

**A REPORT BY
THE 2016-2017 CONTRA COSTA COUNTY GRAND JURY
725 Court Street
Martinez, California 94553**

Report 1706

**Funding the East Contra Costa Fire
Protection District**

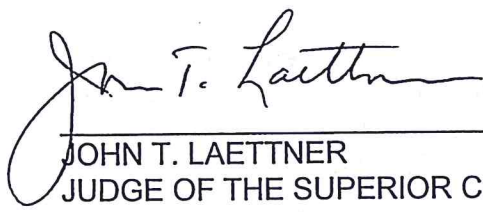
APPROVED BY THE GRAND JURY:

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ACCEPTED FOR FILING:

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Contra Costa County Grand Jury Report 17XX

Funding the East Contra Costa Fire Protection District

TO: Contra Costa County Board of Supervisors, East Contra Costa Fire Protection District, Brentwood City Council, Oakley City Council

SUMMARY

The East Contra Costa Fire Protection District (ECCFPD) was formed in 2002 and serves the communities of Brentwood, Oakley, Knightsen, Byron, Discovery Bay, Bethel Island, and the Marsh Creek area. In 2009, ECCFPD closed five of its eight fire stations because it lacked the funds to operate them.

ECCFPD receives the lowest allocation of ad valorem property taxes of any fire district in Contra Costa County, 7% of the 1% *ad valorem* property tax levied on properties. ECCFPD and the cities of Brentwood and Oakley have placed initiatives on the ballot to fund the reopening of closed stations. However, property owners have rejected parcel tax assessments, and the residents of Brentwood and Oakley similarly have rejected utility taxes.

Three fire stations are insufficient to provide adequate urban and suburban fire protection coverage in a fire district with a population of 110,000 and an area of 249 square miles. Response times have increased since the closure of stations.

ECCFPD should continue its efforts to reopen fire stations by seeking the necessary funding to do so through tax ballot measures and reallocation opportunities. Additionally, the City of Brentwood, the City of Oakley, and the County should collect impact fees for ECCFPD capital improvements, and establish Community Facility Districts to specifically fund ECCFPD operating expenses.

METHODOLOGY

The Grand Jury reviewed ECCFPD financial reports, meeting agendas and minutes, the 2012 Grand Jury Report, the 2016 Citygate Associates, LLC (Citygate), Standards of Cover and Headquarters Master Plan report, the 2016 Local Agency Formation Commission (LAFCO), Municipal Service Review - EMS/Fire Final Report, National Fire

Protection Association reports and standards, and relevant California State Laws. The Grand Jury also visited the ECCFPD website.

The Grand Jury interviewed ECCFPD staff, County staff, Brentwood Staff, Oakley Staff, residents, and other persons with expertise in fire protection.

BACKGROUND

California law requires cities to provide fire protection within their jurisdictions, but counties are not required to provide fire protection to unincorporated areas

The East Contra Costa Fire Protection District (ECCFPD) was formed in November of 2002 when the Bethel Island Fire District, the East Diablo Fire District, and the Oakley Fire District were combined. This consolidation replaced volunteer fire companies with professional fire protection and emergency medical services.

The boundaries of ECCFPD contain the following unincorporated areas of Contra Costa County, Knightsen, Byron, Discovery Bay, Bethel Island, and the Marsh Creek Area, as well as two cities, Brentwood and Oakley.

The Brentwood Fire Protection District was formed in 1928. In 1984, the Brentwood Fire Protection District dissolved and became a part of the East Diablo Fire District, which served the unincorporated area of Marsh Creek. The Byron Fire District was added to the East Diablo Fire District in 1991.

The Oakley Fire District was formed in 1924. In 1952, the Knightsen Volunteers were formed and became a part of the Oakley Fire District. The Bethel Island Fire Protection District was the last district to be established in 1947.

All these fire districts were originally formed as volunteer departments.

ECCFPD serves most of far East Contra Costa County. The ECCFPD service area covers 249 square miles and protects 110,000 lives. It is the second largest fire protection service area in Contra Costa County.

Since 2009, ECCFPD has closed five fire stations due to insufficient funding. In January 2016, there were three remaining operating fire stations in the district. Additionally, Contra Costa County, Brentwood, and Oakley entered an agreement to fund one additional station for the period of July 1, 2016 through June 30, 2017.

