

# City of Los Alamitos

## Agenda Report Discussion Items

July 21, 2015  
Item No: 9E

**To:** Mayor Richard D. Murphy & Members of the City Council

**From:** Bret M. Plumlee, City Manager

**Subject:** Discuss and Provide Direction Regarding Alternatives to Fire Services Provided by Orange County Fire Authority Joint Powers Authority

**Summary:** Due to the introduction of Assembly Bill 1217 and the adverse effects it will have on the City of Los Alamitos, Council Member Kusumoto, the City's Orange County Fire Authority (OCFA) representative, has requested Council discussion continued membership in OCFA and possible alternative fire services.

### Recommendation:

1. Discuss the benefits and disadvantages of continuing membership in the Orange County Fire Authority (OCFA) per the current Joint Powers Agreement, and if determined,
2. Direct Staff to develop a legal strategy to secure the City's equity stake in the OCFA; or,
3. Direct Staff to proceed with a comprehensive financial analysis to determine capital expenses, annual costs, and revenue sources to create a Fire Department under the authority of the City Manager and City Council.

### Background

The Orange County Fire Authority was formed in 1995 by the County and a collection of 18 cities that sought to jointly exercise their powers to provide mutual fire protection and emergency services.

Currently, OCFA is governed by a 25 member Board of Directors with two members from the OC Board of Supervisors and a representative from each of the 23 member cities. The OCFA Board of Directors oversees an organization with an annual budget of approximately \$469 Million, employs more than 1,200 people, and provides emergency

services to 1.8 million people over an area of approximately 580 square miles in Orange County.

## **Discussion**

Assembly Bill 1217 (Daly- AD69) is an attempt to fundamentally change the governance structure of the Orange County Fire Authority and if passed, would legislatively override the Joint Powers Agreement that formed the OCFA in 1995.

According to the Bill's sponsor, AB1217 is a district bill with the goal of modernizing the governing structure of the OCFA. If enacted, the law would strip away representation from over half of the current member cities, and replaces it with a gerrymandered formula that guarantees Board membership for the largest member cities, including the City of Santa Ana, which is the only OCFA member city within AD69.

Despite vigorous opposition from 21 of the 23 cities, AB1217 was passed out of the Assembly on May 26. The consequence of this legislative overreach is that cities in their respective groupings are forced to depend on a regional representative that may not have any direct or indirect responsibility to the Los Alamitos community.

The amended legislation groups Los Alamitos with other Structural Fire Fund Cities of Cypress, La Palma, Villa Park and Yorba Linda (Seal Beach is a "cash contract" city and is grouped with other cash contract cities).

Recently, AB 1217 was referred to the Committee of Government and Finance. However, the hearing was canceled at the request of the author on July 2. Assemblyman Tom Daly announced that he will hold the bill from further action until next year. Daly decided to place the bill on hold following a recent decision by the OCFA Board of Directors that proposes the potential elimination of the 24 alternate members, effectively cutting the size of the board in half. A majority of the OCFA Board recently concluded that the provision for Alternate Directors could be eliminated. As a result, its General Counsel drafted a Third Amendment to the Joint Powers Agreement and the OCFA Board approved the amendment on July 1, 2015. In order for the amendment to become effective, it must be approved by at least two-thirds (e.g. 16 of 24) of the member agencies' governing bodies. We have included a separate staff report on the July 21, 2015 City Council agenda for the Council to consider approving a Resolution, which would support the elimination of the Alternate Directors.

### **Timeline to Exit OFCA:**

- Notice of Withdrawal – July 1, 2018 to withdraw by June 30, 2020 (IAW JPA)
- Written Notice to the County Assessor – November 30, 2019 (IAW Gov Code 54902)
- Resolution by the County – March 1, 2020 (IAW Gov Code 25643)

Upon Council's direction, Staff will move forward with a comprehensive financial analysis to determine capital expenses, annual costs, and revenue sources to create a Fire Department under the authority of the City Manager and City Council. Staff is also in the process of talking to other cities about sharing information and the possibility of sharing in the cost of a consultant in regards to the potential of withdrawing from OCFA.

## Fiscal Impact

\$1,716,485 of property tax revenues from Los Alamitos was paid into the OCFA Structural Fire Fund during Fiscal Year 2014/15. OCFA doesn't track, allocate or categorize costs on a city-by-city basis. However, the OCFA has indicated that the approximate annual cost for station resources within the City for Fiscal Year 2014/15 was approximately \$2,766,699.

The cost was calculated by the OCFA using a method referred to as "Truck & Engine Company Costs", which allocates all OCFA budgetary costs (direct labor, support, administrative overhead, services & supplies) to frontline personnel in order to determine the fully burdened cost. Fire Station 2 in Los Alamitos is staffed with a 3 person Paramedic Assessment Unit (PAU) Engine. A total of 9 employees are required to staff the 3-person unit over 3 shifts for 24/7 coverage. The Truck & Engine Company Costs for a 3-person PAU Engine in Fiscal Year 2014/15 was determined by OCFA to be approximately \$2,766,699, which includes the full cost for the 9 employees and a proportional cost of all other aspects required to run a fire department (Battalion Chief, Division Chief, Fire Chief, Dispatch, Fleet Maintenance, HR, etc).

If the City Council directs staff to explore the possibility of running and operating a Fire Department, legal and fiscal analysis will need to be performed to determine how much of the property tax revenues (which amounted to \$1.7 million in Fiscal Year 2014/15) would be available to the City to run its own Fire Department if the City withdrew from the OCFA. In addition, comprehensive fiscal analysis would need to be performed to determine the capital and operating costs of running a Fire Department, which would require the use of a consultant. The City will work with other cities to possibly share in the cost of a consultant. If staff receives direction from the City Council to proceed with analyzing the legal and fiscal impacts of running its own Fire Department, staff will return at a future City Council meeting with a cost estimate and a request for a supplemental appropriation for the requested professional services.

Submitted and Approved By:

  
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City Manager

Fiscal Impact Reviewed By:

  
Jason Al-Imam  
Administrative Services Director