

HERMOSA BEACH

Future Fire Services Study Session



December 19, 2016

Overview

- Review of Citygate Analysis
- Los Angeles County Fire District Conversion Costs Estimates
- Five Ambulance Program Options
- Next Steps
- Question & Answer

Background

October 18th Study Session

- Council reviewed input from the citizen engagement process and discussed options for the provisions of fire services
- Council was provided staff's costing analysis for comparison between the two options for future fire services
- Further discussed Fire District's Feasibility Study; provided with Council direction to continue negotiations with Fire District
- Directed to engage Citygate for analysis/peer review of Fire District Feasibility Study
- Introduced Ambulance Program options



Review & Assessment of Operational Components of the Los Angeles Fire District Proposal for the City of Hermosa Beach

Citygate Analysis

- Citygate Associates, LLC was retained by the City to review the operational and fiscal components
- Citygate Associates is a consulting group with vast experience providing fire services studies to the cities of San Diego, Oakland, Stockton, Pasadena, the Sacramento Metropolitan Fire District, and both the Ports of Long Beach and Los Angeles, to name a few
- Previous experience with Hermosa Beach

Citygate Analysis

“it is hard to place a cost on the significance of the City forever not being responsible for personnel tragedies, fire apparatus or station failures, or safety code upgrades. All such issues would be handled by the District at its very large economy of scale, and then passed onto all the contract cities fairly.”

Citygate Analysis, cont'd

Citygate determined the following:

13 Key Findings

in relation to review and assessment of operational components of the Los Angeles County Fire District proposal to the City of Hermosa Beach

Citygate Analysis, cont'd

Los Angeles County Fire District Services Proposal

Finding #1:

Citygate cannot support, in any manner, the current staffing level of the Hermosa Beach Fire Dept.

Personnel will wear out, and the size of the headquarters team is insufficient to provide the necessary oversight for firefighting and paramedic services.

Citygate Analysis, cont'd

Finding #2:

District's proposal completely meets the operational needs present and future. There is no way a one-station fire dept. can ever cost effectively afford the District's team bench depth, specialties and extra technical response capacity

Citygate Analysis, cont'd

Contract Fire Services Conversion Issues

Finding #3:

District's proposal adequately & fairly addresses the usual and customary conversion costs. Citygate found no issues to be added

Citygate Analysis, cont'd

District-proposed Annual & Start-up Contract Costs

Finding #4:

District's formula and detailed uniform personnel cost supporting materials is adequate & appropriate use of information to develop personnel costs in the Hermosa Beach proposal

Citygate Analysis, cont'd

District-proposed Annual & Start-up Contract Costs

Finding #5:

District's overhead expense format, calculation and distribution of costs among fire stations, fairly distributes the benefits of supervision, supplies, equipment etc.

Citygate Analysis, cont'd

Proposed City Fire Dept. Budget with Added Staffing for 2016-17

Finding #6:

Budget of \$6,225,198 correctly included salary & benefits for added positions, as well as materials, supplies, etc. to accompany staff increase, along with a credit for revenue earned by the Fire Department

Finding #7:

Estimated net annual expense of \$6,225,198 in fiscal year 2016-17 at upgraded staffing levels results from subtracting revenue received by the Dept. as a credit against the City's General Fund expense

Citygate Analysis, cont'd

Fire Station Rehabilitation or Replacement

Finding #8:

Costs estimated to range from \$2,091,000 to \$14,684,523 dependent on use

- District estimate for rehabilitation (including 15% contingency) is \$2,091,000
- District offers range from \$5,020,000 to \$10,925,000 to construct new fire station
- District willingness to “front” costs
- City to review not just annual costs, but total costs of borrowing (including interest) for \$5 - 10.9M new station

Citygate Analysis, cont'd

Contracting with Fire District:

City Stranded Costs, Unfunded Retiree Health & CalPERS Pension Liability

Finding #9:

Costs comparison of Fire District contract alongside continuing a City-operated Fire Dept., expenses have been added to the base District contract to include following:

- Minimum \$800,000 for CalPERS unfunded liability payments
- \$108,312 for unfunded retiree health benefits
- Estimated \$511,875 in annual “stranded” costs

Citygate Analysis, cont'd

Contracting with Fire District: Ambulance Revenue Options

Finding #10:

City's ambulance revenue is impacted depending on which of several ambulance service alternatives it chooses to pursue.

