



COUNTY OF LOS ANGELES

FIRE DEPARTMENT

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P. MICHAEL FREEMAN
FIRE CHIEF
FORESTER & FIRE WARDEN

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

August 17, 2010

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

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

**FEASIBILITY STUDY FOR THE PROVISION OF FIRE PROTECTION, PARAMEDIC, AND
INCIDENTAL SERVICES FOR THE CITY OF EL SEGUNDO BY THE CONSOLIDATED FIRE
PROTECTION DISTRICT OF LOS ANGELES COUNTY
(4th DISTRICT) (3 VOTES)**

SUBJECT

On December 1, 2009, the El Segundo City Council requested a proposal for the provision of Fire Protection, Paramedic, and Incidental Services from the Consolidated Fire Protection District of Los Angeles County (Fire District). In accordance with the guidelines prepared by the Fire District and approved by your Honorable Board on July 13, 2010, this feasibility study was prepared to outline the Fire District's preliminary recommendations for proposed staffing in the City of El Segundo (City) and provide preliminary findings regarding the benefits to Los Angeles County and Fire District residents and businesses; the evaluation of any increased County risk exposures and costs; and the evaluation of the City's financial solvency.

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

- 1) Approve the Feasibility Study and authorize the Fire Chief of the Fire District to provide a copy to the City of El Segundo.
- 2) Authorize the Fire Chief to begin the process of negotiations and, should the City Council of the City of El Segundo decide to proceed, to execute a Reimbursement Agreement with the City.
- 3) Upon successful conclusion of negotiations with the City, direct the Fire Chief to report back to your Board requesting adoption of a resolution making application to LAFCO for the annexation of

the City to the Fire District and, upon LAFCO's approval of the annexation, to return to your Board requesting final approval of the negotiated annexation agreement as approved by the City Council.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On December 2, 2009, your Honorable Board directed that any future requests for a proposal for services from the Fire District by an independent city meet specific criteria regarding liabilities, benefits, and financial risk. These new guidelines were prepared in consultation with the Chief Executive Office, Auditor-Controller, and County Counsel, and approved by your Board on July 13, 2010.

In accordance with the recently approved guidelines, this feasibility study was prepared to outline for the Board the Fire District's preliminary recommendations for proposed staffing in the City of El Segundo and provide preliminary findings regarding the following:

- reciprocal benefits to Los Angeles County and Fire District residents and businesses, as well as those of the City, including increased staffing and units that will be available to the Fire District and the City;
- evaluation of any increased County risk exposures and costs, including but not limited to liability and workers compensation benefits, to ensure that the fee structure would include a proportional charge for such costs to the City, and if appropriate, a charge back of any unique costs identified for the City's contract; and
- evaluation of the City's financial solvency, in consultation with the Auditor-Controller, using the City's last published Comprehensive Annual Financial Report (CAFR).

Upon completion of our evaluation, it has been found that the annexation of the City to the Fire District would provide benefits to both agencies. The City and Fire District's common boundary, which is located alongside the western boundaries of the unincorporated area of Del Aire and the City of Hawthorne, is conducive for economically sharing resources. The City would benefit from the Fire District's regional and specialized resources, while the Fire District and Los Angeles County would benefit from the additional resources that would be staffed within the City.

The Fire District would operate the City's two fire stations, Station 1 located on Main Street on the western side of the City, and new Station 2 located on Mariposa Avenue on the eastern side, for a total 2010-11 estimated cost of \$10.1 million. Constant staffing for both City stations with two assessment engine companies, one truck company and one paramedic squad would provide a total staffing of 12 uniformed personnel on-duty daily in the City, plus fire prevention staff.

The Fire District's fee structure would ensure that the City would pay its proportional share of costs associated with providing fire protection and emergency medical services, including expenses such as liability, workers compensation, and overhead. Additionally, a review of the City's 2009 CAFR concluded that it is anticipated that the City would be able to meet its financial commitments to the Fire District. Specifically, this study found:

- ☐The Fire District's rate structure for salary and employee benefits ensures that the City would proportionally share in the worker's compensation costs associated with positions assigned to the City;

- ☐ Transferring City employees would be required to leave retirement contributions on deposit with CalPERS and establish reciprocity with LACERA, limiting the Fire District's retirement benefit costs. The employee's LACERA contribution rate would be based on his or her age upon entering the CalPERS system. The Fire District's rate structure for salary and employee benefits includes a component for retirement costs for positions staffing City stations, and therefore the District costs would be fee offset;
- ☐ The Fire District's overhead rate includes actual liability costs incurred by the District over the last five fiscal years. The proposed annual fee for the City would include a proportional amount of liability costs based upon City staffing costs; and
- ☐ The Los Angeles County's Office of the Auditor-Controller has assisted the District's review of the City's CAFR for both 2008 and 2009. Based on the guidelines developed by the Government Finance Officers Association (GFOA) for evaluating a city's adequate level of fund balance necessary to mitigate current and future risks, the City met the GFOA's criteria for determining solvency in 2008 and 2009.

Implementation of Strategic Plan Goals

This Feasibility Study for the City of El Segundo supports the County's Strategic Plan Goal 3, Organizational Effectiveness, by identifying the benefits to the Fire District, and Goal 4, Fiscal Responsibility, by ensuring that the Fire District and the County are not subject to increased liability or costs as a result of providing services to the City.

FISCAL IMPACT/FINANCING

The approval of the Feasibility Study would result in no impact to net County cost. Were the City to pursue negotiations, the Fire District would enter into a Reimbursement Agreement with the City which would require the City to pay the Fire District for costs incurred in the evaluation of the City's facilities, equipment, and vehicles in order to establish one-time conversion costs to be borne by the City.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

This Feasibility Study is not binding on either the City or the Fire District and does not obligate the Fire District to provide service to the City, but sets the parameters for negotiation of a service level, and commensurate costs should the City opt to enter into negotiations for Fire District services.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The approval of the Feasibility Study would not have a negative impact on District operations.

