

## Open letter to the Local Agency Formation Commission

Commissioners,

Santa Cruz County has been the benefactor of local fire protection since the days of Civil Defense Teams. There have been a series of commissioned studies evaluating the Santa Cruz County Fire Service including the 1973 Sierra Report, 1986 Hughes, Heiss Report, 1993 Ralph Anderson Report and a variety of LAFCO MSR's and Grand Jury reports over the years contributing to a body of evidence that is irrefutable. To date these reports have consistently identified opportunities that by in large have been incorporated by Fire Agencies with the exception of implementing a joint governance model.

Commissioners at the August 3, 2016 public hearing expressed concern that the expense of a Municipal Service Review would be wasted on an archaic organizational model founded on local control. Local control has well served Santa Cruz County over the years as inadequate funding has secured its place in the governance model.

Commissioners and public speakers alike, even those with special interests voiced interest in a deeper look into opportunities within the local Fire Service. Commissioners expressed concern that local boards would not support such a study.

I suggest as LAFCO commissioners you have a duty to ask the question. The issues that differ today from the past and are relevant include the recognition of the following:

- Financial stressors on Districts as indicated by the number of tax levies on the November ballot. (Boulder Creek, Zayante, and Branciforte – just completed).
- Reports on the budget stress facing County Fire.
- Reports on the budget stress facing Branciforte Fire.
- Financial budgets burdened by changes in actuarial methodologies for pension and health benefits for Agencies in the CalPERS system.
- Uncharacteristic support from local firefighter labor groups.
- Opportunities for Administrative and Redundant efficiencies.

This is a short list of triggers indicative of a need to look further into the opportunities that may exist.

Commissioners' may want to ask themselves "if there were a solution given the right opportunity to resolve the financial stress and provide a sustainable model for County Fire and Branciforte Fire? " Would it be worth the look?

Santa Cruz County has always suffered a lack of parity in property tax revenue. Fire Agencies do not recognize boundaries when 911 is called but many services are limited due to scarce revenue. I have the honor of having worked as a Fire Chief

with the smallest and largest budget in this County for the past 16 years. The days of power, politics, and control need to be replaced by good governance, sustainable solutions and public transparency.

A suggested look at revenues listed in the 2015-2016 Adopted Budgets for Autonomous Special Districts is a necessary task for Commissioners. (see attached) Similar data is available in the draft MSR distributed in August of 2016 by LAFCO but does not include “fund balance” data posted by the County. If you take a plausible solution such as combining County Fire, Central Fire, Aptos Fire, Branciforte Fire, Pajaro Valley and Pajaro Dunes you will see that not only is there adequate funding there is surplus funding to provide at least \$2.3 million per station with over \$8 million in reserves at a minimum. Commissioners – Ask the question! How much does it cost to staff a full time fire station?

There is additional opportunity to source funding by evaluating current expenditures for greater efficiencies, assume all currently “assigned” funds are either appropriate, overly conservative or duplicative – again another opportunity to identify revenue. The spreadsheet exercise also does not infer the revenue growth realized during the 2016-2017 fiscal year. Case in point – Each agency would have a staffed engine company or truck as is currently modeled with adequate Administrative and Support staff. This is better than we have now. The model is affordable, there are abundant opportunities to evaluate for greater expenditure efficiencies given a study and would arguably address the “Have Not” condition in our County that has been self propagated for decades.

Decisions are made through good governance and based on valid data. The Central and Aptos Fire Districts have recently commissioned standards of coverage studies and Central has also requested an Administrative-Management review to validate workflow processes. LAFCO could utilize similar methodology at a discount building on or collaborating with the ongoing studies.

Commissioners, please recognize the classic barriers of turf, power, politics and control can be exacerbated by personality, lack of trust, poor communications and lack of stakeholder involvement. We have seen this scenario far too often in local politics. This outcome can be challenged by your decision to support an in-depth fire service review. A public review addresses not only transparency; it engages stakeholder involvement and invests in better communication that may result in improved governmental efficiency and response. Consolidation as a solution as expressed at the August 3<sup>rd</sup> public hearing is not a starting point. It may be an end point but there are many options to be considered. The starting point is with good data and that suggests a comprehensive study. No other infrastructure discipline has such alignment of opportunity as the Fire Service is demonstrating today.

Thank you for your consideration,

Jeff Maxwell, Fire Chief - Retired

	12-13' Revenues	15-16' Revenues	15' Fund balance	15' Assigned fund balance	15' Available Fund Balance	Staffed Stations	Part time stations
<b>Aptos LaSelva</b>	9135996	10389202	3548814	1809113	<b>1739501</b>	<b>3</b>	
Ben Lomond	645931	765660	1626179	1432576	193503	1	
Boulder Creek	683875	823228	1605576	1336132	269344	1	1
<b>Branciforte</b>	656094	753550	82863	50379	32384	<b>1</b>	<b>1</b>
<b>Central</b>	13217030	14489107	9539271	8280112	<b>1258859</b>	<b>4</b>	
Felton	584490	673520	1266847	529190	1204813	1	
<b>Pajaro Valley</b>	1654000	1640347	967021	61838	<b>966719</b>	<b>1</b>	<b>1</b>
Scotts Valley	5399453	5927674	2167618	1275000	831645	2	
<b>County Fire CSA48</b>	3700000	3757388	3734765	0	<b>3734765</b>	<b>4</b>	<b>8</b>
<b>Pajaro Dunes CSA4</b>	840000	1051197	456579	0	<b>456579</b>	<b>1</b>	
Zayante	366349	453324	476621	51254	425367	1	2
<b>Total Revenues</b>	<b>36883218</b>	<b>40724197</b>	<b>25472154</b>	14825594	<b>11113479</b>	<b>20</b>	<b>13</b>

Bold = modeled agencies

Rev/20 stations 2036209.85

Rev/33 stations 1234066.576

**Aptos/Central/B40/County/Dunes Fire/PJV model**

Total Group Revenue REV per - 14 stations

Remaining fund balance

Rev-CTL/APT/CFS/PA. **32080791** **2291485.071**

**8188807**

References: Autonomous Special Districts Adopted 15-16 budgets  
 schedule 13 fund balance  
 schedule 14 obligated fund balance  
 2016 Lafco Service Review

**Key values for discussion:**

Revenues are improving since 2013

**Resolve distressed Agency financials - establish sustainable solutions**

**Excludes Cities and the Valley**

Create a Mid County Fire Authority?

Include Central, Aptos, Pajaro Valley, County Fire, Branciforte and Pajaro Dunes

**Revenue supports Expenditure and Duplicative Service analysis**

Local 3605 and L3535 voiced support for consolidation

Revenue Supports \$2.3 million per station with a \$8 million available fund balance after current commitments

**Re-Evaluate current fund balance obligations for efficiencies**

**Re-Evaluate Revenues with current year Actuals**