 1996.

The City Council of the City of Commerce approved Amendment Number Three on January 18, 2005.

County Counsel has approved the attached Agreement as to form.

ENVIRONMENTAL DOCUMENTATION

This Agreement is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the CEQA Guidelines because it can be seen with certainty that this activity will not have a significant effect on the environment.

IMPACT ON CURRENT SERVICES

No staffing changes will occur as a result of this Amendment. Therefore, there will be no impact on current services. The purchase of Fire Station 22 will eliminate a potential

future service impact to the East Los Angeles area should the City of Commerce ever terminate its Annexation Agreement with the Fire District.

CONCLUSION

Please instruct the Executive Officer, Clerk of the Board to return the following to the Fire District:

- Two (2) copies of the Minute Order and/or this approved letter, as applicable.
- One (1) executed original Agreement and two (2) copies of the executed Agreement.

The Fire District will return one original Agreement to the City per the City's request.

Respectfully submitted,

P. MICHAEL FREEMAN

PMF:ip

Attachment

c: County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller

AMENDMENT NUMBER THREE TO THE ANNEXATION AGREEMENT BETWEEN THE CITY OF COMMERCE AND THE CONSOLIDATED FIRE PROTECTION DISTRICT OF LOS ANGELES COUNTY

This Amendment Number Three ("Amendment") to the Annexation Agreement, County of Los Angeles Board of Supervisors' Agreement No. 51258 ("Agreement"), entered into on December 10, 1985, between the City of Commerce ("CITY") and the Consolidated Fire Protection District of Los Angeles County ("DISTRICT"), is made and entered into this _____ day of _____, 2005, by and between the CITY and DISTRICT.

W I T N E S S E T H

WHEREAS, the CITY and the DISTRICT entered into the above-referenced Agreement pursuant to which the DISTRICT provides fire protection, emergency medical, and related services to the CITY; and

WHEREAS, the Agreement has been amended on November 1, 1988, and August 20, 1996; and

WHEREAS, the initial 10-year term of the Agreement was extended by Amendment Number Two on August 20, 1996; and

WHEREAS, the CITY and the DISTRICT mutually desire to amend the Agreement, as amended, to extend the term of the Agreement, as amended, for a minimum of five (5) years in accordance with the terms provided herein (hereinafter the Agreement, as amended, and this Amendment Number Three shall be collectively referred to as the "ANNEXATION AGREEMENT").

NOW, THEREFORE, IN CONSIDERATION of the promises, covenants, representations, and agreements set forth herein, the parties mutually agree as follows:

I. EXTENSION AND TERMINATION OF AGREEMENT

A. The ANNEXATION AGREEMENT shall be extended for a five (5) year period (initial five-year term) commencing and effective on the date this Amendment

Number Three is fully executed by both parties (effective date). After the initial five-year term of this ANNEXATION AGREEMENT, either party may terminate the ANNEXATION AGREEMENT upon 180 days' prior written notice to the other. If neither party gives the required notice to terminate, the ANNEXATION AGREEMENT shall automatically renew each year for another one-year term, subject to either party's right to terminate with 180 days notice.

B. If either party desires to renegotiate the ANNEXATION AGREEMENT, either party shall give written notice to the other party at any time after the expiration of the initial 5-year term of this ANNEXATION AGREEMENT. Both parties shall act in good faith and fair dealing to renegotiate the terms and to cost-effectively control the costs of the CITY's annual fee paid to DISTRICT taking into account all circumstances at that time as mutually agreed to by both parties.

II. STAFFING

Section VI. STAFFING – EMERGENCY RESPONSE, FIRE PREVENTION, AND DISASTER CAPTAIN (as set forth in Amendment Number Two), is amended to read as follows:

A. The staffing level and cost share stipulated in amended Attachment A, attached hereto and made a part hereof, shall be effective on the date that this Amendment Number Three is fully executed by both parties. Amended Attachment A may be revised by mutual agreement of the City Manager of CITY and the DISTRICT Fire Chief without further amendment to the ANNEXATION AGREEMENT.

B. Should the CITY desire to supplement paramedic services in the CITY at any time during the term of the ANNEXATION AGREEMENT, the CITY shall give the DISTRICT written notice, and the DISTRICT Fire Chief and the City Manager shall work to expeditiously increase paramedic service as mutually agreed to by the DISTRICT Fire Chief and the CITY. Amended Attachment A shall be

amended to reflect the increased paramedic services and additional cost to the CITY as determined by the DISTRICT and agreed to by the CITY to be effective concurrently with the implementation of the additional paramedic service in the CITY.

