
MENLO PARK FIRE PROTECTION DISTRICT

STAFF REPORT

To: Fire Board **Regular Fire Board Meeting**
From: Harold Schapelhouman, Fire Chief **Date: September 20, 2016**
Item: **CONSIDER, DISCUSS AND PROVIDE DIRECTION TO STAFF REGARDING A REQUEST FROM THE TOWN OF ATHERTON TO DISCUSS THE FISCAL EVALUATION OF FIRE SERVICES**

STAFF RECOMMENDATION

1. That the Board accepts the report as presented.
2. That the Board provide the Fire Chief with direction from the list of suggested options

REQUEST

The Town Council of Atherton recently held a Study Session on September 8, 2016, at 3:00 p.m., titled "Discussion of Possible Fiscal Evaluation of Fire Services"

After roughly 40 minutes spent on the topic, the Town Manager, in correspondence to the Fire Chief, wrote "*the Council made the following recommendations*":

1. Move forward with a scope of work for a request for proposal (RFP) for consideration at the October Council meeting
2. While that process moves forward, engage the Fire District, a Board sub-committee with a Council sub-committee to discuss the issues, direction and scope of work (to include the Fire Chief and City Manager) The Council sub-committee is Cary Wiest and Michael Lempres
3. While the above process are moving forward, also work to arrange a joint meeting of the Council and District (they understood that this would take some time to arrange)
4. The Town Manager has set up a Doodle poll to help arrange acceptable dates for a future meeting, please respond with your availability.

The Town Manager provided the following additional guidance on September 15, 2016, at my request. "*As refined as possible at this time, here are the broad queries:*"

1. Has the Town's property value's increased to the point that the funds received by the Fire District via property taxes far exceed the cost to provide basic fire services to the community?

2. If so, how can that be addressed? Should it be addressed?
3. What options do Atherton taxpayers have to address it if they choose to?

“To get the answer to those questions, I suspect a study would need to be able to answer the following:”

1. What revenue does the Fire District receive from Atherton residents via property taxes in support of fire services?
2. What is the cost of providing basic fire protection 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?
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?
4. If Atherton taxpayers want to address the issues raised, how would they do so and what are the mechanisms for doing so?
5. Once all that data is gathered, the Town would like to circle back and discuss all of the data with the District - who we hope would be involved at all phases of the study.

DISCUSSION

The Menlo Park Fire Protection District is an independent, single focused, special district, governed by a five person Board, elected at large from within the Fire District boundaries. The District was established 100 years ago and provides essential emergency services to the Town of Atherton, Cities of East Palo Alto and Menlo Park as well as areas of unincorporated San Mateo County.

The Fire District is well managed and fiscally responsible. Neither LAFCo policies nor economies of scale would support the Town of Atherton’s Council request for “detachment”, should that be requested. Replication of all service levels currently provided is very complex and problematic for a Town with the demographics and size of Atherton.

Statutory Authority under the State of California section 113862 says that the District has the power to provide fire protection services, rescue services, emergency medical services, hazardous material emergency response services and any other services related to the protection of life and property. The auditor of each County in which a district is located shall allocate to the District its share of property tax revenue.

Property Taxes in 2015/16, represent over 94% of the Fire District's annual source of revenues at \$37,260,763. They can be broken down by jurisdiction:

Town of Atherton	\$11,812,734	31.7%
City of East Palo Alto	\$2,082,850	5.6%
City of Menlo Park	\$17,547,987	47.1%
Unincorporated San Mateo County Areas	\$5,817,192	15.6%

(See Attachment A map)

The Town of Atherton is directly covered by five of the seven District's Fire Stations, with all seven stations covering the entire Fire District daily, as units are moved for training, maintenance, meetings, inspections and a variety of other non-emergency, but normal reasons outside of Automatic Aid.
(See Attachment B map)

The Fire District sees itself as one entity, comprised of multiple jurisdictions. Essential emergency services are provided by the closest fire station and available emergency unit, not by jurisdictional boundaries. Staffing and deployment are determined by risk, call frequency and potential loss, and not by jurisdictional boundaries. Move, cover and backfill are determined by response blocks for each Fire Station, not by jurisdictional boundaries.
(See attachment C map)

While population, household size, median income, parcel size, type and size of structures, property value, insured or not insured and demographics, geographic area are all relevant factors, the Fire District for the most part does not study or use this data by jurisdiction to determine "equity" values for critical emergency services delivery.

Equity, as defined by the Fire District, is that all residents, businesses and individuals inside the Fire District receive superior emergency services when needed.

