

MEMO

FINAL DRAFT REPORT TO THE BOARDS

TO: Georgetown Fire District Board of Directors
Garden Valley Fire District Board of Directors
FROM: Joint Consolidation Committee
RE: Final Report of Consolidation Committee
DATE: December 20, 2011

BACKGROUND: In the early part of 2010, the El Dorado County Board of Supervisors made several decisions that directly affected local fire district finances and operations:

- 1) The Board of Supervisors chose to reduce and then eventually eliminate additional funding to eight local fire districts in El Dorado County. Four of the eight affected agencies are in Supervisor Ron Briggs District (IV). They include Georgetown, Garden Valley, Rescue and Mosquito FPD respectively.
- 2) The Board of Supervisors hired a consultant firm (Citygate) at a cost of more than \$100,000.00 to conduct a study to evaluate the consolidation of all fire agencies within El Dorado County. This study was funded by monies from the Districts that received the augmentation (Aid to Fire) funding. In the case of Garden Valley, it cost them \$19,000.00.

The results of the Citygate Report showed, in part, that consolidation of El Dorado County fire agencies could not operate better or cheaper. In fact, the study showed it would cost considerably more money to operate in a fully consolidated operation. There would be no savings at all. In addition, service levels could be potentially reduced due to a loss of volunteer firefighters in the rural areas.

The report did mention the possibilities of smaller regional consolidations which could, perhaps, if funded adequately, be successful over the long term. During the summer of 2010, the County Fire Chiefs had discussions with County Supervisors including Ron Briggs, who stated they would financially support and would work with our agencies to adjust AB8 tax revenues, and/or the reallocation of Proposition 172 monies.

For reference, AB8 tax revenues specifically spell out the annual allocation of tax dollars collected. For Garden Valley it is roughly 9 cents of every tax dollar collected and for Georgetown it is roughly 11 cents of each tax dollar collected in their respective districts. The balance of each tax dollar goes to other public agencies such as the county, schools, water, libraries, law enforcement, etc. The only way the AB8 rate can be adjusted is because of a consolidation. Individual agencies cannot renegotiate rates without a reorganization of multiple agencies.

Proposition 172, Local Protection and Improvement Act of 1993 was an emergency services tax measure passed Statewide in 1993 by voters to offset lost revenues that were

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stolen (tax shifts) by the State of California. Prop 172 is a ½ cent sales tax override charged to all purchases. Each county Board of Supervisors has direct control over the allocation of Prop 172 funds. In El Dorado County, the amount collected last year was about \$7.67 million dollars. The law enforcement agencies in El Dorado County receive all of this money. Not one dime of this money has been allocated to any fire agency in El Dorado County. This is not the case in most of the other counties in California. Presently, in El Dorado County, law enforcement eats up roughly 50% of the County budget annually.

In August of 2010, the Georgetown Fire Protection District Board of Directors and the Garden Valley Fire Protection District Board of Directors expressed a desire to study the financial and operational feasibility of merging the two fire districts into one operation. Both Boards committed a cross section of personnel from each agency to sit on the committee. This included board members, chiefs, and line personnel.

The meetings began in September of 2010. Over the course of the last eighteen months there have been about twenty meetings covering every aspect of concerns, including budgets, capital plans, engine staffing, facilities, administration and board composition. The discussions have been frank, open, and at times controversial. The committee developed a vision of what the reorganized district would look like, how it would operate, and determined that it could be financially viable if the county agreed to a new tax rate for the reorganized fire district.

In March of 2011 our committee met with Jose Henriquez of LAFCO (Local Agency Formation Commission) who provided the framework and legal basis for moving forward on a fire district consolidation. One point that was made clear: the question of whether or not to consolidate remains strictly with the Board members of each agency. A simple majority from each Board could allow or deny the consolidation.

The committee had gained consensus that a consolidated fire district would be good for the citizens. Committee members drafted a proposed 40 page project application to LAFCO to move forward on the consolidation. It was determined that we would have to know what the new tax rate would be as a result of AB8 negotiations before any more work was done. The committee decided to get that answer before making the presentations to Fire District boards, its employees, volunteers, and the communities at large.

In May of 2011, our committee met with representatives from El Dorado County to lay out the committee work accomplished and move forward on AB8 (tax rate) negotiations. Teri Daly, County CAO and Mike Applegarth sat in those meetings. In addition, a discussion was held with Supervisor IV Ron Briggs in his office in a separate meeting shortly thereafter. All of the county staff provided positive feedback and encouraged us to move forward. Ron Briggs told us he would publicly support the consolidation effort at the Board level.

