



Legislation Text

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To: Board of Supervisors

Department or Agency Name(s): County Administrator's Office

Staff Name and Phone Number: Terri Wright: 565-3775

Vote Requirement: Majority

Supervisorial District(s): Countywide

Title:

Update on Fire Services Agency Stabilization and Consolidation Efforts

Recommended Action:

- A) Authorize the County Administrator to enter into an agreement with the Bodega Bay Fire Protection District to distribute up to \$1 million per year in stabilization funds through June 30, 2023.
- B) Authorize the County Administrator to enter into negotiations and execute preliminary agreements to distribute up to \$7.9 million to facilitate fire agency consolidations based on the holistic funding structure developed by staff with the following agencies.
 - i. Northern Sonoma County Fire Protection District and CSA 40
 - ii. Gold Ridge Fire Protection District and CSA 40
 - iii. Sonoma County Fire District and CSA 40
 - iv. Sonoma County Fire District and Bodega Bay Fire Protection District
 - v. Kenwood Fire Protection District
- C) Direct staff to coordinate with the Fire Services Work Group to develop an outreach and funding plan to place a Sonoma County Wildfire Prevention, Emergency Alert, and Response Measure on the June 2022 ballot.
- D) Direct staff to obtain the services of a consultant(s) to provide education and outreach and constituent polling.

Executive Summary:

As a result of actions taken by the Board of Supervisors during the FY2021-22 Budget Hearings in June 2021, this item aims to be responsive to direction received and seeks authority to negotiate and enter into several preliminary agreements that are aimed to fuel fire agency consolidations.

The Board's Budget Hearing action to appropriate an additional \$1.5 million of ongoing County discretionary funding towards the Fire Services project has provided a level of funding that allowed staff to develop a holistic funding plan that generally meets the recommendations of the Fire Services Work Group and/or is consistent with discussions that Supervisor's Gore and Gorin with Northern Sonoma County and Kenwood Fire Protection Districts. The Fire Services Ad Hoc acknowledges that the holistic funding plan being utilized does not give agencies everything they would like, but asserts the funding is consistent with past discussions with the Fire Services Work Group and/or partner agencies and should be enough to fuel consolidations. The Fire Ad Hoc is also entirely supportive of efforts that would make use of a new Sonoma County Wildfire

Prevention, Emergency Alert, and Response Measure to meet the full needs of these partner agencies that are seeking consolidation. If these consolidation efforts are successful, the effort will reduce the number of fire agencies in the County from 32 to 18, as represented in the attached maps and agency change list.

Staff is also seeking formal direction to work with the Fire Services Work Group to take the steps necessary to place a new fire sales tax on the June 2022 ballot, as well as the approval to seek the assistance of consultants to support the effort.

Discussion:

1) **Background**

1A) Fire Services Project

In 2014, the Board of Supervisors launched a multi-year effort known as the Fire Services Project, with a goal to facilitate the provision of more efficient, effective, and sustainable fire services in Sonoma County. The project has been supported by the Fire Ad Hoc, currently represented by Supervisors Rabbitt and Hopkins, and previously supported by Rabbitt and Gore. The effort began with the formation of the Fire Services Advisory Council (FSAC), which represented the seven fire service regions in the County. FSAC began to advise the Ad Hoc on funding requests and also began to advise the Sonoma County Local Agency Formation Commission (LAFCO) in an advisory capacity regarding fire service consolidations. Examples of funding recommendations from FSAC that have previously been approved by the Board include:

- \$900,000 to cover annual REDCOM dispatch fees
- \$300,000 to County Service Area (CSA) 40 to backfill annual revenue losses with the formation of the North Sonoma Coast Fire Protection District.
- \$800,000 for recruitment and retention program
- \$100,000 for the annual costs of Lexipol contract to standardize operating procedures
- \$500,000 for the Assistance by Hire program
- \$1.2 million for the Red Flag Upstaffing program

