



MEMORANDUM

TO: CITY COUNCIL

FROM: JAMES A. BERGMAN, CITY MANAGER

SUBJECT: CONTINUED DISCUSSION - PROVIDE DIRECTION RELATED TO FIRE SERVICE WITHIN THE CITY OF ARROYO GRANDE

DATE: MARCH 12, 2019

SUMMARY OF ACTION:

The City Council will continue to discuss and give direction regarding fire service within the City of Arroyo Grande.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

Decisions related to the funding formula of the Five Cities Fire Authority will not affect the current year budget.

RECOMMENDATION:

It is recommended the City Council consider: 1) updates regarding meetings with representatives of County of San Luis Obispo and a meeting of the managers of the three communities; and 2) a proposed six month extension of the current Memorandum of Agreement.

BACKGROUND:

On February 26, 2019, the City Council considered information regarding policy options for the provision of fire service within the City of Arroyo Grande. At the close of the meeting all five Council Members indicated support of 1) full participation in the current Five Cities Fire Authority (FCFA) (Option #2), 2) continued discussion with the managers to refine the funding formula, 3) meeting with representatives of all three communities and the County of San Luis Obispo to assess the County's potential future involvement, and 4) consideration of up to a three month extension of time as allowed by the Memorandum of Agreement (MOA).

On March 1, 2019, the General Manager of the Oceano Community Services District (OCSD) proposed a six month extension of the MOA to allow additional time for all parties to continue discussions (Attachment 1).

On Sunday March 3, 2019, ad hoc elected and staff representatives from OCSD, City of Grover Beach, City of Arroyo Grande, County of San Luis Obispo, the Five Cities Fire Authority Chief, the County Fire Chief, and a labor representative met to discuss the efforts

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to implement the strategic plan of the Five Cities Fire Authority, the current negotiations of the funding formula, and the County's potential future participation in the provision of fire service. The meeting was productive and ended with a better understanding of the policy positions of each community.

An important aspect of the discussion was to understand the current policy of the County in the provision of fire services within Special Districts. The position of the County presented at the meeting is summarized as:

- Communities that provide fire service responsibilities through a Special District have the duty to continue to provide such services and should seek funding from their respective communities.
- If, after attempting all funding options, a Special District is unable to continue providing fire service and chooses the process of divestiture of fire service responsibilities, there is no guarantee that the County will provide fire service to the community.
- The divestiture process is long (18 months or longer) and dependent on a plan of service, approval by the County and Local Agency Formation Commission (LAFCO).
- If, after completing the LAFCO process, the County chooses to assume fire service responsibilities, it will be under the current County Fire system and not as a member of a Joint Powers Authority (JPA).
- These statements are consistent with the recent County report and works to treat all special districts consistently.

On March 4, 2019, the City Council of the City of Grover Beach discussed their participation in the FCFA. The Grover Beach City Council concurred with their City Manager's stated intent to execute the MOA extension for six months to allow more time for JPA discussions with partner agencies including the funding formula. The Grover Beach Council also voiced strong support for continuing participation in FCFA and the working regional service delivery model.

On March 6, 2019, the Managers, Fire Chief, and the FCFA treasurer met to continue to discuss continuing efforts for the group in the near term. These items included:

- One more review of the funding formula
- Cost of implementing the full strategic plan
- Debt versus sinking fund for heavy equipment replacement
- Future paramedic services
- Update to the FCFA Board of the Strategic Plan

