

1.0 EXECUTIVE SUMMARY

The South County Fire Service Study was initiated by the Santa Cruz Local Agency Formation Commission (LAFCO) to evaluate whether there are opportunities to improve fire service efficiencies through organizing service providers in the southern portion of the county differently. With recent cost escalation and increasing funding constraints, a reorganization alternative would be considered beneficial if it sustains or improves current service levels and minimizes the potential for future service reductions. In the southern portion of the county, fire and emergency medical service levels vary significantly along with the underlying costs. Adequate funding for fire protection continues to be a critical issue for local governments. The existing operational structure within southern Santa Cruz County, long-standing agency relationships and geographic conditions provide an opportunity to consider alternatives that may increase economies and service efficiencies and/or stabilize fire protection service levels in a time of increasing financial constraints.

1.1 Fire Service Providers

The South County Fire Service Study Area is comprised of the southern portion of County Service Area (CSA) 48, CSA 4 – Pajaro Dunes, the Pajaro Valley Fire Protection District (PVFPD), and the City of Watsonville. The County (CSAs 4 and 48), PVFPD, and City of Watsonville demonstrate the strongest nexus in terms of reorganization alternatives; therefore, the Aptos-La Selva, Aromas Tri-County, and North (Monterey) County Fire Protection Districts were consulted but are not included within the Study Area.

- **County Fire.** The County of Santa Cruz contracts with CAL FIRE (California Department of Forestry and Fire Protection) to provide fire protection services for CSAs 4 and 48, including the supervision of volunteer fire companies, training and education, and fire prevention services such as Fire Marshal, plan check, and inspection. County Fire provides Basic Life Support (BLS) emergency medical services.
- **Pajaro Valley Fire Protection District.** The PVFPD contracts with CAL FIRE to administer the district, staff the main station and supervise volunteer firefighters in the Mount Madonna Station. The PVFPD also contracts with the Watsonville Fire Department to serve that portion of the district which includes the Freedom community and adjacent areas north of the City. The PVFPD provides BLS emergency medical services.
- **City of Watsonville.** The Watsonville Fire Department is a full-service municipal fire department, managed and staffed by City employees. The Watsonville Fire Department provides fire and emergency medical services throughout the city and to the area north of the city by contract with the PVFPD. Watsonville also responds into the Pajaro community and a segment of Highway 1 in Monterey County through an automatic aid agreement with the North (Monterey) County Fire Protection District. Watsonville is equipped to provide an urban level of service, including an aerial ladder truck and hazardous material response. Watsonville has firefighter/medics which provide Advanced Life Support (ALS). Because there is only one

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ambulance in the south county area, the Santa Cruz County Health Services Agency contracts with Watsonville to provide a paramedic on one engine at each of its stations at all times.

The current configuration of fire service within the Study Area is shown in *Table ES.1* below.

Table ES.1
Study Area Fire Service Configuration

Station	Facility Owner	Engine Personnel per Shift	Emergency Medical Service
Corralitos	State	CAL FIRE Fire season: 2 3-person engine companies Non-fire season: 1 3-person engine company + volunteers	Basic Life Support
Station 61 – Pajaro Valley	PVFPD	1 2-person engine company – CAL FIRE	Basic Life Support
Mount Madonna (PVFPD)	Private	Volunteer – under CAL FIRE supervision	Basic Life Support
Pajaro Dunes	County	1 2-person engine company – CAL FIRE; volunteers	Basic Life Support
Station 1 (Downtown)	City of Watsonville	1 3-person engine co – City 1 3-person truck co – City	Advanced Life Support
Station 2 (Airport)	City of Watsonville	1 3-person engine co – City	Advanced Life Support

1.2 Fire Service Funding

Fire protection services and capital improvements are funded through a combination of property taxes, Proposition 172 funds, fees, and special levies. The following *Table ES.2* summarizes the funding for each of the agencies:

Table ES.2
2006-2007 Budgeted Fire Service Funding

Agency	Total Land+Imp Value (in millions)	Property Tax Revenue for Fire Agency	Special Levies- Parcel Tax, Fire Suppression Assessment, etc.	Other Fees/ Revenues	Total Revenue 2006-07	Parcel Count
Watsonville	\$2,998.3	\$4,766,581 ⁽¹⁾	0	\$442,000	\$5,208,581	9,441
PVFPD	\$1,076.7	\$1,244,100	\$140,000	\$232,000 ⁽²⁾	\$1,616,100	4,148
CSA 4	\$263.3	\$521,633 ⁽³⁾	\$374,496	\$10,000	\$906,129	625
CSA 48 (Study Area only) ⁽⁴⁾	\$883.2	\$504,726	\$288,650	\$43,295 ⁽⁵⁾	\$836,671	2,935
Total	\$5,221.5	\$7,037,040	\$803,146	\$727,295	\$8,567,481	17,149

⁽¹⁾Watsonville General Fund allocation to Fire Services Budget – FY 2006/07

⁽²⁾PVFPD Other Revenue includes \$168,000 CAL-STAR Dispatch Contract

⁽³⁾Includes Secured, Unsecured and Supplemental property taxes, and Homeowners' property taxes

⁽⁴⁾CSA 48 Study Area data based on FY 2005/06 Adjusted Net Value

⁽⁵⁾Includes interest, inspection charges, and other charges budgeted for County Fire for FY 2006/07. County Fire other revenues and costs are assumed to be shared equally between the four year-round stations.