Options

Based upon the totality of circumstance and Town Manager's request, the Fire Board President and Vice President have asked that the Fire Board be presented with options moving forward:

1. Maintain the Status Quo - Continue to post to the District's web-site or direct individuals, the Town Manager, Staff or Council, directly to existing web-site informational items for transparency and full disclosure.
2. The Board President and Town Mayor could meet to discuss mutual issues and concerns.
3. Select a Board sub-committee to work with Atherton's Council sub-committee.
4. Provide the Town with mutually acceptable dates to hold a joint Council/Fire Board meeting.
5. Have the Fire Chief continue to meet with the Town Manager on these issues.
6. Choose not to meet with the Town on this topic so they can retain a consultant to research this topic.

7. Allow the Fire Chief to retain the District's own consultant to research this topic
8. Jointly select a consultant to research this topic
9. Actively participate in the Civic Center Process to determine if any new operational advantages can be realized like a joint MACC.
10. Other recommendations?

Property Tax Information:

There are 232 Tax Rate Areas (TRA) in the Fire District, of which 39 are in the Town of Atherton (Two are not valued). The post ERAF weighted average of each TRA IS 13.47%, with property tax revenue of \$11,812,734 provided to the Fire District in 2015/16 per MuniServices March Fire Board Presentation

		Fire District Revenue by district share					
		2015-16	Pre-ERAF			Post-ERAF	
City	TRA	NAV	tax rate	Shift %	shift rate	tax rate	Revenue
Atherton	001001	3,474,520,407	0.156987204600	0.118574221	0.018614635	0.138372569152	4,807,783.15
Atherton	001002	167,955,691	0.147078778500	0.118574221	0.017439752	0.129639026955	217,736.12
Atherton	001003	131,321,136	0.150305421300	0.118574221	0.017822348	0.132483073099	173,978.28
Atherton	001004	681,023,285	0.148864580400	0.118574221	0.017651502	0.131213078786	893,591.62
Atherton	001005	478,291,837	0.157263374400	0.118574221	0.018647382	0.138615992333	662,988.98
Atherton	001006	615,756,768	0.156987252800	0.118574221	0.018614641	0.138372611636	852,038.72
Atherton	001007	31,416,905	0.156904576800	0.118574221	0.018604838	0.138299738879	43,449.50
Atherton	001008	20,911,693	0.155416919800	0.118574221	0.01842844	0.136988479648	28,646.61
Atherton	001009	21,516,048	0.150306755900	0.118574221	0.017822506	0.132484249450	28,505.37
Atherton	001010	114,000	0.154285418800	0.118574221	0.018294273	0.135991145497	155.03
Atherton	001011	1,671,773,767	0.145461791600	0.118574221	0.017248019	0.128213773017	2,143,444.22
Atherton	001012	23,276,405	0.150559285300	0.118574221	0.01785245	0.132706835374	30,889.38
Atherton	001013	600,303,756	0.150558468200	0.118574221	0.017852353	0.132706115161	796,639.79
Atherton	001014	15,472,231	0.148865646300	0.118574221	0.017651628	0.131214018298	20,301.74
Atherton	001015	143,524	0.150306755900	0.118574221	0.017822506	0.132484249450	190.15
Atherton	001016	13,837,582	0.157265406800	0.118574221	0.018647623	0.138617783743	19,181.35
Atherton	001018	4,002,289	0.150306900100	0.118574221	0.017822524	0.132484376552	5,302.41
Atherton	001019	12,783,457	0.150306755900	0.118574221	0.017822506	0.132484249450	16,936.07
Atherton	001020	493,939,746	0.150305364400	0.118574221	0.017822341	0.132483022946	654,386.31
Atherton	001021	213,137	0.150564072900	0.118574221	0.017853018	0.132711055288	282.86
Atherton	001022	0	0.154224008400	0.118574221	0.018286992	0.135937016788	0.00
Atherton	001023	0	0.154285418800	0.118574221	0.018294273	0.135991145497	0.00
Atherton	001024	0	0.128299437500	0.118574221	0.015213006	0.113086431680	0.00
Atherton	001025	107,670,430	0.155416256400	0.118574221	0.018428361	0.136987894910	147,495.46
Atherton	001026	0	0.148864580400	0.118574221	0.017651502	0.131213078786	0.00
Atherton	001027	7,224,823	0.150324219000	0.118574221	0.017824577	0.132499641877	9,572.86
Atherton	001028	110,973,316	0.150305449500	0.118574221	0.017822352	0.132483097956	147,020.89
Atherton	001029	38,430,347	0.145460440600	0.118574221	0.017247858	0.128212582210	49,272.54
Atherton	001030	7,005,726	0.172143044400	0.118574221	0.020411727	0.151731317058	10,629.88
Atherton	001031	0	0.153274230600	0.118574221	0.018174372	0.135099858150	0.00
Atherton	001032	6,112,879	0.167234345200	0.118574221	0.019829682	0.147404663040	9,010.67
Atherton	001033	0	0.150558468200	0.118574221	0.017852353	0.132706115161	0.00
Atherton	001034	2,182,797	0.150306900100	0.118574221	0.017822524	0.132484376552	2,891.86
Atherton	001035	0	0.158636031000	0.118574221	0.018810144	0.139825887246	0.00
Atherton	001036	29,910,977	0.150306755900	0.118574221	0.017822506	0.132484249450	39,627.33
Atherton	001037	513,949	0.158382216900	0.118574221	0.018780048	0.139602168955	717.48
Atherton	001038	45,884	0.167251862600	0.118574221	0.019831759	0.147420103328	67.64
							11,812,734.27

