

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
BOARD OF DIRECTORS
STATE OF CALIFORNIA

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RESOLUTION NO. 2017-19

APPROVING AND AUTHORIZING A DISTRICT RESPONSE TO
CONTRA COSTA COUNTY GRAND JURY REPORT NO. 1706,
“FUNDING THE EAST CONTRA COSTA FIRE PROTECTION DISTRICT”

WHEREAS, the Contra Costa County (CCC) Civil Grand Jury is an investigative group, under the guidance of the County Superior Court, which is authorized to review and evaluate government agencies and special districts; and

WHEREAS, the CCC Grand Jury is tasked with ensuring that the County's public agencies' duties are lawfully conducted and performed in an efficient and economical manner; and

WHEREAS, the CCC Grand Jury has prepared Report No. 1706, entitled "Funding the East Contra Costa Fire Protection District", (the "Report") which includes twelve findings and five recommendations to which the East Contra Costa Fire Protection District (District) is required by State law and the terms of the Report to respond; and

WHEREAS, Staff has evaluated the findings and recommendation set forth in Report No. 1706 and proposes the Board of Directors of the District reply to the twelve findings and five recommendations in the Report as set forth below.

NOW, THEREFORE BE IT RESOLVED that the East Contra Costa Fire Protection District does hereby approve the East Contra Costa Fire Protection District's response to the seven findings of, and three recommendations in, Contra Costa County Grand Jury Report No. 1706, as follows:

Grand Jury Findings and Suggested District Responses:

1. ***“The closure of five of the district's eight fire stations has resulted in slower response times.”***

Suggested Response: The District agrees. When the District had 8 stations, the average response time was 7:04 minutes; with 4 stations, the average response time increased to 8:19 minutes; with 3 stations, the average response time has been 10:03 minutes.

2. ***“Slower fire district response times increase potential loss of life and property damage.”***

Suggested Response: The District agrees. Brush and house fires can double in size every 30 seconds. Permanent brain damage can occur if the brain is deprived of oxygen for as little as four minutes and brain death can occur in as little as eight minutes.

3. ***“High ISO rates may increase rates for residential and commercial insurance coverage.”***

Suggested Response: The District partially agrees in light of information the District has received indicating that the ISO rate increases have *already* increased insurance premiums. ISO ratings range from 1 for the best to 10 for the worst. As of 2002, ISO ratings in the District were 3/9. As of 2010, they were raised to 4/9. Public commenters at District Board meetings have shared that District residents are seeing insurance costs increase by up to 198.2% over a three year span from 2014 to 2017, which, in turn, reduces the value of property within the District.

4. ***“ECCFPD has been unsuccessful in finding sufficient funding to reopen closed fire stations.”***

Suggested Response: The District partially agrees. The District has experienced some success in obtaining short-term funding (e.g., 1-2 years) to reopen closed stations, but has been unsuccessful in finding long-term, sustainable funding. One District parcel tax measure failed, one benefit assessment ballot proceeding failed, and most recently, the Cities of Brentwood and Oakley placed utility user taxes on the ballot, which could have funded fire and emergency response services. On a shorter term basis, the cities of Brentwood and Oakley, along with the County, contributed to reopen one station for up to one year, but that station closed again on July 1, 2017, when funding ran out.

5. ***“Three recent tax ballot measures that would have raised revenues for ECCFPD were rejected by the voters.”***

Suggested Response: The District partially agrees. The second failed measure referred to in the report was a ballot proceeding to allow the District to impose a benefit assessment on properties with its jurisdiction. Benefit assessments are not taxes.

Also, as stated in response to Finding F4, the proposed, but unsuccessful, utility user taxes placed on the ballot for consideration by the voters of the Cities of Brentwood and Oakley were not District measures. However, both cities planned for resulting revenues partially to have funded fire and emergency response services.