Should the City pursue negotiations, however, annexation of the City to the Fire District would provide benefits to both agencies, including:

- ☐ Specialized Fire District resources such as hazardous materials and urban search and rescue

squads are constantly staffed and would be available to respond within the City as needed. Within 5 miles of the City, 24 District units are constantly staffed and would respond to major or simultaneous incidents within the City.

□ Engine and truck company response times to the unincorporated area of Del Aire would improve due to the proximity of City Station 2, and City units would be available as second-due units when simultaneous or large-scale incidents occur within the vicinity.

CONCLUSION

This Feasibility Study provides a basis for negotiations if the City so desires. Both the District and the City could benefit if a mutually agreeable service contract were achieved.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "P. Michael Freeman", with a long horizontal flourish extending to the right.

P. MICHAEL FREEMAN
FIRE CHIEF, FORESTER & FIRE WARDEN

PMF

Enclosures

c: Chief Executive Officer
Acting County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller
Department of Health Services
Los Angeles County Employees Retirement
Association
Local Agency Formation Commission

July 2010

Figure 1. Schematic representation of the experimental design. The subjects were divided into two groups: the control group (CG) and the experimental group (EG). The CG was divided into two subgroups: the control group (CG) and the control group (CG). The EG was divided into two subgroups: the experimental group (EG) and the experimental group (EG). The CG was divided into two subgroups: the control group (CG) and the control group (CG). The EG was divided into two subgroups: the experimental group (EG) and the experimental group (EG).

PRELIMINARY EVALUATION:

Step 1	City	Upon majority vote of City Council, complete Fire District questionnaire providing basic information needed to evaluate issues of liability and other risk exposures, financial solvency, and benefit to L.A. County/Fire District and submit completed questionnaire to Fire Chief with a request for a Feasibility Study for potential Fire District service. City must have a common boundary with the Fire District. Non-contiguous city contracts will not be considered.
	Fire Chief	Notify Board of Supervisors via memorandum of the city's interest in a Feasibility Study, including a cursory description of the city's fire department and a proposed timeline for submitting recommendations to the Board.
Step 2	Fire Chief	<p>Prepare preliminary recommendations for proposed staffing, and based upon those preliminary recommendations and the city's proximity to District/L.A. County, prepare Feasibility Study that:</p> <ul style="list-style-type: none"> - Determines benefit to L.A. County and Fire District residents, including increase in staffing and units that would be located within 5 miles. Units not within 5 miles of the County/District boundaries will not be considered as units having a direct benefit. - Evaluates city financial solvency based upon the city's bond rating. Bond ratings are recommended to be equivalent to L.A. County bond ratings, currently a A2 (Moody's) or A (S&P). If bond rating is not available, the Fire District will work with the Auditor-Controller to evaluate the City's last published Comprehensive Annual Financial Report (CAFR). - In consultation with the CEO and County Counsel, evaluates increased County risk exposures and costs, including but not limited to liability and workers compensation benefits, and ensures any fee structure includes a proportional charge for such costs to the city, and if appropriate, a charge back of any unique costs identified for the city contract.
Step 3	Fire Chief	Based upon findings of the Feasibility Study, either decline provision of services to the city and notify city manager, or submit findings to Board of Supervisors, with recommendation and justification to proceed with contract negotiations.

FEASIBILITY STUDY:		
Step 4	Board	<p>Based upon findings and justification submitted by Fire Chief, consider findings in the Feasibility Study.</p> <p>If approved, authorize the Fire Chief to enter into negotiations for provision of service and authorize the Fire Chief to enter into an agreement with the city to reimburse the Fire District for costs associated with an evaluation of the city's facilities, equipment, and vehicles, and any extenuating negotiation costs (Survey Reimbursement Agreement).</p>
Step 5	Fire Chief	Submit approved Feasibility Study to the city. Provide Survey Reimbursement Agreement for city approval.
Step 6	City Council	Evaluate Feasibility Study and determine if it desires to proceed with Fire District services. If so, approve Survey Reimbursement Agreement to reimburse the Fire District its cost to evaluate city's facilities, equipment and vehicles to determine potential conversion costs to Fire District operation.
NEGOTIATIONS:		
Step 7	Fire Chief	<p>Upon receipt of approved Survey Reimbursement Agreement from City, evaluate city facilities, equipment, and vehicles, and identify any other costs that the city would incur if services were to be contracted to Fire District. Negotiate a definitive level of staffing/equipment in the city and all other pertinent contract provisions.</p> <p>Forward service agreement to County Counsel, Auditor-Controller, CEO Risk Management, CEO Employee Relations, and CEO Classification/Compensation Divisions for review prior to concluding negotiations with the city.</p>
Step 8	City Council	Upon conclusion of negotiations, either decline District services, or approve negotiated Agreement for Services.
Step 9	Fire Chief	<p><u>Cities within Los Angeles County:</u> Submit request to the Board for approval of a Resolution Making Application to LAFCO for the Annexation of the city to the District.</p> <p><u>Cities outside Los Angeles County:</u> Submit negotiated Agreement for Services to Board after city approval.</p>

Step 10	Board	<p><u>Cities within Los Angeles County:</u> Either approve or deny District's request. If approved, resolution is submitted to LAFCO, and upon successful conclusion of LAFCO's public hearing, approves the Agreement.</p> <p><u>Cities outside Los Angeles County:</u> Consider Agreement for Services, either approve or disapprove.</p>
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