The FSAC also began working on a more comprehensive approach to provide more efficient, effective, and sustainable fire services when the October 2017 fire occurred. The 2017 fires made it clear that a more comprehensive approach was needed, and the FSAC was replaced by a smaller planning group from the Sonoma County Fire Chief's Association, which was known as the Strategic Leadership Group (SLG). Three key policy recommendations were developed with the advice of the Strategic Leadership Group following the October 2017 fires:

1. Recommendation that the County consolidate CSA 40 territory with nearby fire agencies, which would result in the County no longer providing direct fire response services.
2. Recommendation that the County provide supplemental funding for key consolidation efforts that would move the needle towards efficient, effective, and sustainable services.
3. Recommendation that the County pursue a fire sales tax to fund a countywide response deployment plan, which became to be known as the "silver plan."

Consistent with the recommendations made by the SLG, the Board approved the following actions:

- The dissolution of the Fire and Emergency Services Department in a three phased approach between

December 2018 and March 2019, that transferred fire prevention and hazardous material services to Permit Sonoma, created a separate emergency management department, and contracted with North Bay Fire to provide operational and administrative support for the Volunteer Fire Companies (VFCs) and other CSA 40 territory.

- The execution of a property tax transfer agreement with Sonoma County Fire District for annexation of the Mountain VFC totaling approximately \$49,000 annually, as well as an annual supplemental payment of \$1.6 million plus growth, with ongoing county discretionary funding and \$500,000 of one-time county discretionary funding to facilitate the consolidation of the Windsor-Rincon Valley- Bennett Valley fire agencies.
- The execution of Enhanced Services contracts totaling \$2.2 million with the Bodega Bay, Cloverdale, North Sonoma County Fire, Gold Ridge, and North Bay Fire agencies.
- Pursuit of a half cent fire sales tax (Measure G) that was placed on the March 2020 ballot.
- The execution of a revenue agreement with the Sonoma Valley Fire District to annex the Mayacamas VFC. The agreement also included a supplemental ongoing payment of \$158,000 plus growth beginning in FY 2020-21.

The County ultimately partnered with the Fire Services Work Group (FSWG), which was an expanded version of the SLG that also included labor and fire district representation, to develop the Measure G expenditure plan. While Measure G did not pass, missing the required two-thirds support of the electorate by 1.84 percent, the County continues to partner with the FSWG on efforts to pursue a new Sonoma County Wildfire Prevention, Emergency Alert, and Response Measure and advise on additional fire agency consolidations.

1B) Fire Services Project Funding

Since 2014, the County has been exponentially dedicating additional funding towards the Fire Services project, which included the following sources totaling \$5.7 million as the Board began its FY 2021-22 Budget Hearings:

- Transient Occupancy Tax (TOT) - \$900,000 (dedicated to dispatch fees by TOT policy)
- Measure L TOT - \$1,560,585
- Prop. 172 - \$3,996,451

During the FY 2021-22 Budget Hearings, the Board approved \$2 million of one-time discretionary funding to support Bodega Bay stabilization efforts (discussed more fully below) and an additional \$1.5 million of ongoing County discretionary funding to incentivize the consolidation of the agencies that are the topic of this Board Summary report.

The addition of the \$1.5 million of ongoing funding increases County funding to almost \$8 million of ongoing funding beginning in FY 2021-22. After meeting required obligations, the County now has approximately \$5 million in discretionary funding available to support fire agency consolidations.

1C) Consolidation Priorities and Complexities

Fire agency consolidations is a core goal of the Fire Services Project. Key amongst all the recommendations from the Fire Services Work Group (FSWG) is the consolidation of the seven remaining CSA 40 VFCs with willing partner agencies. The remaining VFCs of Bodega, Camp Meeker, Ft. Ross, Lakeville, Two Rock, Valley Ford, and Wilmar have banded together to form the North Bay Fire agency, which has established a self-

governance oversight structure that contracts with the County of Sonoma to serve the territory within CSA 40. North Bay Fire subcontracts with Gold Ridge Fire Protection District to provide operational and administrative support and the partnership has proven to be effective and strongly supports the FSWG CSA 40 plan recommendation that Gold Ridge should annex six of the remaining VFCs, creating an expanded agency with coterminous boundaries.