*Revenue is estimated based on TRA value and factor and not the actual AB8 apportionment formula.

Revenue estimates will vary from actual revenue received. This information is for estimation purposes only.

Historical Background:

On April 19, 2007, Atherton Mayor Alan Carlson wrote in response to a San Mateo County Civil Grand Jury report titled "Town of Atherton Building Department – Health and Safety Issues Require Immediate Action Interim Report" that highlighted eight findings, four conclusions and six recommendations involving public safety and NOT working with the Fire District "The interim report and its findings have caused substantial harm to the Town of Atherton and misconceptions within the community" Carlson wrote.

News articles in various media outlets were felt by the Town Council to be inflammatory, inaccurate and an amplification of the actual facts. By May 2007, a Joint meeting was scheduled and by December the final Grand Jury report highlighted the changed relationship and greater level of collaboration and cooperation between the Town and the Fire District, which lasts for many years.

NOTE: History tends to repeat itself, out of conflict can come resolution! In 2015, the Fire District performed 285 building plan reviews in the Town and we now work very closely with the Building Department

On November 8, 2012, Town Manager George Rodericks and Fire Chief Harold Schapelhouman meet for the first time over coffee.

On May 11, 2013, the Chief is injured and out until January 2014.

On November 14, 2014, the Town Manager writes "*As follow-up to our meeting yesterday, I have added your email to my Executive Team communications. You will receive a copy of any email that I send out to my executive team, to include Friday Email Communications to the City Council (the Executive Team is BCC'd). I host Executive Team Staff Meetings on the 1st and 3rd Tuesdays of each month at 10 am. I will typically send out an agenda prior and/or query for agenda items. The meetings are informal and are held in the Town's Admin Conference Room. You are welcome to attend or send a representative from the District to attend. You will receive any notifications of the staff meetings via email as a member of the Executive Team.*"

On March 31, 2015, the Fire Chief in correspondence with the Town Manager wrote "*I read the attached news article regarding library funds, especially the excess funds that could be used for the Fire District. Was this the reason behind your joint Board/Council agenda item listed as "Financial participation in the Civic Center Project (how, how much, etc.)"? Do we need to attend Wednesday's Town Council meeting or just wait for this to be addressed in the joint meeting?"*

Within the hour, the Town Manager responded "No. The reporter put the wrong spend on that component of the library fund issue. The only way that the town would share the library tax with other taxing authorities is through a state legislative act that reduces the library tax and redistributes the difference. That option is a highly unlikely option.

The origination of the fire district participating in the civic center project is based on the revenue to the fire district from Atherton versus the cost to provide direct services to Atherton.

The library tax has nothing to do with the council's perspective that the district should participate in the Civic Center project. The town is not looking for participation in the form of a review of the plans or a recommendation of design. The town is seeking a financial contribution and support of a fire or EMT station annex or in support of an emergency operations center or in support of communications in the project, etc.

NOTE: I believe this why the Town Manager has referenced that he has been asking for this information for three years but to be fair he directly states that the Town is seeking a financial contribution related to the Civic Center based upon the revenue to the Fire District from the Town Atherton.

April 29, 2015, A Special Joint Study Session was held between the Fire Board and Town Council to discuss items of Mutual Interest. Similar to the joint study session in 2007, the Fire Chief felt the meeting would help to explain how the Fire District operated and the value of its service to the Town. The agenda included:

BACKGROUND | ANALYSIS

The Town of Atherton and Menlo Park Fire District collaborate on a number of issues both from a policy perspective and a practical perspective for fire safety. Staff from both agencies work well together to address and mitigate local concerns. Over the years, it has been helpful for the policy boards of each agency to meet jointly to discuss issues of common interest. Tonight's joint meeting was setup to facilitate these conversations.