III. SALE OF FIRE STATION 22 BY CITY TO DISTRICT

Section V, Fire Stations, of the Agreement, is amended as follows:

A. Pursuant to Section V., FIRE STATIONS, of the Agreement, the CITY was required to convey title of real property including land, structures, and fixtures located at 928 South Gerhart Avenue, Commerce (known as "Fire Station 22") to the DISTRICT with the stipulation that should the DISTRICT no longer utilize Fire Station 22 for the provision of fire protection and paramedic services to the CITY, the DISTRICT would return to the CITY all right, title and interest in Fire Station 22. The CITY now agrees to sell Fire Station 22 in fee simple absolute free and clear of reversionary clauses or restrictions to the DISTRICT. CITY shall remove any reversionary clause or restrictions on title to Fire Station 22 to the satisfaction of DISTRICT within 60 days of the effective date of this Amendment Number Three.

B. In consideration for the conveyance of Fire Station 22 to the DISTRICT as described above, the DISTRICT shall pay to the CITY the amount of Three Hundred and Forty Thousand Dollars ($340,000). Full payment for Fire Station 22 shall be made by the DISTRICT within sixty (60) days of the CITY's conveyance of title Fire Station 22 as described above.

C. Any reversionary rights of CITY in Fire Station 22 in Section V.(B) and Section VI.(A) of the Agreement are deleted, void and no longer in force or effect.

D. As provided for in amended Attachment A, the DISTRICT agrees that it will not charge the CITY for costs (salary and employee benefits or overhead) associated with the DISTRICT's staffing of Fire Station 22.

E. If title to Fire Station 22 is not conveyed in fee simple absolute to the DISTRICT within 60 days of the effective date of this Amendment Number Three, then on the 61st day after the effective date of this Amendment Number Three, the DISTRICT cost share for Fire Station 22 shall decrease from 100% to 66% and the CITY's cost share for Fire Station 22 shall increase from 0% to 34%. Amended Attachment A will be revised and the CITY's annual fee will be increased accordingly until the conveyance of Fire Station 22 to the DISTRICT as described above is completed.

IV. CONFLICT OF PROVISIONS

Section VII., CONFLICT OF PROVISIONS (as set forth in Amendment Number Two), is amended to read as follows:

A. In the event the provisions in this Amendment Number Three conflict with the provisions in the Agreement, as previously amended, the terms of this Amendment Number Three shall take precedence and supersede the conflicting terms of the Agreement or any prior amendment. Otherwise, all other Terms and Conditions of the Agreement, as previously amended, shall remain in full force and effect.

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IN WITNESS WHEREOF, the City of Commerce has caused this Amendment Number Three to the Annexation Agreement to be executed by its duly authorized officer; and the Board of Supervisors of the County of Los Angeles, as the governing body of the Consolidated Fire Protection District of Los Angeles County, has caused this Amendment Number Three to the Annexation Agreement to be executed by its Chair and attested by its Clerk on the day, month, and year noted herein below.

CITY OF COMMERCE

Rosalina G. Lopez

Rosalina G. Lopez, Mayor

ATTEST:

By Linda Kay Olivieri

Linda Kay Olivieri, MMC
City Clerk

APPROVED AS TO FORM:

By H. Francisco Leal

H. Francisco Leal, City Attorney

CONSOLIDATED FIRE PROTECTION DISTRICT OF LOS ANGELES COUNTY

Chair, Board of Supervisors

ATTEST:

VIOLET VARONA-LUKENS, Executive Officer
Clerk of the Board of Supervisors

By _____

Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

By Erin Young

Deputy

F:\Commerce\Agmt Amendment No 3 (1-11-2005)

AMENDED ATTACHMENT A - EFFECTIVE _____, 2005
CITY OF COMMERCE FIRE SERVICE STAFFING
ESTIMATED 2004-05 ANNUAL FEE

RESOURCE		RESOURCE STAFFING (a)	ESTIMATED 2004-05 RESOURCE COST	ESTIMATED 2004-05 CITY COST	
Station Operations:					
Fire Station 22	Engine	3	$ 1,414,407	$ -	(b)
Fire Station 27	Engine	3	1,414,407	1,414,407	
Fire Station 27	Truck	4	1,801,242	900,621	(c)
Fire Station 50	Engine	3	1,414,407	1,414,407	
Fire Station 50	Squad	2	927,291	927,291	
				$ 4,656,726	
Fire Prevention:					
Area Captain	Fire Captain	1	$ 152,560	$ 38,140	(d)
Area Inspector	Fire Fighter Specialist	3	129,019	387,057	
				$ 425,197	
			Subtotal	**$ 5,081,923**	
District Overhead		30.8475%		1,567,646	
ESTIMATED ANNUAL FEE 2004-05				**$ 6,649,569**	

Estimates provided herein are based upon a full fiscal year. Actual costs will be prorated based upon the effective date of this amended schedule as provided in Amendment Number Three to the Agreement, and will be updated yearly based upon the District's actual cost.

(a) Station Operations staffing numbers reflect post positions; three (3) people staff each position through a 56-hour week.

(b) District funds 100% of the resource cost excepting any paramedic bonuses; the City pays any FF/PM bonus.

(c) District funds 50% of Truck 27.

(d) Only 25% of a Fire Captain's time is allotted to the City; the remaining time is spent on activities outside the City.