DISCUSSION

GOVERNANCE

ECCFPD Board

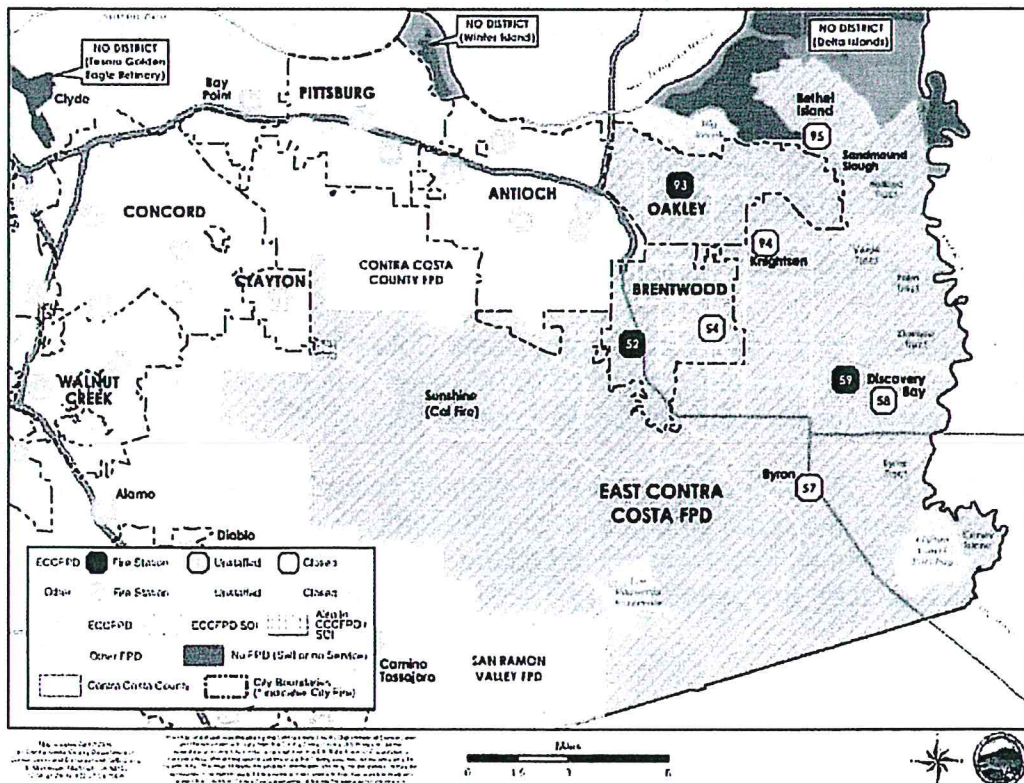
When the ECCFPD was formed in 2002, the Contra Costa County Board of Supervisors (BOS) served as its governing board. In late 2009, the BOS reconstructed the fire district board. Under the new organization, the Board consisted of four representatives appointed by the Brentwood City Council, three representatives appointed by the Oakley City Council, and two representatives from the unincorporated areas appointed by the BOS.

A ballot measure to change the ECCFPD Board of Directors to an elected board was passed by 62% of the voters in 2016. The first election of the new board members will take place in the 2018 general election.

ECCFPD Boundaries

ECCFPD provides fire protection to 249 square miles with a population of more than 110,000 residents.

Map of ECCFPD Boundaries



Fewer than 12 times a year, ECCFPD provides fire protection to Jersey Island, Bradford Island, Webb Tract, Franks Tract, and Quimby Island, which are located outside of the District. Responses are coordinated by using ferries, and/or the Coast Guard, and the Contra Costa County Sheriff's boats. ECCFPD relies on helicopters for medical emergencies. Responses are determined based a case by case situation.

Agreements with other Fire Districts

ECCFPD has agreements to exchange fire, rescue, and emergency medical services with Contra Costa County Fire Protection District (ConFire) and California Department of Forestry and Fire Protection. Under the agreement with ConFire, ECCFPD and ConFire agreed to share three units. Dollars are not exchanged between the fire districts. They exchange services for services.

FINANCIAL

Budget

The ECCFPD FY 2016-17 Final Operating Budget, including the fourth station, shows total revenue at \$13,263,939, total expenses at \$12,878,843, resulting in \$385,096 in revenue over expenditures. The ending fund balance for FY2016-17 is projected at \$1,661,344.