In addition to the budgeted revenues shown above, the PVFPD has approximately \$470,000 in reserves and CSA 4 has approximately \$330,000 as of the beginning of FY 2006/07.¹ Anticipated property tax revenues for FY 2007/08 reflect an estimated 7% increase.

1.3 Alternatives for Reorganization

Based on a set of goals and objectives for fire service in South County, three alternatives were considered in this study:

1. Form one new Fire Protection District to serve the South County
 - a. With service provided through a CAL FIRE contract
 - b. With service provided through a Watsonville Fire Department contract
2. Expand the boundaries of PVFPD to include all unincorporated area and form a new subsidiary Fire Protection District to serve Watsonville
3. Maintain the status quo, with potential service improvements through 3-person engine companies and ALS service, and efficiency improvements through functional consolidation for response, training, fire prevention, joint purchasing, and management

Due to escalating costs and funding constraints, local governments will continue to be challenged to maintain current service levels. The County's January 23, 2007 report to the Board of Supervisors noted that current funding streams could not continue to support County Fire without either a reduction in service levels or an increase in fees. Faced with increasing challenges, the South County fire agencies have forged strong relationships in an effort to maintain service levels and leverage resources. The agencies are dependent on each other for resources when responding to a structural fire and work cooperatively to provide service through automatic aid. However, given costs and financing trends, it is expected that service levels in the majority of South County will degrade in the future under the current funding structure. Maintaining the status quo with no service level changes is always an option for agencies, and it will be each agency's decision whether to proceed with additional analysis on an alternative level of service or organizational structure.

Based on the analysis completed for this study, either maintaining the current organization of fire agencies or forming a single fire protection district in the entire study area would result in substantially the same operating costs to upgrade service to a uniform 3-person paramedic company in all stations. There would be some non-monetary operational benefits from forming a single district. Consolidation of fire agencies has been recommended in previous studies but not been implemented for a variety of reasons, including political will, union issues, and funding constraints.

¹ The PVFPD reserves are typically \$200,000 to \$300,000; the \$470,000 is higher than normal due to a timing difference in recording CAL FIRE service charges.

There are significant economic factors associated with consolidating into one fire protection district. Within South County, 91% of fire service costs are labor related. The importance of the union issue should not be understated, as it is very challenging to merge these two types of labor contracts without significant cost. In order to successfully transition to a single department, seniority, pay scales, and benefits must be maintained in order to successfully integrate two programs, which typically results in costs rising to the highest common denominator. In addition, the difference in the shift schedules between CAL FIRE and Watsonville is important; CAL FIRE has 72-hour work weeks including 19 hours of overtime whereas Watsonville has 56-hour work weeks with minimal overtime.²

The current budgeted annual costs for fire service in the South County area are approximately \$8.3 million. Based on the financial analysis completed for this study, the alternatives include upgrades to ALS coverage in each station and would have the following annual costs:

- Alternative 1: One Independent Fire Protection District
 - CAL FIRE Service Model - \$9.9 million
 - Watsonville Service Model - \$12.3 million
- Alternative 2: One Independent Fire Protection District and One Subsidiary District - \$12.6 million
- Alternative 3: Status Quo with Service Level Improvements - \$9.6 million

Alternative 1 and Alternative 3 take advantage of some economies that diminish in Alternative 2 due to staff duplication.

Prior to implementation of any alternative, additional study would be needed to further determine more detailed resource needs and allocation, including staffing, equipment and administration. This would include both capital and operational costs. The study should also include further evaluation of funding opportunities and the impact on County Fire. Given the recent changes with detachments from CSA 48 and interest in increasing service levels at three stations, any proposed reorganization that affects County Fire should be done within the context of a master plan for County Fire.

The Santa Cruz County Fire Department Advisory Commission provided its annual report to the County Board of Supervisors on March 20, 2007. The report identified seven goals of the Commission for the upcoming year, including several applicable to the future of fire service in the South County:

- Review and discussion of efforts by the Fire Chiefs Association to use fire resources within the county more effectively;
- Review and discussion of efforts to improve the operational functions within the County Fire Department;

² The CAL FIRE overtime is due to the requirements of the Fair Labor Standards Act which allows firefighters a 53-hour duty week with subsequent hours being compensated at the time-and-a-half rate. Watsonville employees may be compensated for the difference of 3 hours per week/shift (56 hours scheduled less 53 hours at regular rate), unless they have negotiated another specific remedy.

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- Review impacts to County Fire from proposed annexations by Fire Protection Districts;
- Review potential opportunities to improve service delivery through cooperative arrangements with other local agencies; and
- Assess the ability of the County Fire Department to maintain existing service levels given increasing demands on CSA 48 funds.

The County's Office of Emergency Services, the Fire Department Advisory Commission, LAFCO, and the fire agencies recognize the critical interdependence of the fire service providers within Santa Cruz County. With boundary changes and State negotiated labor agreements, the County believes it has reached a tipping point where it is no longer economically feasible for County Fire to continue to provide services without a change in service levels or increased funding. Considering a change with CSA 48 in South County further highlights this issue. LAFCO has authority over boundary changes, and part of the Commission's consideration is economic impacts and changes to the level of service, to both the annexing and detaching areas. CAL FIRE is likely to continue to have a presence in Santa Cruz County due to the State Responsibility Areas; however County Fire may choose to alter its services over time such that structural fire and life safety are provided through a different approach, such as independent fire protection districts.