



# COUNTY OF SANTA CRUZ

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## FIRE DEPARTMENT ADVISORY COMMISSION

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**ALEXANDER LEMAN, CHAIRMAN**

July 17, 2013

Agenda: August 6, 2013

Board of Supervisors  
701 Ocean Street  
Santa Cruz, CA 95060

### **FDAC Recommendation for County Fire Funding**

Dear Members of the Board,

The Fire Department Advisory Commission (FDAC), established by your Board under the authority of Government Code Section 31000.1 in compliance with Section 2.38.060 is charged with ensuring that the interests of the Santa Cruz County Fire Department (County Fire) and the citizens of Santa Cruz County served within County Fire's jurisdiction are protected and promoted by monitoring, studying, and advising the County Fire Chief and your Board regarding suggested program improvements, changing requirements, budget recommendations, and other matters as deemed necessary.

As your Board is aware, County Fire has faced serious long term funding challenges over the last several years resulting in the need for major, systematic cuts in order to remain within available funding. In view of County Fire's current total reserve fund, you will see that an average balance of approximately \$1.8 million over the past six years has been maintained through a combination of reduced staffing, budget cuts, grant funding, and careful fiscal management. To a casual observer it may appear that all is well. Unfortunately, this is not the case and the FDAC's goal in submitting this letter is to tell you "the rest of the story..." and recommend specific actions to implement a long term funding plan for County Fire.

#### **BACKGROUND**

First a quick look at the major changes and cuts implemented to remain within our budget:

- Increased the number of paid fire stations to 5 with no increased funding.
- Reduced paid staffing at the 5 paid stations from 3-person to 2-person staffing.
- Contingency fund reduction from \$300,000 to \$200,000.

- Deferred approximately \$2.8 million in purchases of fire engines and rescue vehicles through suspension of the Mobile Equipment Replacement Program (MERP).

The combined effect of these cuts was to trade long term operational viability for short term financial survival. This cannot continue indefinitely and has precipitated serious consequences in two areas:

1. Reduction in staffing at paid stations from three firefighters to two, well below the National Fire Protection Association (NFPA) recommended minimum of four on-duty personnel for fire companies per NFPA 1710.
2. Ongoing and increasing apparatus failure, especially fire engines and water tenders.

The immediate crisis we are facing is the failure of our fire engines; most of which (8 out of 12) now exceed the 20 year lifetime expectancy. Some of the consequences encountered over the last two years from suspending the mobile equipment replacement program are:

1. Engine 2921, built in 1990, spent 14 of the last 24 months out of service in the shop undergoing major repairs. Subsequently, this engine suffered a catastrophic transmission failure and was deemed uneconomical to repair.
2. Reserve Engine 3912, built in 1989 and logging more than 120,000 miles, failed while being driven to the CAL FIRE Felton Automotive Shop for service. The right brake caliper seized and caught on fire in December of 2012. Fortunately, this was quickly controlled and did not cause any secondary incident on a public roadway. Due to the age of the vehicle, replacement parts were on backorder until the late spring of 2013. This engine was recently repaired and is now in service.
3. Reserve Engine 3911, built in 1989 and logging over 90,000 miles (second of County Fire's only two reserve engines), had an electrical problem which caused the headlights to turn on and off at random. This has been repaired and the engine has been loaned to Morgan Hill under a mutual aid agreement.
4. Engine 3221, built in 1988, which was scheduled to be retired, has been re-commissioned for Company 29 out of necessity until a more suitable engine can be obtained. This engine lacks a foam system and has less compartment space than any of the previously noted engines.
5. Engine 4111, built in 2007, has engine problems and is currently at the dealer for warranty repair.
6. Water Tender 3651 leaks 250 gallons of water per day.
7. Engine 3622, built in 1998 and logging 56,000+ miles, has been out of service a total of 10 months in the last 36 months.

To complete the picture, the remaining fleet consists of 4 additional engines which are over 20 years in age, 2 engines over 15 years in age, 1 two year old engine, 2 water tenders over 19 years old, and 1 new water tender purchased last year in order to meet ISO criteria. The average age of County Fire's engines is 18 years, resulting in

increased maintenance costs, reduced availability for emergency response, and continued decline of our overall fleet reliability.

So far, it is fortunate that none of the mechanical failures listed above occurred at incidents where life and property were immediately at risk. At present, given the trend above, it is evident that we are pushing both our luck and the limits of our aging apparatus.

The most critical issue that must be addressed in the longer term is the continued staffing reduction at paid stations. Although its effects are largely invisible, except to those at the scene of an incident; in reducing Amador staffing from three to two firefighters, there is no third person to maintain scene safety. Typically, at least two fire fighters are required to care for a single patient at even the simplest traffic collision. This leaves no one available to perform incident command, traffic control, and maintain scene safety. If the incident is a fire, the risk is even greater to the personnel at scene. Returning to 3 person minimum Amador staffing is the other key element in restoring our operational capability, especially as our area becomes more populous and hosts an increasing number of recreational visitors.