There are no action items on tonight's agenda. The agenda is set as a Study Session allowing both agencies to discuss issues and provide policy feedback for follow-up by agency staff. The President of the Fire Board and Mayor of Atherton met with the executive officers of each agency to discuss the broad topics for the agenda. A draft agenda was prepared and distributed for mutual interest prior to this meeting. **(A copy of this presentation can be found on the Districts web-site at www.menlofire.org)**

The Meeting Agenda is as follows:

- 1) How the Fire District Works
 - a) Fire District Finance
 - a) A discussion of Fire District Finance with a focus on revenue sources, expenditures, impact fees, etc. with specific attention to Atherton's jurisdictional boundaries.
(1) It is anticipated that the District will present this item to be discussed jointly.
 - b) Fire District Operations
 - i) A discussion of Fire District Operations with a focus on stations, coverage models, overlap, etc. with specific attention to Atherton's jurisdictional boundaries.
(1) It is anticipated that the District will present this item to be discussed jointly.
 - c) Fire District Statistics
 - i) A discussion of Fire District Statistics that can be included in a monthly City Manager's Report to the City Council.
(1) It is anticipated that the Town will present this item to be discussed jointly.
- 2) Primary Response Routes
 - a) Traffic Management Plans
 - i) A discussion of the Town's Neighborhood Traffic Management Plan and how it relates to Primary Response Routes.
(1) It is anticipated that the Town will present this item to be discussed jointly.
 - b) El Camino Real
 - i) A discussion of traffic safety along El Camino Real, status of the Town's Operational Study, and discussion of potential improvements along El Camino Real.
(1) It is anticipated that the Town will present this item to be discussed jointly.

ii) A discussion of the Town's Hybrid Pedestrian Beacons on El Camino Real, with specific emphasis on Almendral. (1) *It is anticipated that the Town will present this item to be discussed jointly.*

c) Marsh Road i) A discussion of Marsh Road as a Response Route and needs associated with improvements to the roadway/route. (1) *It is anticipated that the District will present this item to be discussed jointly.*

3) Emergency Preparedness

a) Civic Center Project

i) A discussion of the Town's Civic Center Project and development of a local Emergency Operations Center within the Police Department space. (1) *It is anticipated that the Town will present this item to be discussed jointly.*

POLICY ISSUES

The focus of the Joint Meeting is for the Board and Council to focus on the high-level policy issues that overlap the jurisdictional boundaries of the agencies. Finance, El Camino Real, response routes, traffic management plans, and emergency response have all been topics of conversation amongst the agencies and the opportunity to meet and discuss these issues jointly at the policy level will provide focus for agency executive staff.

Fire Chiefs Report – MAY 2015 (Fire Board Meeting)

Town of Atherton - Joint Meeting Summary

1. The Fire District will work with the Town on a "HAWK" traffic signal proposal for Almendral Avenue that supports improved pedestrian crossing of El Camino Real and traffic pre-emption for fire apparatus.
2. The Town and the District will cooperatively work together on traffic management planning for bicycle and pedestrian safety related to the District's primary response routes and public safety. El Camino Real, specifically is not recommended by the Fire District for interconnected bicycle routes and further discussion of the Marsh Road channel options needs to occur once the Town's study is complete. UPDATE: I attended a meeting on the Neighborhood Traffic Management Program with the Town.
3. The District supports the Town's efforts to improve pedestrian and bicycle safety through improved crossings over El Camino Real in Atherton.
4. The District and the Town will explore opportunities to create an improved emergency operational center or multi-agency coordination site for South Zone public safety responders at the new proposed Town Center. UPDATE: A tour was given to three of five council members
5. The District and the Town will explore a mutual fee waiver for the construction of new community facilities to reduce costs to the same public.
6. The District and the Town will explore a virtual kiosk for Fire Prevention permits at the New Town Center Building Department Offices.

7. The District and the Town will schedule joint meetings every one to two years to improve relations, cooperation and mutual goal setting.
8. The District proposes to share the results of the Nexus Impact Fee Study after it comes before the Fire Board and do the same with the standards of cover study.