- If City retains ambulance service responsibility & contracts with private provider, net revenue loss totals about \$403K
- This is an expense along with "Stranded Costs" and CalPERS unfunded liability expense

Citygate Analysis, cont'd

Comparison of City Fire Dept. vs. Fire District Contract Expenses

Finding #11:

General Fund cost of rebuilt and ongoing separate City Fire Dept. is \$6,225,198 – estimated \$384,917 less than cost of District contract that includes the City using private ambulance vendor

Finding #12:

Significant capital cost savings occur for City through contract with District. District rehabilitation of current fire station cost estimate is \$2,091,000 vs. estimated City cost to construct needed headquarters – with offices & fire station – of \$14,684,523

Citygate Analysis, cont'd

Comparison of City Fire Dept. vs. Fire District Contract Expenses

Finding #13:

Even with three added chief officers and three added firefighter/paramedics (one firefighter/paramedic per shift), a one-station fire department will always be fragile and subject to personnel vacancies and limited fiscal ability to provide all typical fire service programs within regulatory compliance.

For nearly the same, the City, in a contract with the District, buy comprehensive, sustainable fire services.



Negotiation Updates with LA County Fire District

District Negotiation Updates

October 31st Meeting Updates

Discussions with LA County Fire District, Hermosa Beach Finance Director Viki Copeland and Hermosa Beach Interim Fire Chief Pete Bonano included the following topics:

- Lowering the annual fee payment cap from 5.5% down to 4%
- Elimination of fire prevention fees
- Credit for engine 12
- Credit for the Chevrolet Tahoe utility vehicle
- Credit for two ambulances (based on the City's decision on the ambulance program)
- Cost sharing of the paramedic rescue squad
- Credit for the fire department trailers
- Consider Conversation Cost payment options to a 5-year repayment period

District Negotiation Updates

December 7th Updates

The Fire District has agreed to the following:

- Lower the annual fee limitation soft cap to the 4%
- Reduce fire prevention fees by 50%
- Credit for the Chevrolet Tahoe \$15,220
- Credit for two ambulances in the amount of \$165,000
- All three Conversion Cost options payable over 5 years

District Negotiation Updates

December 7th Updates, cont'd.

Cost Sharing of the Paramedic Squad

The Fire District indicated that since Hermosa would be an island in the County system the paramedic squad would not be utilized outside of Hermosa, except for honoring our current automatic aid agreements.



Ambulance Program Options

Ambulance Program

Important Terms & Ambulance Transport Options

- Basic Life Support (BLS)
- Advanced Life Support/Paramedic (ALS)
- Emergency Medical Technician (EMT)
- Emergency Medical Services (EMS)
- Emergency Response: Immediate response at the BLS or ALS level of service to a 911 call

Ambulance Program

Squad vs. Ambulance



Ambulance Program

Current Operation:
5 FF/PM On-scene



Ambulance Program

Los Angeles County:
3 FF/PM + 2 FF/EMT + 2 Ambulance EMT



Ambulance Program

Current Operation:
Advance Life Support (ALS)



- R11 Transports to the hospital
- E11 Returns to quarters available for emergency response
- Avg. turnaround time for R11 paramedics - 60 minutes

Ambulance Program

Los Angeles County: Advance Life Support (ALS)



**Average turnaround time for
squad paramedics - 45 minutes**

- McCormick transports with FF/PM in the back with the patient
- Squad follows-up to the hospital
- Engine returns to quarters available for emergency response



Ambulance Program

Current Operation:
Basic Life Support (BLS)



- R11 Transports to the hospital
- E11 Returns to quarters
- Avg. turnaround time for R11 paramedics – 60+ minutes

Ambulance Program

Los Angeles County: Basic Life Support (BLS)



- McCormick transports
- Engine and Squad return to quarters
- Paramedic squad remains available throughout the duration of the incident



Ambulance Program

Option 1: City Administered Program

City-owned ambulances and City employees with all of the rights and benefits of the current civilian workforce. This option has many logistical problems, including:

- Providing sufficient staffing and vehicles to provide backup capabilities when necessary
- Transient workforce; continuous recruitment needed
- Additional agreements needed with the surrounding ambulance providers for backup transport
- City would be held accountable for staffing and delays of ambulances on the scene of emergencies
- City Hall staff would be required to supervise and manage the program

