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
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.
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.
Finding #3:
District’s proposal adequately & fairly addresses the usual and customary conversion costs. Citygate found no issues to be added.
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.
### 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
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
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
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 the cost of District contract that includes the City using a 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.
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
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)

- 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

Average turnaround time for squad paramedics - 45 minutes
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
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
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
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
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

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

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

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