On October 19, 2015, the Fire District received a letter from Atherton Mayor Rick DeGolia regarding participating in the Town of Atherton Civic Center Project – Emergency Services. “Staff to staff, the response to our request was not what the City Council anticipated and frankly, we think that this is a unique opportunity for forward thinking and to enhance the District’s Services. Therefore, without any disrespect to the Chief, the City Council has asked that I put this request directly to the Fire Board itself. Please ask your Board to consider participating in the Town’s Civic Center Project in an effort to address future Atherton (and District) emergency response needs”. **(See Attachment D)**

On October 28, 2015, after reviewing a letter from the Mayor to Fire Board President Kiraly, the Fire Chief wrote to the Town Manager *“The letter from the mayor goes before the Fire Board in November and we will be preparing a staff report. Is the communications between you and I referenced as the "staff to staff response" what was done over e-mail? I don't ever recall getting a formal and specific request from you on letterhead. As I recall, over e-mail, related to adding a fire facility, I pointed out what the Standards of Cover report stated that the number and that the location of our fire stations are currently adequate. I just wanted to confirm that because the letter from the mayor further states "this was not what the City Council anticipated", only concerns me from the standpoint of what was discussed at the joint meeting. We have been consistent in our messaging that while we appreciate the offer, there is no practical strategic advantage to locating a fire station at this location. Please let me know if there is anything else we need to cover or address regarding what exactly the Council is looking for”*.

On October 28, 2015, that same day, the Town Manager responded to the Fire Chief *“Thanks. Yes, the communication referenced was from our conversation. There was no formal, written request from me on Town letterhead. You have been consistent in your response that you felt it was not needed. The Council understands that that is the consistent message, they simply disagree with it and believe that getting into the Civic Center area now serves the district going forward - over the next 50 years”*.

On November 17, 2015, the Fire Board held its monthly meeting. The Fire Chief submitted a staff report in response to the Mayor DeGolia’s October 19 letter in which the Chief addressed each of the Mayor’s points from an operational perspective. **(See Attachment E)**

NOTE: The Fire Chief would support establishing a Multi-Agency Coordination Center (MACC) at the Town’s proposed Civic Center, but this concept did not seem to resonate with the Town. In regards to locating any type of emergency response services at the site, the proximity of existing District facilities to the Civic Center site offers no strategic deployment advantage and would be a waste of funds. (See Attachment F)

On January 19, 2016, the Town Manager in correspondence with the Fire Chief proposes dates for a joint meeting *“time flies, time again to plan an annual joint meeting with the Council/Board. Last year we did the 5th Wednesday. March 30, June 29?”*

On March 12, 2016, the Fire Chief in correspondence with the Town Manager wrote *“I noticed that the "joint meeting" is no longer on the schedule (based upon a Council Scheduling Update distributed on March 11, 2016). Do we need to pick new dates? Please let me know”*.

On March 14, 2016, the Town Manager responded to the Fire Chief, *“Having some challenges finding a date with some of the council. Please stand by to stand by until I work that out”*. (It should be noted that NO alternate dates or effort was made to re-schedule a joint meeting of the Town Council and Fire Board)

On March 28, 2016, the Fire Chief in correspondence with the Town Manager writes *“I noticed you had pulled the Nexus Impact Fee item from the Councils agenda and your attorney, despite a previous review where we adjusted our process based upon the Town's and others comments, has three more concerns or questions and seems to be communicating with Menlo's attorney as well. I know the first two questions are being handled by our legal team but the last concern that addresses that each jurisdiction must sign or the others will not, is hard to understand. Atherton has no commercial properties and the residential only applies to vacant land so the overall cost is minimal for new development. If anything, I would think the Town would want Menlo, EPA and The County developers to pay a fee because it benefits the Town by placing costs for expanding services where they belong. Please let me know if you would like to discuss this in person”*.

Within the hour, the Town Manager responds to the Fire Chief *“Happy Monday Chief - Regarding the Nexus Study, the City Attorney will go down his own path on this one and until he is satisfied there's not much I can do to pull it back. I get your rationale in placing costs where they should be. His basic concern, as I understand it, is that the Town should not be adopting the study and imposing the fee; rather, the fee should be adopted by the District and the Town could collect as a pass-thru or the District could collect directly”*.

NOTE: This is last casual correspondence between the Town Manager and the Fire Chief until August 22, 2016 when the Town Manager writes *“Chief, Would you have time to sit down and discuss the Town's Study Session Report on Fire Service Finances this week? Perhaps lunch or coffee? My availability is fairly open on Wednesday until 3 pm or Thursday until 1:30 pm. I am also open on Tuesday after 1:30 pm.”*

April 2, 2016 – Town Managers Update:

9. Fire District Nexus Study and Impact Fees

As advised, the Fire District's Nexus Study and Impact Fee item has been placed on hold pending the outcome of legal analysis by the City Attorney. The City Attorney has advised that the Town should not be adopting the study and imposing the fee; rather, the fee(s) should be adopted by the District and the Town could collect the fees as a pass-thru - or the District could collect directly. Until this is worked out, the Study and Fee adoption are on hold.