6. ***“Revenue and Taxation Code § 99.02 provides for the voluntary transfer of property tax revenues from one local agency to another local agency.”***

Suggested Response: The District partially agrees. While voluntary transfer or reallocation of property tax revenues is possible under Revenue and Taxation Code § 99.02, the Report and the finding fail to recognize or explain the restrictions placed on such a voluntary action. State law requires that the following four conditions be met before a voluntary transfer of property tax revenues can be implemented:

- a. The transferring agency must find that subject revenues are available for transfer;
- b. The transferring agency must find that the proposed transfer will not increase the ratio between the transferring agency’s revenues generated by regulatory licenses, use charges, user fees, or assessments and revenues used to finance services provided by the transferring agency;
- c. The transferring agency must find that the transfer will not impair the transferring agency’s ability to provide existing services; and

d. Property tax revenues to school entities cannot be reduced. (Revenue and Taxation Code § 99.02(f).)

For the Grand Jury's reference, the District will provide its April 29, 2016 memorandum "Legal Analysis of Proposal to Receive Property Tax Revenue Transfers from Other Agencies in the ECCFPD Service Area".

Finally, the District already receives funds from the County under this state statute in one, limited situation arising from a detachment of a portion of the District's jurisdiction from the Byron Bethany Irrigation District (BBID).

7. ***"Legislation, AB 898 and 899, introduced by Assembly Member Frazier proposes reallocating property tax increment funds from the East Bay Regional Park District to ECCFPD."***

Suggested Response: The District partially agrees. AB 898 proposed to require the County auditor to allocate ad valorem property tax revenues that would otherwise be allocated to the county's Educational Revenue Augmentation Fund from the East Bay Regional Park District to the East Contra Costa Fire Protection District. This bill would have limited the amount allocated pursuant to these provisions to \$10,500,000 per fiscal year. AB 899 proposed to provide for an election in Contra Costa County for the purpose of reallocating property tax revenues for fire protection services. Neither of the bills was subject to a hearing or vote of the policy committee in the house of origin (the Assembly), and the District understands that Assembly Member Frazier is not pursuing either bill at this time.

12. ***"ECCFPD accepted and implemented recommendations made by the Fire District Task Force."***

Suggested Response: The District agrees. The Fire District Task Force made five recommendations:

- The District was to commission and staff the Knightsen station with financial support from the cities of Brentwood and Oakley. This recommendation was accepted and implemented.
- The parties were to form a grass roots, community based group to educate the public on fire and medical response risks and requirements. This was implemented by the District along with the cities of Brentwood and Oakley.
- A consultant was to be engaged to explore the possibility of a 2016 ballot initiative to bring more funding for fire and medical response services in the District. The cities of Brentwood and Oakley opted to propose city taxes, rather than a more regional measure, in 2016.
- The parties were to consider including the following ideas in a potential 2016 ballot initiative: a) making the ECCFPD an independent district with an elected board, b) changing the District's name to make it clear it is not a "county" agency, and c) establishing a citizen's oversight committee to oversee implementation of changes as a result of a successful revenue measure.

The District placed Measure N on the ballot to transition to an elected Board. Measure N passed and the first elected Board will be elected in November of 2018.

The cities' utility user tax measures and companion advisory measures did not (and could not) address the other listed concepts.

- Finally, a master plan for the District was to be completed to address the service needs for current and future populations of the District. The District engaged Citygate Associates to perform a Standards of Cover and Headquarters Staffing Master Plan, which was completed in 2016. Where appropriate and financially feasible, the District has taken steps to implement recommendations in the study.

Grand Jury Recommendations and Suggested District Responses:

1. ***"The ECCFPD Board should consider continuing to place tax measures on the ballot that would provide funding to reopen fire stations."***

Suggested Response: This recommendation requires further analysis.

As quoted above, Finding F5 states that three past tax measure attempts have failed. This indicates that any additional funding measure will require significant analysis to determine its feasibility. The District plans to conduct several workshops with the Cities of Brentwood and Oakley, the County, and the unions representing District personnel in hopes of identifying potential funding options to support increased fire service. It is possible that this effort will generate a tax measure that the District will propose or support. It is anticipated that this effort could be completed within the next six months. In any case, significant polling would be necessary as identified below in response to Recommendation R2 before any measure could be appropriately framed and proposed.