In addition to partner recommendations for the VFCs and remaining CSA 40 territory, the FSWG CSA 40 plan also included estimated funding needs each partner agency would need to annex a CSA 40 territory, and making clear that the property tax revenue generated in CSA 40 is generally not enough, especially in the case of ongoing needs of the VFCs. Additionally, since CSA 40 was formed to harness available funding for the VFCs and other territories not supported by a fire district, there is great disparity in the amount of property taxes for each territory. In particular is the case of Incident Response Program (IRP) 61, which is made up two territories, one in the north eastern boarder of the County near the Geysers and a second that generally surrounds the Austin State Recreational Area. IRP 61 has very few calls, but generates almost 40% of CSA 40 revenue because of the Geysers Geothermal Plant and the unique property tax structure that exists in the tax rate area. Since the inception of CSA 40, the County has made use of this funding to support all CSA 40 programs regardless of location. Past attempts by north county agencies to annex this territory have failed because the County has refused to rely on a strict return to source tax exchange agreement previously insisted upon for the area.

While the partner recommendations put forth by the FSWG CSA 40 plan have been widely supported by the Ad Hoc and the VFCs, by the end of FY 2020-21, the amount of Fire Services Project funds identified was insufficient to meet the recommended funding levels in the FSWG CSA 40 plan. Additionally, the CSA 40 plan also relies upon a full return to source strategy that has been a deal-breaker for the County in the past.

To try and mitigate the property tax inequities within CSA 40, staff began to explore a blended funding structure that might be deployed in the event sufficient funding became available to fund the CSA 40 plan. The funding structure developed by staff distributes the three available funding sources for CSA 40 consolidations: CSA 40 property taxes, Prop 172, and Measure L TOT funds on a per capita basis and provides an equitable mechanism for distributing available funding. However, further complicating plans for consolidating CSA 40 territory have been the funding challenges that Bodega Bay has been experiencing.

1D) Bodega Bay Background

Over the years, the County has provided various types of financial support to the Bodega Bay Fire Protection District (Bodega Bay), as the district has experienced fiscal shortfalls that are beginning to affect service delivery to their territory that is visited by more than \$3.7 million visitors a year. These shortfalls are generally attributed to the limited property tax revenue that is received as a result of approximately 29% of its territory being dedicated to state and county park lands that are non-taxable, despite the number of state and county park tourists that visits the area.

To try and mitigate these challenges, while also strengthening service delivery, Bodega Bay has actively sought to consolidate with the Sonoma County Fire District. The Local Agency Formation Commission (LAFCO) approved the consolidation of the two entities in December 2019, however, the consolidation was put on hold because of Bodega Bay's fiscal circumstances. The potential passage of Measure G represented the next opportunity to stabilize Bodega Bay by consolidating with Sonoma County Fire District. However, as indicated

above, the measure did not pass.

Following the failure of Measure G, the County confirmed the fiscal challenges being experienced by the district through an internal audit conducted by the Auditor-Controller-Treasurer-Tax-Collector (ACTTC), which elicited further steps to alleviate the fiscal pressure being experienced. These steps included the analysis of alternative revenue sources, which led to the County taking the steps to place the West County Transient Occupancy Tax on the March 2021 ballot. Unfortunately, the West County Transient Occupancy Tax also failed at the ballot box.

2) Summaries Supporting the Recommended Actions

2A) Recommended Action A: Bodega Bay Stabilization Funding

All of these challenges, along with the need to stabilize Bodega Bay until full consolidation with Sonoma County Fire can occur, led to the Fire Ad Hoc recommending and the Board approving, up to \$1,000,000 per year for two years, through June 30, 2023 to stabilize Bodega Bay. The original plan was to provide enough funding to have Bodega and Sonoma County Fire form a joint-powers-authority (JPA), which would not only stabilize Bodega Bay, but would set up both agencies for full consolidation. However, despite the Board authorizing an amount that would support the formation of a JPA, staff has been notified that the proposed JPA is no longer feasible. Therefore, staff will work with Bodega Bay staff to determine the amount of funding up to the annual \$1 million that is needed through June 30, 2023 to enable the organization to adopt a balanced budget as a stabilization mechanism.