June 10, 2016 – Town Manager Update:

17. LAFCO - Martha Poyatos

I am meeting next week with Martha Poyatos, Executive Director of LAFCO to discuss the status of the Woodside Annexations/De-Annexations; De-Annexation Processes, County Islands, and Atherton's Sphere of Influence.

NOTE – There is NO reference to Fire Services prior to this meeting with LAFCo

June 17, 2016 – Town Manager Update:

7. LAFCO - Martha Poyatos

This week I met with Martha Poyatos, Executive Director of LAFCO to discuss the status of the Woodside Annexations/De-Annexations; De-Annexation Processes, County Islands, and Atherton’s Sphere of Influence. An additional conversation revolved around the cost of fire services and options for the Town moving forward. I discussed the possibility of conducting a feasibility study to independently work through financing of fire services, collection of property taxes, cost of services, as well as the process for detachment and contract for services. Martha will provide me with the names of a few consultants that conduct such work. I will be putting together a summary document for the Council’s consideration moving forward. I will ask for the Council’s direction on whether to proceed with hiring a consultant to conduct that independent analysis. The Fire District will be invited to participate in these discussions. The issues are not related to service delivery or quality of service delivery, rather, the cost of fire services for the Town.

NOTE: The Town Manager first references cost of services, property taxes, detachment and contracting for services

June 24, 2016 - Town Managers Update:

3. Managers Meeting - Menlo Fire Nexus Study

I am meeting on June 30 the City Managers of East Palo Alto, Menlo Park as well as a representative from the County to discuss the Fire District Nexus Fee Study and next steps/recommendations. Consideration of the Nexus Fee Study is on hold pending the outcome of these discussions and next steps. It is tentatively scheduled for the September Study Session. (The September 7 Study Session is Listed as for the Fire Services Nexus Study)

July 1, 2016 – Town Managers Update:

3. Managers Meeting - Menlo Fire Nexus Study

On June 30, I met with the City Managers of East Palo Alto and Menlo Park as well as a representative from the County to discuss the Fire District Nexus Fee Study and next steps/recommendations. Consideration of the Nexus Fee Study is on hold pending the outcome of these discussions and next steps. In the coming weeks, we will be setting up a meeting with the Fire Chief to discuss further. At this time, adoption of the Nexus Study has been put on hold. (The September 7, 2016 Study Session is changed to “Report to Council on options for fiscal and operational review”)

NOTE: The Town Manager changes the focus of the September Study session but never tells the Fire Chief and the Public site and Look Ahead continues to identify September 7 as a Fire Services Impact Fee Study Session

On August 2, 2016, The Fire Chief meets with the Managers Group representative, Alex McIntyre from Menlo Park. To summarize their meeting he writes “*I need to provide our Fire Board with an Impact Fee update, to recap our conversation, per my notes from our meeting on July 21, 2016, here is what I have down:*

1. *The managers met at the end of June regarding the District’s proposed development impact fees and collectively agreed to the following:*
 - a. *As a group, you don’t believe that each of you can bring this to your councils or Board yet*
 - b. *It appears the District is adequately funded with healthy property taxes and large reserves so there is a question of “equitable need”*
 - c. *The current Nexus report and information does not present a strong enough business case for moving forward*

- d. *If the District wants to move forward, the managers would like an independent analysis and review of the District's revenues, expenditures, reserves and overall fiscal health so they can make a more informed decision in order to recommend that these proposed fees move forward to each agencies elected officials*
 - e. *No strong political case or advocacy for impact fees has been made by the Fire Board to each of your respective elected officials*
2. *The Atherton and County Manager suggested looking at other less expensive ways to provide Fire Services in general*
 3. *The Menlo Park and East Palo Alto Managers were not looking to change the service model but also did not agree with paying any type of development impact fees without more proof and validation*
- I hope that captures the essence of our conversation, please let me know”.*

On August 3, 2016, he simply replies “Yes, your notes accurately capture our conversation”.

July 6, 2016 – Town Managers Update:

The September 7, 2016 Study Session is changed to “Fire Services - Report to Council on options for fiscal and operational review”

On August 17, 2016, The Town and the Fire District finalized and dedicated the first High Intensity Activated Crosswalk (HAWK) pedestrian and Fire Services traffic beacon in Atherton. “*Construction of this important improvement is the result of successful collaboration and partnership between the Town of Atherton, Menlo Park Fire District and Caltrans District 4*”. (The Town Manager met with the Fire Chief and discussed getting together to discuss fiscal and operational issues related to a study session)

August 22, 2016 - Town Council Update from the Town Manager:

STUDY SESSION ITEMS

Fire Services Report - I am preparing a brief staff report for Council discussion on fire service fiscal resource analysis. The issues to be discussed are not related to fire operations or service delivery. Rather, the report will focus primarily on fiscal review. I will be presenting a few options for the Council to consider in an effort to better understand the basic fire service needs for the community and the fiscal requirements to provide those services.