### **SUMMARY**

Now that the impact of the budget cuts has been clarified, consider that if even a minimal mobile equipment replacement program were to be re-implemented, County Fire's fiscal reserves would vanish in single fiscal year. Assuming no increase for inflation and a flat budget for all other expenses; purchasing 4 engines to replace the 20+ year old equipment noted above, at an approximate cost of \$450,000 each if purchased new, would effectively eliminate County Fire's reserve. The current situation has been partially mitigated by the recent purchase of a used 1993 engine in good condition to replace one of our oldest engines and releasing \$480,000 from County Fire's reserve fund into the 2013-2014 budget to purchase new apparatus and a replacement training officer vehicle. Although it will deplete approximately 25% of our reserve funds without the expectation of replacement, this will give us some "breathing room" for at least part of the two years needed to implement a long term funding mechanism and vehicle replacement plan as outlined in the Santa Cruz County Fire Department Master Plan. New fire engines typically require about one year to specify, order, and deploy.

### **RECOMMENDATIONS**

The FDAC recommends beginning the following efforts *now* as a coordinated two-part strategy to provide the long term funding for the personnel and apparatus needed in order to return to the level of service historically provided. The rationale is that a low cost bond to finance apparatus coupled with a fee increase to increase staffing is the most cost effective approach likely to be approved by the voters of CSA 48.

1. Immediately launch a Santa Cruz County Fire, CSA 48 voter education initiative while at the same time developing a \$4 million bond to submit to CSA

48 voters within the next year. These funds would provide long term funding for County Fires' vehicle replacement plan.

2. Follow this effort with a special tax election in two to three years to enable implementation of Plan D as described below, returning County Fire to 3-person staffing at paid stations.

### **PLANS AND PROPOSAL**

Briefly summarized below is a short description of the bond proposal and the suggested plans for a special tax in CSA 48 based on Fire Flow Unit (FFU). To clarify, Fire Flow is a methodology developed by the Insurance Services Office (ISO) to determine the amount of water necessary to provide adequate fire protection based on the type, occupancy, area, and exposures of a structure; for example, a single family residence is calculated at two FFUs. Note that Plan D is equivalent to Plan C without the MERP; the intent being to fund the MERP with the bond.

Four fee increase plans are shown on the attached spreadsheet based on an average 3% inflation rate over 10 years. After evaluating all four plans, our recommendation is to pursue Plan D (3 person staffing at all 5 paid stations) in conjunction with the bond proposal. This combination has the lowest overall annual cost for CSA 48 residents, consistent with providing 3 person staffing and the vehicle replacement plan. The bond funds would be solely designated for emergency response vehicles, and increased staffing would be funded by Plan D.

1. Bond Proposal: CSA 48 voters would be asked to pass a \$4 million bond over a 20 year period at 3% annual interest. This works out to roughly \$19 per FFU or \$26 per parcel.
2. Plan A: Current level of service - no MERP \$41 per FFU
3. Plan B: Pre-2007 level of service w/MERP \$99 per FFU
4. Plan C: Improved level of service w/MERP \$140 per FFU
5. Plan D: Improved level of service no MERP \$91 per FFU

### **OTHER FUNDING OPTIONS:**

For completeness all the available known options are listed. Option 1 however, would seem to be the most practical approach.

1. Special tax measure to supplement current CSA 48 fees.
2. Reallocate County General Fund monies to provide the funding.
3. Re-allocate Prop 172 funds to provide the funding.

Again the bond proposal, as previously described, is an independent partial funding option that could provide enough money to cover vehicle replacement only.

We believe that you, the Board of Supervisors, do understand and fully appreciate the criticality of this issue. Knowing that our charter as the FDAC is to provide advice and suggestions to the Board, we are recommending that you adopt and implement the Bond proposal and Plan D as described above, augmented by a voter education initiative about County Fire.

Please further note that if any of these plans and/or the bond measure were to be approved today, it would still be at least a year before the funds became available, then another year to acquire new engines given the need to create a specification, put it out for bid, and have the engines built. The one possible exception to this would be option #2, the reallocation of County General Funds. Thus, at a minimum, County Fire faces a two year delay in replacing its aging engines even if we begin now; hence the need for urgency.

We believe that the voters in CSA 48, realizing the importance of three person staffing at paid stations and the critical nature of the ongoing problems with our aging apparatus would support a tax increase and a low-cost bond measure, provided that it is made absolutely clear that the money from the bond measure would be allocated solely to the MERP. Therefore, we recommend that you, the Santa Cruz County Board of Supervisors, seriously consider the above recommendations and vote to move forward as soon as possible.