Revenue: Approximately \$100,000/year

Insights: This is the least desirable of the remaining four options

224 Rights: Retained under this option

Ambulance Program, cont'd

Option 2: Hybrid City-Contracted Staffing with City Hall Management

- City issues RFP for ambulance staffing; eliminates staffing issues
- Program still needs management by City Hall
- City would still be responsible for the purchase and maintenance of the vehicles and the ambulance on-scene times
- Transient workforce; continuous recruitment needed
- Additional agreements needed with the surrounding ambulance

Revenue: Would continue, but net revenue would be determined by the cost of the RFP

Insights: Option 2 may be a preferred option over number 1; Option 2 increases the cost of the fire station to \$11,207,981

224 Rights: Retained under this option

Ambulance Program, cont'd

Option 3: Combined Ambulance Transport Program with Manhattan Beach

This option presents itself with a unique set challenges, including:

- Ambulance availability for 911 responses into Hermosa Beach
- Hermosa & Manhattan utilize firefighter/paramedics to staff ambulances.
- Manhattan Beach proposal is a shared cost of staffing a single BLS ambulance; this single resource would be insufficient to provide emergency 911 responses into Hermosa and also be utilized as a BLS transport for both Cities
- A shared BLS ambulance program with Manhattan would fall short in providing Hermosa Beach the required ambulance services

Revenue: Dispersed between the two cities based on a mutually-agreed upon contract

Ambulance Program, cont'd

Option 3: Combined Ambulance Transport Program with Manhattan Beach

Insights: Option 3, as it is currently being proposed, is not recommended as a standalone program because of the inability of a single ambulance to provide both ALS and BLS transport in Hermosa and BLS transport in Manhattan

- Under Option 3, the City of Hermosa remains responsible on ambulance on-scene times
- This option does allow for a neighborhood fire station estimated to cost \$2,091,000

224 Rights: Retained under this option

Ambulance Program, cont'd

Option 4: City Issues RFP for Emergency Ambulance Transport

An RFP establishes response criteria and performance measurements. The Fire District would monitor the successful bidder performance and would periodically report performance to the City. Additional details include:

- Successful bidder would be required to provide on-scene times commensurate with the requirements established by the Los Angeles County Emergency Medical Services Agency (LEMSA).
- Bidder would be required to demonstrate evidence that they have the necessary resources to guarantee on-scene times, but the ultimate responsibility of on-scene times remains with the City

Revenue: Dependent on how ambulance billing is structured in the RFP

Ambulance Program, cont'd

Option 4: City Issues RFP for Emergency Ambulance Transport

Insights:

- Provides benefit of maintaining control over ambulance transport services in Hermosa without the liabilities of staff and the cost of vehicles and equipment
- Option allows for a neighborhood fire station estimated to cost \$2,091,000

224 Rights: Retained under this option

Ambulance Program, cont'd

Option 5: City Removes Itself from Ambulance Transport; Allows District to Provide Services

The Fire District, through their current RFP, would provide ambulance transport services for Hermosa Beach

- Current model utilized in 57 of the 58 cities that the Los Angeles County services
- Fire District holds the private provider accountable for ambulance on-scene times
- LEMSA also has authority to monitor performance

224 Rights: According to the LEMSA, if the City decided to relinquish complete control of ambulance transport to the Fire District, then the City would be surrendering our 224 rights. This is important because if the City at some point in the future was desirous to reinstate the fire department, the City would be unable to go back into the ambulance transport business

Ambulance Program, cont'd

Option 5: City Removes Itself from Ambulance Transport; Allows District to Provide Services

Insights: Due to the surrendering of our 224 rights, Option 5 may be a less desirable option.

This option does allow for a neighborhood fire station estimated to cost \$2,091,000.



Future Fire Services: Next Steps

Next Steps

The two tracks being considered are to either:

- Rebuild and the City will continue to provide fire services in Hermosa Beach
- Proceed with annexation of the fire department into the Los Angeles County Fire District.

Next Steps: Rebuild Fire Dept.

Immediately recruit for a new fire chief. Once onboard, the new chief will need to recruit/promote the following:

- Three new battalion chiefs
- Recruit for the additional three, or six firefighter/paramedics (per Citygate's recommended 3 additional firefighter/paramedics)

In-house promotions would require competitive testing for all ranks in the fire department

This process of recruitments and promotions is estimated to last a minimum of one year and perhaps longer. Based on our previous recruitments, recruiting for six new firefighter/paramedics would most likely take a couple of years.