The report is not intended to debate the quality or quantity of services delivered by the Fire District. It is intended solely to provide the Council with an opportunity to discuss whether we should move forward with a study to review the fiscal resources and demands of the community with respect to fire services. There are consultant firms that provide this sort of detailed analysis. The Fire District would be involved in any study ultimately undertaken by the Town.

On August 30, 2016, John Orr, a reporter with the Daily News/Mercury called the Fire Chief in the evening about a conversation he had with the Atherton Town Manager regarding the equity of Fire Services to the Town, detachment

On August 31, 2016. The Town Manager and the Fire Chief met for lunch to discuss the proposed Study Session. The Fire Chief took notes during the meeting which he later that evening sent them to the Fire Board, essentially, giving them less than 7 days’ notice of the meeting in advance of a Holiday Weekend when several of them would be traveling and out of the area.

Atherton TM Meeting - August 31, 2016 - With George

- Web page creation - Property taxes
- Council members believe the cost would be less than 12m
- What exactly do you spend on fire services?
- How do we address the issue of equity when it's brought up by our residents?
- Orr called George about what as on the agenda
- Council wants to know what its options are
- George says hire a consultant to tell the City how much it would cost to put together its own fire department, consolidation, and contract services
- What does detachment looks like and what would the District be willing to negotiate
- The District cannot prevent the Town from getting out of the District according to LAFCO
- Looking at the cost difference between stand alone and current costs
- Consultant report by April/May
- Council is interested in understanding the information and fairness, transparency and the equity issue
- 8 to 9% of basic property tax pre-ERAF plus fees (Budget 11.9 - Revenues over expenditures each year is about half a million for improvements - Special parcel tax 1.8m renewed every four years
- I asked him why this wasn't brought up at the last joint meeting, or another scheduled but cancelled meeting this year or even a one on one with the liaisons...he obviously could not answer that question.

NOTE: I pointed out that the Town Web Site Look Ahead showed the Study Session to be regarding Fire Service Impact Fees, Not a fiscal and operational review of fire services and that I had been contacted by a reporter before we could even have our meeting. The Town Manager advised me that the Fire Board was welcome to attend. We did not discuss the time of the Study Session, which I wrongly assumed would be 7 pm.

On September 1, 2016 – Correspondence between the Town Manager, Fire Chief and LAFCo related to a joint meeting for noon on September 8, to make sure the Town Manager was informed with better facts from LAFCo and the Fire District, related to the staff report the Town Manager had released. **(See Attachment G)**

The Fire Chief wrote “Got it - Ok, noon will have to work, I'll be a little late to the County Chiefs meeting but they can fill me in at the end”

On September 8, 2016, a joint meeting with the Town Manager, Fire Chief and LAFCo was held at the Town Hall at noon. The group reviewed the correspondence from LAFCo and the Fire District and discussed concerns about communications between the elected officials. **(See attachment H)**

I advised that two of the Directors were out of Town, two were working and the other had a previously scheduled meeting conflict. My Deputy Chief, Fire Marshal and I equally were committed to a pre-scheduled County Fire Chiefs Meeting with a number of important items to review. I also clarified that until I read the staff report, that I was unaware of the 3:00 pm meeting time.

September 8, 2016 – The Town Council met and discussed the Town Manager Report – Discussion of Possible Fiscal Evaluation of Fire Services – Here is the link to that meeting <https://youtu.be/o-9PS9h7NH0>

September 9, 2016 – The Town Manager responded back to reporter Barbara Wood “*The Council expressed that they truly have no interest in detachment or the sharing of property taxes - never have. However, while they are not considering detachment, it is an option that remains open to the Town at the end of a very long process - a remote one - and one, at this point, they are not interested in pursuing. They really want to get the information, meet with the Fire District, jointly come to an agreement of facts, and have a conversation about it”.*

Frequently Asked Questions – FAQs:

Recent news headlines “Is town getting money’s worth from fire district”, “Town frets about fire service costs”, “Insults fly in spat with fire district” and “Could Atherton withdraw from the fire district” raise many questions and points. The Fire District has completed its own research, historical facts and prepared this report to assist the Fire Board and Town in hopes of moving forward.