2B) Recommended Action B: Negotiate Preliminary Agreements that Facilitate Fire Agency Consolidations

The Board's action during the FY 2021-22 Budget Hearings to appropriate an additional \$1.5 million of ongoing funding for the Fire Services Project has been a game changer for the Fire Services Project. Staff looked at the available funding and with the addition of the additional \$1.5 million, saw a path to not only meet the spirit of the FSWG CSA 40 funding plan, but a path that could also enable Bodega Bay to consolidate with Sonoma County Fire and also have enough money to support the Kenwood Fire Protection District, which was originally slated for support via the Enhanced Services contracts discussed above.

To be responsive to the Board's request during Budget Hearings, staff developed a preliminary agreement construct that would act as a promise of good faith and cooperation as a prerequisite of funding for consolidations that would be received through future revenue exchange agreements. To support preliminary agreement negotiations, staff developed introductory term sheets that identified the amount of funding a partner agency would receive via the equitable/blended funding structure, and included key objectives and provisions that are necessary for the preliminary agreement construct to work.

These introductory term sheets were previewed with the Fire Ad Hoc via separate partner meetings with Gold Ridge and North Bay Fire, Northern Sonoma County Fire, and Bodega Bay and Sonoma County Fire. Due to vacations and board summary due dates, the Ad Hoc was unable to meet with the Kenwood and Sonoma Valley Fire partnership and the Sonoma County Fire and North Bay Fire partnership. Staff did however meet separately with these agencies, and in a group meeting, in addition to previewing the distribution structure with FSWG.

While the introductory term sheets may have variations, the most critical objectives, assumptions, and

provisions enabling this construct to work are as follows:

Consolidation Objectives and Assumptions

- The County has finite resources and is seeking a holistic solution to distribute funding, as well as the structuring and executing the preliminary agreements.
- The County has made use of a funding structure that attempts to equitably distribute available CSA 40 and Fire Services Project funds to support consolidation costs to annex the remaining CSA 40 territory, while also identifying Fire Services Project funds to support consolidation efforts for Bodega Bay and Kenwood.
- The County has agreed to make use of the \$900,000 in TOT funds dedicated to cover REDCOM dispatch fees based on the recommendation from FSWG that these costs will be included for all fire agencies in the County as a part of the new fire tax plan.
- The County has relied upon the recommendations of the Fire Services Work Group (FSWG) to develop the introductory term sheets, but also recognizes that agency needs may not be fully met with this holistic distribution plan.
- The County's efforts are intended to ultimately reduce the number of fire agencies in the county from the current 32 agencies consolidating down to 18, made up of six city agencies and 12 fire districts.
- The County supports the potential passage of a new Sonoma County Wildfire Prevention, Emergency Alert, and Response Measure as a source of funding to meet agency consolidation needs.
- The County assumes LAFCO will support the partnerships established with the preliminary agreements and will revise Spheres of Influence as necessary to enable consolidations.

Key Consolidation Terms

- All partner agencies are expected to enter into preliminary agreements, thereby meeting the County's interest for a holistic solution.
- The County is amenable to revising the partnerships and amounts as outlined, as long as all partners agree upon proposed changes. In the event that one or more agencies refuse to sign a preliminary agreement, the agencies and County may still come to a good faith agreement to move forward with the consolidation.
- The County and partner agencies will cooperate and/or jointly apply with LAFCO for consolidations. Denial by LAFCO would result in the need to negotiate new terms.
- Partner agencies are expected to fully support and cooperate with the pursuit of a new fire sales tax.
- Agreements will contain growth provisions based on actuals from source funding for CSA 40 property taxes, Measure L TOT, and Prop 172. There are no growth provisions for the \$1.5 million appropriated at Budget Hearings or for the \$900,000 TOT dispatch funds.
- Funding is reliant upon the execution of the preliminary agreements, with the distribution of funds becoming effective upon the consolidations being finalized by LAFCO, whereby formal revenue exchange agreements would be entered into.
- The structure of the preliminary agreements will need to address potential limitations of the portion of CSA 40 property tax funding as a result of any future dissolution or annexation of all or a portion of CSA40.