In June of 2011, a sub committee of the consolidation group met with Mike Applegarth to start the negotiation process. A proposed draft budget reflecting long term financial costs was presented. The direction from County staff and the expectation to us was that there would be a negotiation process. That never happened. County staff was contacted several times over the course of many weeks. In the course of multiple discussions, El Dorado staff appeared reluctant to answer questions regarding status of negotiations, what the county position was etc. Finally, after several months of no action, the answer was clear....the County would not adjust the tax rate to support the consolidation.

In September of 2011 the committee chair, Rick Todd, met privately with Ron Briggs regarding the lack of progress and lack of support in the AB8 negotiation process. In that meeting, Todd was told by Briggs that he supported the fire districts and he would work to find a way to move it forward. Briggs promised to call Todd in a couple of weeks. It is now December 13, 2011 and Briggs never called. After several messages with Briggs staff, Briggs couldn't even give the courtesy of returning several calls. This is how your District IV Supervisor supports the fire services and responds to his constituents in his district.

On December 12, 2011, the committee met one last time. The discussion centered around the fact that without the financial support of the County, the question of consolidation was dead. Both agencies have agreed from the beginning that it would make no sense to make a larger poor agency out of two small poor agencies. All members of the committee have read and agreed to file this closing report with both Boards.

FINDINGS:

- 1) The committee believes that consolidation of the two districts would be a positive move for keeping economies of scale and some reduction in overlapping costs and services. This is entirely based on being adequately funded.
- 2) The County Board of Supervisors is poised to take away hundreds of thousands of dollars from the two agencies and more than a million from the other fire districts in the next year.
- 3) Consolidation would provide the benefits of continued local Board control, a local Fire Chief, local service delivery of legally required pertinent services such as inspections, code enforcement, investigations, permitting, etc.
- 4) Consolidation will not save any money. It allows that available monies are spent better by eliminating redundancy, duplication, and providing the ability to streamline some service methods.
- 5) Both fire districts have great capital improvement needs, including apparatus and facilities.
- 6) The County of El Dorado has substantially reduced fire districts capabilities. (mostly in District IV Briggs). The County Supervisors have not provided for the long term funding as mandated by voters with Proposition 172. In

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fairness, fire agencies should have been receiving roughly \$3 million dollars annually from that measure.

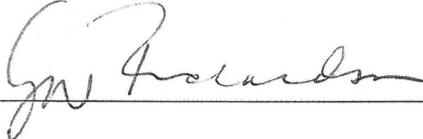
- 7) The committee is well aware of a sidebar discussion that has been ongoing with a sub committee of the County Fire Chiefs to find some replacement of the revenues provided by the County general funds. At best, the proposal continues the pea in a shell game. There is no way for those proposed dollars to adequately operate fire services on the Georgetown Divide over the long run.
- 8) The Georgetown Fire District has already cut its paid engine staff by 50%, eliminated stipends to volunteer firefighters and inflicted staff pay cuts. The district struggles to staff engines at night with volunteers.
- 9) The Garden Valley Fire District is set to reduce it's staffing by 50% next year and eliminate its Advanced Life Support Program. As both agencies rely heavily on each other, the collective reduction in services will be severe.

Finally, the Board of Supervisors stated after the devastating Angora fire in 2007 (it destroyed 242 residences and 67 commercial structures), "Nothing is good enough for our Fire Districts". In 2012 NOTHING is exactly what they have done and exactly what the fire services in El Dorado County got. The only thing worse than spending \$100,000 in tax dollars on a fire service study in our County is not to follow its simple recommendations.

Respectfully Submitted

Georgetown Fire Chief Greg Schwab
Gary Richardson, Georgetown Fire Board of Directors
Garden Valley Fire Chief Bill Dekker
Richard Smith, Garden Valley Fire District Board of Directors
Scott Gosselin, Engineer EMTP, Georgetown FPD
Wes Norman, Captain EMTP, Garden Valley FPD
Rick Todd, Assistant Chief, Georgetown FPD, Committee Chair

Received and approved by Georgetown Fire District Board of Directors


_____ Chair

Date 1/17/2012

Received and approved by Garden Valley Fire District Board of Directors

R. J. Smith Chair

Date 1-10-20

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