



## Item No. 24 Town of Atherton

### **CITY COUNCIL STAFF REPORT – REGULAR AGENDA**

**TO: HONORABLE MAYOR AND CITY COUNCIL**

**FROM: GEORGE RODERICKS, CITY MANAGER**

**DATE: OCTOBER 19, 2016**

**SUBJECT: REVIEW OF SCOPE OF WORK FOR A FIRE SERVICES FISCAL REVIEW AND AUTHORIZE THE RELEASE OF A REQUEST FOR PROPOSAL**

### **RECOMMENDATION**

Review the proposed scope of work for a fire services fiscal review and authorize the release of a Request for Proposal (RFP).

### **BACKGROUND**

On September 7, 2016 the Council discussed the possibility of engaging a consultant to review fiscal issues related to the provision of fire services in Atherton. At the October 5, 2016 Study Session, the Mayor directed that Council Member Wiest (Fire District Liaison) and Audit/Finance Committee Chair Bob Polito, along with the City Manager, serve as the Town's Ad Hoc Subcommittee to assist the City Manager in preparation of any scope of work related to a review of fire service fiscal issues. The Mayor would also serve as a liaison to the Fire District directly through the President of the Fire Board of Directors.

### **FINDINGS**

The Ad Hoc Subcommittee met at 8 AM on October 11, 2016. In attendance were Audit/Finance Chair Bob Polito, Council Member Cary Wiest, and City Manager George Rodericks. Fire Chief Harold Schapelhouman was invited to attend but advised on Friday, October 7, 2016 that he would not be attending. The Ad Hoc Subcommittee is not a formal Brown Act Subcommittee so there are no formal agendas and meeting minutes are not prepared. However, the City Manager did prepare notes from the meeting. These notes are summarized below.

### **Committee Notes**

The discussion of the Ad Hoc Subcommittee revolved around history, revenues, costs for service, and general calls for services. Initial questions asked included:

- How does ERAF (Educational Revenue Augmentation Fund) factor into revenues presented?

- What is the average cost per station? What is the average cost per call for service?
- The Tax Rate Area (TRA) revenue information provided to the district via MuniServices – does it include or not include ERAF?
- What options are there for taxpayer consideration, if desired? Short-term? Long-term?

Most of the above questions could not be answered with exact detail for Atherton. Staff shared the TRA Report from the Fire District from MuniServices, the FY 2016/17 Fire District Budget, a service response map for 2015 (included in the FY 2016/17 Budget), the Fire Chief's Report with attachments from the September 20, 2016 Fire Board Meeting, and a spreadsheet also provided at the September 20, 2016 Board Meeting that reflected a summary of fire services by variant jurisdictions and the cost models based on population and number of stations.

Following discussion, the Ad Hoc Subcommittee reviewed the following four (4) tasks for a draft Scope of Work:

**1) What revenue does the Fire District receive from Atherton residents via property taxes in support of fire services?**

For this item, the Fire District has provided a recent Tax Rate Area analysis from MuniServices. The role of the consultant would be to validate the information and provide an analysis of data for FY 2016/17 as well as a predictive model for the future.

**2) What is the cost of providing basic fire protection and emergency response services within the jurisdictional boundaries of the Town of Atherton from the Fire District? Beyond basic services, what other special services does the District provide to Atherton residents (i.e., hazmat, CERT, urban search/rescue, etc.)? In total, what do these add to the cost of basic fire services?**

For this item, the consultant would be tasked to prepare a summary of costs for basic fire protection and emergency response for the Town of Atherton from the Fire District. The consultant would then be tasked with adding the cost for any specialized services or programs applicable to the Town of Atherton to that basic cost - such as hazardous material response, CERT programs, urban search and resource programs, fire prevention, sharps drop off, disaster preparedness, etc.

**3) If there were not a Fire District and the Town were responsible for providing fire services independently, what would the cost of those services look like? What are the options? Would an additional fire station need to be built and staffed? If so, where would it be? What would it cost? What is the annual cost? What are the long-term cost models? What are the added liabilities? Are there any added benefits?**

For this item, the consultant would be tasked with preparing a fire service model for the Town if the Town were responsible for providing fire services itself. The consultant would need to take into consideration programs and services currently provided, programs and services necessary for a Town-service model (inclusive of overhead), and long-term debt/liability. The consultant would also need to project initial capital required to build a 2<sup>nd</sup> fire station (if needed - consultant determined) and other issues related to the initial delivery of service versus ongoing versus long-term costs.

**4) If Atherton taxpayers want to address the issues raised, how would they do so and what are the mechanisms for doing so?**

The consultant would need to analyze and provide a summary of process issues related to addressing any fiscal issues - LAFCo as well as legislative. The consultant should identify any impediments to doing so as well.

Summary/Recommendation

The Ad Hoc Subcommittee reviewed and approved the draft Scope of Work and recommended that staff present the Scope of Work to the City Council at the October 19, 2016 Regular Meeting. Staff and the Subcommittee suggest that the Council review the above draft Scope of Work; articulate any amendments thereto; and authorize staff to release a RFP with the above approved Scope of Work.

The Council could also consider requesting RFP respondents to divide the work into two phases completing Tasks 1 & 2 initially and then, upon approval, completing Tasks 3 & 4. This allows the Council to break the project into two phases and review and discuss the work effort as the project moves along. Alternatively, the Council could award the work for all 4 tasks at once.

If the Council authorizes the above Scope of Work, staff would prepare the boiler-plate RFP background and include the above Scope of Work.

**POLICY FOCUS**

The policy focus for this item is consistent with the direction of the Council at the September 7, 2016 Study Session to begin the work necessary to engage a consultant to review fiscal issues related to the provision of fire services to the Town of Atherton.

The basic issue for Atherton taxpayers is whether the revenue, based on property assessed values, has significantly outpaced the cost of both District or independent costs for fire services, and if so, by how much, and if so, whether there is a desire to address that issue in some way. The intent is

to gather the information to allow the District and Town to have a joint conversation and better understand the complexities of the service delivery, service model, and costs for service.

Staff does not anticipate conducting this analysis in a vacuum. Staff will be engaging the Fire District's participation as the project moves along and will be inviting the Fire Chief to all meetings of the Ad Hoc Subcommittee. The public will be kept involved via release of information on the Town's website. If the Study is authorized by the Council, staff will create a project page on the Town's website for data and analysis as the work progresses.

### **FISCAL IMPACT**

None.

### **PUBLIC NOTICE**

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting in print and electronically. Information about the item 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 be not limited to, media outlets, school districts, Menlo Park Fire District, service providers (water, power, and sewer), and regional elected officials.

### **ATTACHMENTS**

None.