ECCFPD projects that by FY2022-23, its revenues will be less than its expenditures for the three stations.

In 2017, as a cost saving measure, ECCFPD reduced its expenditures by \$35,000 annually by moving from its leased offices to an office space at the Brentwood City Hall.

Funding Sources

Approximately 95% of all revenues received by ECCFPD come from property taxes. The remaining 5% of the revenues come from Measure H, Community Facilities Districts, special taxes, fees and charges.

Taxpayers pay 1% of the assessed value of their property in property taxes. ECCFPD has a low property tax allocation, which averages 7% of the 1% property tax levy. It receives a low proportionate share of the property taxes because tax allocations were locked in when Proposition 13 was approved in 1978. Its predecessor fire districts had less financial need because they used volunteer fire fighters and served fewer people. Neighboring fire districts receive a much larger share of the 1% property tax levy: ConFire receives 12% and San Ramon Valley Fire Protection District receives 14%.

Measure H, was passed by the voters in 1988, established a county-wide benefit assessment district to support increased emergency medical services.

A Community Facilities District (CFD) is an assessment district that is negotiated between a developer and a government entity to establish a special tax. In 2004, the BOS, acting as the ECCFPD Board, entered an agreement with the Cypress Development to collect \$200 per parcel annually. In 2015-16, this special tax was projected to generate \$162,000 for ECCFPD.

Developer impact fees are one-time fees and are a main source of funds for ECCFPD's capital improvements, such as buildings and fire equipment. Brentwood, Oakley, and the unincorporated areas all collect developer fees. Currently, the fire stations structures are in good to excellent condition. If, in the future, the District has the funding to staff previously closed stations, it can use these fees for facility improvements or new construction.

Operating Expenditures

Budgeted at \$9,964,534, salaries and related benefits are more than 77% of the total operating expenses. Retirement expenses represent approximately 40% of this district's category of expenses. Retirement benefits are provided through the Contra Costa County Employee Retirement Association. The high cost of the District's retirement benefits is mostly due to a large staff reduction that occurred in 2009, when ECCFPD closed five fire stations.

ECCFPD board has an approved labor contract with the International Association of Firefighters, Local 1230. ECCFPD firefighters' salaries are lower than Contra Costa Fire District firefighters' salaries.

Services, supplies, county charges, and internal services combine to make up the remaining 23 percent of the operating expenses.

RESPONSE TIMES

ECCFPD 2016 Response Times

In 2016, the ECCFPD ran a total of 6,785 calls for service with an average response time of 8:03 minutes. Average times vary significantly for different localities.

The national standard for a response time to a fire call is five to six minutes. National Fire Protection Association Standard 1710, the industry best practice, recommends 80 seconds for the time between getting a call and leaving the station. The travel time standard is 4 minutes to 90% of the incidents.

In 2016, the ECCFPD ran a total of 6,785 calls for service with an average response

time of 8:03 minutes. Average times vary significantly for different localities

- Bethel Island – 14:24 minutes
- Marsh Creek – 11:47 minutes
- Discovery Bay/Byron – 10:00 minutes
- Knightsen – 9:42 minutes
- Brentwood – 7:25 minutes
- Oakley – 7:05 minutes

None of the localities meet the national standard of five to six minutes.

ECCFPD covers over 38,000 residents per station and 83 square miles per station. The countywide average is 19,900 residents per station and 14 square miles per station.

The Insurance Services Office (ISO) rates fire districts using numbers 1 through 10. Each number reflects a Protection Class. Class 1 is the best and 10 is the worst. Generally, properties are assigned the same Protection Class as the fire station that serves them. To receive that rating, however, a property must be located within 1000 feet of a fire hydrant and within 5 miles of the fire station. Properties located more than 1000 feet from a fire station are assigned Protection Class 9. Properties located more than 5 miles from a fire station are assigned Protection Class 10.

Insurers consider Protection Classes when calculating property insurance rates. They charge higher rates for properties rated Protection Class 9 or 10 than those rated 8 or below. ECCFPD's ISO ratings range from 4 to 10.