Options if Partnership Fails

If the County's efforts to implement this holistic partnership effort fail, then staff would return with options for

the Board’s consideration regarding long-term plans to support CSA 40, which would include exploring the formation of a new County fire services agency. The County would be able to rely upon the agreement with North Bay Fire and Gold Ridge through June 30, 2023, to give staff time to identify and explore options.

Next Steps

Staff will continue to coordinate with ACTTC and County Counsel to finalize the preliminary agreements. Staff recommends giving partner agencies 30 days to advise of their intent to enter into negotiations to implement this plan.

2C) Recommended Actions C and D: Direct Staff to Coordinate with FSWG on the New Sales Tax and Obtain Services of Consultants

With this action, staff will formalize actions to coordinate with FSWG to develop a new outreach and funding plan to place a new fire sales tax on the June 2022 ballot. The Fire Ad Hoc has met with FSWG and they have agreed to broaden outreach efforts and seek to have expanded partnership at the table advising how best to pursue the new tax. The Fire Ad Hoc and FSWG agree that a successful tax measure will rely upon proper education and outreach; therefore, with this action, staff will take the steps necessary to obtain the support of consultants for education, outreach, and polling purposes.

Prior Board Actions:

- June 8, 2021 - Approved an Extension of the Enhanced Services and NBF Agreements
- March 23, 2021 - Approved Fire District Impact Fees
- December 15, 2020 - Added Additional Appropriations to the Red Flag Upstaffing Agreement
- November 30, 2020 - Took Actions to Place the West County TOT tax on the March 2020 Ballot
- November 10, 2020 - Bodega Bay Fire Protection District Revenue Analysis
- May 19, 2020 - CSA 40 Approved a Fire Apparatus Purchase
- February 11, 2020 - Approved the Mayacamas Revenue Exchange Agreement
- November 19, 2019 - Took Actions to Place the Measure G Fire Sales Tax on the Ballot
- July 23, 2019 - Approved a Consultant Agreement to Provide Assistance with a Fire Sales Tax
- June 11, 2019 - Approved an MOU with REDCOM
- May 14, 2019 - Took Actions to Finalize the Closure of the Fire and Emergency Services Dept.
- March 19, 2019 - Approved the Original North Bay Fire and Enhanced Services Agreements
- January 29, 2019 - Approved a Tax Exchange Agreement with Sonoma County Fire District
- August 14, 2019 - Approved the Fire Services Deployment Plan (Silver Plan)
- June 11, 2018 - Approved Funding for the Recruitment and Retention and Red Flag Programs
- July 19, 2016 - Approved Allocating TOT Funds to Fire Services
- April 19, 2016 - Adopted a Resolution Creating the Fire Services Advisory Council

FISCAL SUMMARY

Expenditures	FY 21-22 Adopted	FY22-23 Projected	FY 23-24 Projected
Budgeted Expenses	\$11,510,069	\$11,500,000	\$11,500,000
Additional Appropriation Requested	0		
Total Expenditures	\$11,510,069	\$11,500,000	\$11,500,000

Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other	\$11,510,069	\$11,500,000	\$11,500,000
Use of Fund Balance			
Contingencies			
Total Sources	\$11,510,069	\$11,500,000	\$11,500,000

Narrative Explanation of Fiscal Impacts:

The fiscal table above reflects for the following budgeted expenses for FY 2021-22, including the additional \$3.5 million appropriated by the Board during Budget Hearings as follows:

CSA 40 = \$2,340,593

Fire Services Project Funds = \$5,669,476

Budget Hearing Funds = \$3,500,000

The implementation of the Holistic Funding Plan, in addition to existing obligations would make use of available funding, therefore projections for FY 2022-24 are carryforward at a similar amount.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

- A. Preliminary Term Sheets
- B. List of Key Agency Consolidations
- C. Map of Key Agency Consolidations
- D. Map of Current Fire Agencies

Related Items "On File" with the Clerk of the Board:

None