Thank you for your continued support,

Santa Cruz County Fire Department Advisory Commission

First District Representative/FDAC Chair Alex Leman \_\_\_\_\_

Second District Representative John Willett \_\_\_\_\_

Third District Representative Tom Scully \_\_\_\_\_

Fourth District Representative Bob Stokes \_\_\_\_\_

Fifth District Representative Arnie Wernick \_\_\_\_\_

Office of Emergency Services Manager Paul Horvat \_\_\_\_\_

Volunteer Firefighters' Representative Doug Aumack \_\_\_\_\_

Attachment #1: Plan Descriptions

Attachment 1  
County Fire Bond Measure/Special Tax Proposal

Fiscal Year	Actual Revenue	Actual Expenditures	Actual Balance	Fund Balance per Auditor	Budgeted Revenue	Budgeted Expenditures	Budget Balance	Budgeted Exp. - Actual Exp.
03/04	2,405,741	2,769,422	-363,681	N/A				
04/05	2,595,583	2,878,667	-283,084	N/A	2,506,302	2,964,480	-458,178	85,813
05/06	2,921,880	2,702,124	219,756	254,674	2,881,309	3,087,738	-206,429	385,614
06/07	3,137,617	2,442,385	695,232	474,429	2,896,746	2,927,309	-30,563	484,924
07/08	3,483,472	2,833,913	649,559	1,169,660	2,934,080	3,619,499	-685,419	785,586
08/09	3,144,943	2,836,066	308,877	1,819,221	3,215,042	3,787,722	-572,680	951,656
09/10	3,006,695	3,123,536	-116,841	2,128,095	2,853,816	3,803,795	-949,979	680,259
10/11	2,812,026	2,845,861	-33,835	2,011,254	2,690,542	3,834,376	-1,143,834	988,515
11/12	2,691,902	2,807,615	-115,713	1,977,419	2,776,036	3,821,040	-1,045,004	1,013,425
12/13	N/A	N/A	N/A	1,861,706	2,845,985	3,586,544	-740,559	
<b>Average</b>	<b>2,911,095</b>	<b>2,804,399</b>	<b>106,697</b>	<b>1,462,057</b>	<b>2,844,429</b>	<b>3,492,500</b>	<b>-648,072</b>	<b>671,974</b>

Notes:

1. The County Fire budget is running close to breakeven at an average of +\$106,697 over the last 10 years.
2. County Fire's total reserve fund balance is currently \$1,861,706, however, \$740,559 of that is currently designated to balance this year's projected budget, leaving \$1,121,147 undesignated.
3. The projected budget includes 2 major items: a \$200,000 contingency fund and all paid (CAL FIRE) Firefighters are budgeted at top step as directed by CAL FIRE's Local Government Program.
4. County Fire's mobile equipment replacement plan has been deferred the last few years as a cost saving measure. If it were to be implemented immediately, the purchase of just 3 fire engines (\$400k each) would instantly deplete undesignated reserve fund.

Comparison of 4 Different Service Levels Over a 10 Year Period				
Description	Plan A (Current): 5 Stations/18 FFI, 2 Pers. Staffing, Avg. Expenses, No Mobile Eq, Lowest Bldg Maint. & \$200K Contingency	Plan B: 5 Stations/20 FFI, 2 Pers. Staffing, Avg. Expenses, Mobile Eq. Plan B, Full Clothing Budget, Bldg Maint. & \$200K Contingency	Plan C: 5 Stations/25 FFI, 3 Pers. Staffing, Avg. Expenses, Mobile Eq. Plan A, Full Clothing Budget, Bldg Maint. & \$200K Contingency	Plan D: 5 Stations/25 FFI, 3 Pers. Staffing, Avg. Expenses, Mobile Eq. Plan A, Full Clothing Budget, Bldg Maint. & \$200K Contingency
Total Budgeted Revenue (2012-13)	2,666,520	2,666,520	2,666,520	2,666,520
Total Budgeted Exp. (Total S&S + Salaries 2012-13)	3,337,367	4,002,835	4,487,952	3,915,352
Avg. Budget Exp. - Actual Exp. (last 8 yrs. per above)	671,974	671,974	671,974	671,974
Adjusted Budgeted Exp. (Total S&S + Salaries 2012-13)	2,665,393	3,330,861	3,815,978	3,243,378
Proj. Op. Loss/Gain (Total Rev. - Adj. Budgeted Exp. 2012-13)	1,127	(664,341)	(1,149,458)	(576,858)
Avg. Annual Proj. Op. Loss over 10 years at 3% avg. annual inflation for Adj. Budg. Exp. - (Avg. Budg. Exp. - Act. Exp.) with no change in revenue	572760	1352661	1921198	1250135
No. of Fire Flow Units (single family dwelling equiv. = 2 FFUs)	13652	13652	13652	13652
<b>Avg. cost per Fire Flow Unit</b>	<b>41</b>	<b>99</b>	<b>140</b>	<b>91</b>
<b>Avg. cost per Single Family Home (2 Fire Flow Units)</b>	<b>82</b>	<b>198</b>	<b>280</b>	<b>182</b>

Notes:

Annual Inflation Factor Calc.	Total	Avg
3% for 10 yrs compounded	0.343916379	0.17195819