FIRE DISTRICT TASK FORCE

In 2015, a task force was formed by the ECCFPD Board for exploring service and funding ideas and making recommendations. The task force's recommendations included reopening a fourth fire station. The task force also recommended that the ECCFPD board consider a 2016 ballot initiative to help fund the district. The task force was dissolved after the recommendations were made.

PAST REPORTS AND RECOMMENDATIONS

The 2011-12 Contra Costa County Grand Jury issued a report on the proposed parcel tax ballot measure. The Grand Jury found that the operating budget at that time was adequate, and that the proposed \$197.00 parcel tax would exceed the amount that would be needed to sustain the operating it.

The ECCFPD board contracted with Citygate to perform a Standards of Coverage and Headquarters Staffing study and to draft a master plan to handle the expected growth

within the district. The master plan was issued on June 15, 2016. It recommended that

ECCFPD work on obtaining funding to operate nine fire stations. It also included recommendations regarding response times, and staffing of fire stations and headquarters.

LAFCO released a Municipal Service Review EMS/Fire Services Final Draft Report on August 8, 2016. LAFCO recommended to the ECCFPD Board, the cities of Brentwood and Oakley, and the County that they establish an independent governing board, collect impact fees, and require Community Facility Fees from all new developments to support fire protection and emergency medical services. It also recommended long-range planning to determine adequate levels of service and required funding. In addition, it recommended more extensive education of residents about the need for improved fire service.

BALLOT MEASURES

The ECCFPD Board placed an initiative on the June 5, 2012 ballot to assess a \$197.00 parcel tax for the benefit of ECCFPD. The parcel tax was projected to generate \$8.2 million in additional revenue for the District over its 10-year life. However, the measure failed to gain the necessary two thirds super majority required for approval.

In April of 2015, ECCFPD sent out 38,529 ballots to parcel owners for an assessment benefit district that would have assessed property owners \$75.00 per parcel. Of these ballots, 9,495 were returned with 53% voting against the assessment, meaning the measure was rejected.

In November 2016, the cities of Brentwood and Oakley each sought approval of utility tax measures to raise funds for ECCFPD, following a recommendation of the Fire District Task Force. The utility tax measures only required a simple majority to pass, but both measures failed to receive a majority vote in favor.

In the same election, the ECCFPD put Measure N on the ballot. The passage of Measure N replaced the nine-member appointed ECCFPD Board of Directors with a nine-member elected Board of Directors. Measure N passed and will go into effect during the 2018 general election.

LEGISLATIVE REALLOCATION OF PROPERTY TAXES

Property tax rates in California include a general 1% tax levy applicable to all assessed property values. The general tax levy is based on a State law, Proposition 13. The law provides that a county, city, special district, or school's allocation of the 1% tax rate is based on its share of the property tax before Proposition 13.

The Legislature must pass a statute that changes the allocation of ad valorem property taxes among local agencies by a 2/3 vote of each house of the Legislature. Ad valorem taxes are levies based on the assessed value of the property,

On February 16, 2017, Assembly Member Jim Frazier introduced AB 898 to reallocate a portion of property tax revenues from East Bay Regional Parks to the ECCFPD. AB 899 was also introduced as a companion placeholder to reallocate property tax revenues, upon a vote of the people, in case AB 898 fails.

VOLUNTARY REALLOCATION OF PROPERTY TAXES

Revenue and Taxation Code § 99.02 provides that any local agency may voluntarily transfer any portion of its property tax revenues, that is allocable to one or more tax rate areas within the local agency, to one or more other local agencies having the same tax rate area or areas.

On October 18, 2016, the Contra Costa County Board of Supervisors (BOS) finalized an agreement to detach portions of Discovery Bay from the Byron Bethany Irrigation District (BBID). BBID had been receiving approximately \$700,000 a year in property taxes from these portions of Discovery Bay without providing any services to Discovery Bay. The agreement allows the BOS to transfer \$730,000 in property taxes to ECCFPD starting in fiscal year 2017-18.

LAFCO, the state's regional service planning agency, approved the detachment and transfer of the property tax funds. The ECCFPD Board approved the agreement on November 7, 2016. The intent of the agreement is that the funds will be given to ECCFPD and will continue to be used for fire and EMS response, even if the fire district dissolves.