Next Steps: Annexation

If the desire is to proceed with annexation, the next steps are outlined in Appendix D of the Feasibility Study, which **is expected to take 8-12 months to complete.**

These steps include:

- City requests negotiations of an annexation agreement with the Fire District's Fire Chief, approves the Reimbursement Agreement with the Fire District for costs incurred to evaluate City's facilities and equipment for conversion to the Fire District standards and for the completion of a comprehensive independent fiscal analysis (completed).
- Upon successful conclusion of negotiations, City signs annexation agreement and adopts a \$0.00 Joint Property Tax Transfer Resolution

Next Steps: Annexation, cont'd

- City “meets and confers” with the Hermosa Beach Firefighters Association on transferring rank, seniority, wages, bonuses, and benefits
- The Fire District, submits for Board approval a Resolution Making Application to the Local Agency Formation Commission (LAFCO), \$0.00 Joint Property Tax Transfer Resolution, Negative Declaration and legal description
- The Fire District, upon Board approval, submits Resolution Making Application to LAFCO \$0.00 Joint property Tax Transfer Resolution, Negative Declaration, and a legal description to LAFCO.
- LAFCO holds a public hearing after receipt of Board Resolution Making Application

Next Steps: Annexation, cont'd

- The Fire District submits request to finalize annexation and the annexation agreement to the Board for approval
- Board of Supervisors holds annexation public hearing and approves annexation and the agreement
- LAFCO records annexation on date requested. Notifies the County Engineer, County Assessor, the District Fire Chief, and the State Board of Equalization upon completion of the annexation procedures
- The City adopts an ordinance to use the Fire District Fire Code. District notifies the regional agency of Insurance Services Office of the annexation



Fiscal Implications

Fiscal Implications

	Current Budget	Fire Chief Recommended Staffing	Citygate Recommended Staffing	Fire District with Continuing City Expenses
Expenses:				
Proposed Budget	\$ 5,722,844	\$ 6,759,938	\$ 7,252,356 ⁴	\$ 4,786,928
Continuing Costs:				
Internal Service Charges:				
Equipment Service Division				38,785
IT Equipment and Services				23,321
Building Maintenance				4,325
Risk Management Staff and Worker's Comp Claims				345,421
Non-Sworn Staff not Transferred to County				100,023 ³
Unfunded CalPERS Liability				800,000 ⁵
Unfunded OPEB Liability				108,312 ⁵
Total Expenses	5,722,844	6,759,938	7,252,356	6,207,115

Fiscal Implications

	Current Budget	Fire Chief Recommended Staffing	Citygate Recommended Staffing	Fire District with Continuing City Expenses
Offsetting Revenue:				
Open Fire Permit	840	840	840	(840)
Ambulance Transport	500,000	500,000	500,000	(500,000)
Fire Systems Inspection	1,000	1,000	1,000	(1,000)
Spec Fire Protection Sys Inspect	900	900	900	(900)
Special Event Fire Code Permit	2,000	2,000	2,000	(2,000)
Fire Sprinkler System Inspection	20,000	20,000	20,000	(20,000)
Annual Business Fire Inspection	10,000	10,000	10,000	(10,000)
Total Revenue	534,740	534,740	534,740	(534,740)
Total Expenses Net of Revenue (A)	5,188,104	6,225,198	6,717,616	6,741,855

Fiscal Implications

	Current Budget	Fire Chief Recommended Staffing	Citygate Recommended Staffing	Fire District with Continuing City Expenses
Annual Facility Cost	-	907,000 ¹	907,000 ¹	418,223 ²
Total Fire Expenses Net of Revenue	5,188,104	7,132,198	7,624,616	7,160,078
Increase over Current Budget		1,944,094	2,436,512	1,971,974
Facility Cost (Construction Only)	15,000,000	15,000,000	15,000,000	2,091,114
Total Debt Service Cost (B)	27,012,500	27,012,500	27,012,500	2,091,114
Total Overall Cost (A+B)	\$ 32,200,604	\$ 33,237,698	\$ 33,730,116	\$ 8,832,969



QUESTION & ANSWER SESSION