2. ***"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."***

Suggested Response: This recommendation requires further analysis.

As noted above, significant effort is planned to identify possible funding options and directions for the District. Depending on the options identified, market research may be necessary as well. Should another tax measure be the preferred option developed by the District, market research is very likely to be undertaken. A time frame for this effort cannot be established at this time.

The District intends to undertake a strategic planning process starting within the next six months. The resulting plan may include identification of potential long-term funding options. After this process, the District will be in a position to determine whether a future ballot measure is feasible, and whether / what kind of market research might inform this conclusion.

The District notes that its ability to interface with potential voters through market research is limited under State law, especially once a decision is made to put a measure on the ballot.

3. "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."

Suggested Response: This recommendation requires further analysis. One multi-agency task force has already studied the District's funding problems and made recommendations, which the District has implemented as discussed above in response to Finding F12. Additionally, as noted in response to R3, above, the District is preparing to undertake strategic planning, which likely will include a workshopping process with the other governmental agencies to investigate options for additional funding. Should this process indicate another task force is needed, the District will consider forming another task force with a to-be-determined scope, goals, membership, etc.

4. "The ECCFPD Board should consider supporting legislation to reallocate property tax revenues from one or more local agencies to ECCFPD."

Suggested Response: This recommendation has not been implemented but will be considered by the District Board of Directors if and when the District's state representatives or other state legislators are prepared to move this idea forward. This could occur within six months, though it may take until further into the 2018 legislative session.

The District was aware of both 2017 legislative proposals (A.B. 898 and 899), addressed under Finding F7, above. District staff has kept the Board of Directors informed regarding the measures and has communicated with appropriate State legislators regarding these measures. The District understands that neither of the legislative proposals is moving forward at this time.

The District will continue to review and consider supporting any subsequent legislation proposed, and to be a resource to legislators with an interest in helping the District secure a long-term funding solution. However, the District cannot commit to supporting or opposing any particular bill in advance.

5. "The ECCFPD Board should consider negotiating with local agencies to voluntarily transfer a portion of their property tax to ECCFPD."

Suggested Response: This recommendation has been implemented. It also remains the subject of ongoing consideration. The District has communicated with all local agencies in the District's jurisdiction that receive revenues from property taxes to gauge their level of support for voluntary reallocation. Other than the single BBID/County transaction, the District has not seen or heard of any agencies considering a property tax transfer. Furthermore, a significant number of the property-tax-supported agencies have indicated that they do *not* support this option. Though it may be legally feasible, indications thus far are that the idea likely is not realistic. Therefore, while the District acknowledges this option exists, the District does consider it to be reasonably available.

BE IT FURTHER RESOLVED that the East Contra Costa Fire Protection District authorizes and directs the Fire Chief to respond to Contra Costa County Grand Jury Report No. 1706 as set forth above, prior to the Grand Jury's deadline of September 13, 2017.

BE IT FURTHER RESOLVED that the East Contra Costa Fire Protection District authorizes the Fire Chief to take any other steps necessary to give effect to this Resolution.

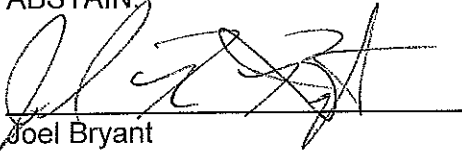
PASSED, APPROVED AND ADOPTED by the Board of Directors of the East Contra Costa Fire Protection District at a regular meeting held on the 11th day of September 2017 by the following vote:

AYES: Benson, Bryant, Kenny, Langro, Oftedal, Morgan, Young

NOES:

ABSENT: Stonebarger

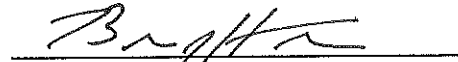
ABSTAIN:



Joel Bryant

President, Board of Directors

ATTEST:



Brian Helmick

Clerk of the Board