CLOSURE OF KNIGHTSEN FIRE STATION

At the May 1, 2017, ECCFPD's Board of Directors Meeting, the Board reaffirmed that the Knightsen Station will be closed, effective June 30, 2017. The Knightsen Station has been operating on a temporary basis since May of 2015. Brentwood, Oakley, the County, and ECCFPD had a Memorandum of Understanding to jointly fund the fire station until the end of June 2017. Brentwood, Oakley, the County, and the fire district have not been able to obtain sufficient funding to keep the station open after June 30, 2017.

Currently, ECCFPD has only 32 of the 36 fire fighters required to operate its four remaining stations. The district likely will lose a few more fire fighters within the months following the closure of the Knightsen Station. After the Knightsen Station closes, the district's firefighters will be assigned to its three remaining stations.

The ECCFPD Board is planning on leading a collaborative effort with community residents, Brentwood, Oakley, and the County to create a strategic plan to increase its level of service and funding as identified in the 2016 Citygate report.

FINDINGS

- F1. The closure of five of the district's eight fire stations has resulted in slower response times.
- F2. Slower fire district response times increase potential loss of life and property damage.
- F3. High ISO ratings may increase rates for residential and commercial insurance coverage.
- F4. ECCFPD has been unsuccessful in finding sufficient funding to reopen closed fire stations.
- F5. Three recent tax ballot measures that would have raised revenues for ECCFPD were rejected by the voters.
- F6. Revenue and Taxation Code § 99.02 provides for the voluntary transfer of property tax revenues from one local agency to another local agency.
- F7. Legislation, AB 898 and AB 899, introduced by Assembly Member Frazier proposes reallocating property tax increment funds from East Bay Regional Park District to ECCFPD.
- F8. The City has collected impact fees that have been earmarked for ECCFPD to use for capital improvements.
- F9. The City has unallocated Community Facility Funds.
- F10. The City does not always require that developers of residential and commercial properties establish Community Facility Districts.
- F11. The County does not always require that developers of residential and commercial properties establish Community Facility Districts.
- F12. ECCFPD accepted and implemented recommendations made by the Fire District Task Force.

RECOMMENDATIONS

- R1. The ECCFPD Board should consider continuing to place tax measures on the ballot that would provide funding to reopen fire stations.
- R2. The ECCFPD Board should consider undertaking market research to better understand how to motivate potential voters to approve ballot measures that would raise funds to increase the number of operating fire stations.

- R3. The ECCFPD Board should consider appointing a district-wide task force to research possible funding opportunities to benefit the fire district and make recommendations to the ECCFPD Board.
- R4. The ECCFPD Board should consider supporting legislation to reallocate property tax revenues from one or more local agencies to ECCFPD.
- R5. The ECCFPD Board should consider negotiating with local agencies to voluntarily transfer a portion of their property tax to ECCFPD.
- R6. The City should consider adopting a policy to collect impact fees from all developers of residential and commercial properties to fund capital improvements that will be needed to open future stations.
- R7. The County should consider adopting a policy to collect impact fees from all developers of residential and commercial properties to fund capital improvements that will be needed to open future stations.
- R8. The City should consider adopting a policy to enter agreements with all developers to establish Community Facility Districts to provide operating revenue for ECCFPD.
- R9. The County should consider adopting a policy to enter into agreements with all developers to establish Community Facility Districts to provide operating revenue for ECCFPD.

REQUIRED RESPONSES

	Findings	Recommendations
East Contra Costa Fire Protection District Board	F1 to F7, F12	R1 to R5
Brentwood City Council	F8 to F10	R6, R8
Oakley City Council	F8 to F10	R6, R8
Contra Costa County Board of Supervisors	F11	R7, R9

These responses must be provided in the format and by the date set forth in the cover letter that accompanies this report. An electronic copy of these responses in the form of a Word document should be sent by e-mail to ctadmin@contracosta.courts.ca.gov and a hard (paper) copy should be sent to:

Civil Grand Jury – Foreperson
725 Court Street
P.O. Box 431
Martinez, CA 94553-0091

ACRONYMS

BOS -Contra Costa County Board of Supervisors

BBID – Byron Bethany Irrigation District

CFD – Community Facilities District

ConFire – Contra Costa County Fire Protection District

ECCFPD – East Contra Costa Fire Protection District

ISO – Insurance Service Office

LAFCO – Local Agency Formation Commission