1. Question - Has the Town been asking these questions about understanding the cost of fire services of the District in varying ways since 2013?

1. Answer – Yes and No - The March 31, 2013 correspondence is the earliest record I can find but it specifically also identifies the continued under current of the Fire District being asked by the Town to help pay for the Civic Center Project with “Atherton” property taxes in the form of a “contribution”.

The joint meeting held on April 29, 2015 would have been an excellent opportunity to specifically raise these issues, but as seen by the Atherton Staff Report and the Chief’s follow-up Report in May 2015, the Fire District focused on the HAWK signal, which was cost shared and supporting the Marsh Road Channel repair and Neighborhood Traffic Management Plan that we collaborated with the Town on.

This request or item has never publicly been brought up at a Fire Board meeting and outside of the Mayors letter regarding the Civic Center Project in October 2015, there is no official correspondence from the Council related to this topic.

2. Question – How much does the Fire District receive in property taxes from residents who live in the Fire District that are also within the Town of Atherton?

2. Answer - \$11,812,734 in 2015/16 – Not \$13 – \$15 million as reported

3. Question – How many Fire Stations cover the area of the District also in the Town of Atherton?

3. Answer – Five of the District’s seven Fire Stations provide direct first response to those areas of the Fire District also in the Town of Atherton. Only one of the five is in the Town limits.

4. Question – Who does the Fire Chief report to?

4. Answer – The Fire Chief reports to the elected Fire Board of the Fire District whom have statutory authority and responsibility for essential emergency services provided to the public by the Fire District. Those areas include the Town of Atherton, Cities of East Palo Alto and Menlo Park and areas of unincorporated San Mateo County, but those entities are NOT responsible for Fire and Emergency Services.

5. **Question** – Why has the Fire District not provided the Town with information specific to Atherton?

5. **Answer** – The Town is in the District, while the Fire District acknowledges Atherton, its network and location of fire stations was located to geographically serve the entire Fire District as a whole. Deployment of our resources and record keeping is done by emergency unit and station, not by jurisdiction. Atherton is seeking information as if it was its own standalone entity, which it is clearly not.

6. **Question** - Why was the Fire Board and Chief not at the Atherton Study Session?

6. **Answer** – It was not clear to the Chief or Fire Board what the meeting topic was and what time the session actually was until the Chief and the Manager met seven days prior to the meeting and in advance of the Labor Day Holiday Weekend. The Town Web-Site was wrong and the Board and the Chief were already committed elsewhere the day and time of the meeting.

Moving forward, the Fire Board will discuss options of resolution working with the Town of Atherton related to this topic and others based upon the mutual interests of the community.

7. **Question** – Is the District hiding information?

7. **Answer** – The District is a public agency, its budget, audits and other information can be found on its web-site, or produced on request. The specific Tax Rate Area (TRA) information for Atherton provided in this report, required that a consultant specifically pull this information from a broader report provided to the Fire Board in March 2016, that looked at the entire District and new development like Facebook.

CONCLUSION

The Fire District and the Town have enjoyed a relatively harmonious working relationship since their first joint meeting in 2007. Goals and collaboration related to these joint meetings have improved public safety and resulted in a higher level of service to the public.

From the District's perspective, the relationship quickly deteriorated when the Town included the term of "detachment" from the Fire District, in its correspondence and communications with the media, public and Fire District. As I told the Town Manager, "that term is equivalent, in our world, to yelling FIRE, in a crowded theatre", despite the remote chance that it could, or would, occur through a very difficult LAFCo process.

The undercurrent of the "equity" issues, related to the Districts property taxes and the Civic Center Project is still suspect. The timeline and narratives have changed over time, but the Town Managers response to the media on September 9, 2016 seems to continue to try and keep the door 'cracked open' to the possibility, despite the Councils deliberation and actual remarks at their Study Session "*The Council expressed that they truly have no interest in detachment or the sharing of property taxes - never have. However, while they are not considering detachment, it is an option that remains open to the Town at the end of a very long process - a remote one - and one, at this point, they are not interested in pursuing. They really want to get the information, meet with the Fire District, jointly come to an agreement of facts, and have a conversation about it*".

My recommendation to the Fire Board is until the Council either makes a formal public statement, or puts in writing, that detachment and sharing of property taxes are truly off the table, that the Board carefully consider the options in this report.

ADDITIONAL ATTACHMENTS FOUND ONLINE:

- [Atherton – Fiscal Evaluation Meeting Postponement Request](#)
- [CAFR FY2014-15](#)
- [Muni-Services Presentation February 2016](#)
- [Menlo Park FPD Standard of Coverage Final – Executive Summary](#)