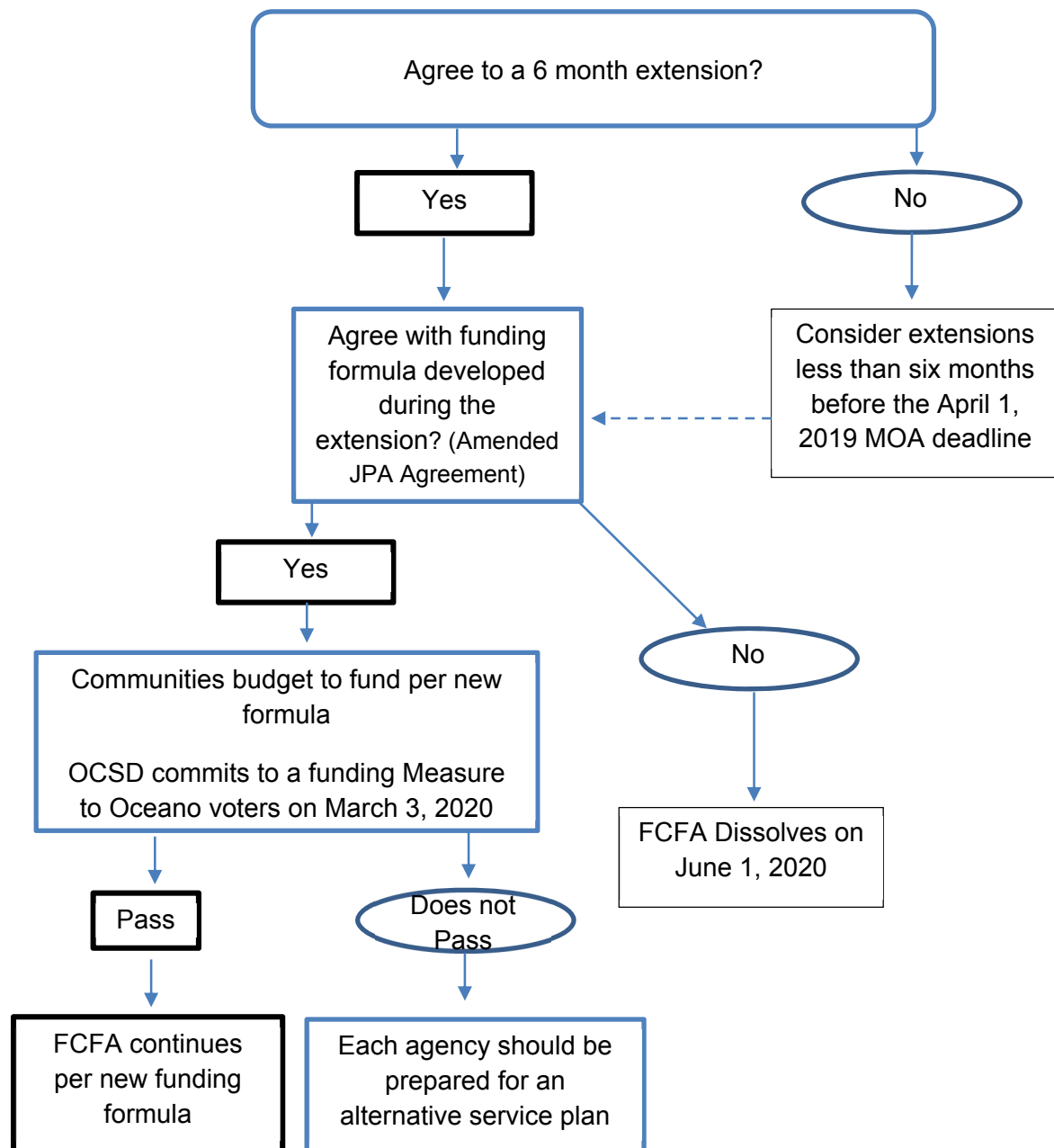
DISCUSSION:

On February 26, 2019, all five Council Members indicated support to: 1) continue to fully participate in the current FCFA, 2) continue the work with the managers to refine the

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formula, 3) meet with representatives of all three communities and the County of San Luis Obispo to assess the County’s potential future involvement, and 4) up to a three month extension of time as allowed by the MOA.

Since the February 26, 2019 meeting, it is now known that the County has indicated that its current policy does not support participating in the funding of the FCFA now or in the event of divestiture of fire service responsibilities by the OCSD. In addition, two of the FCFA member agencies support a six month extension to continue MOA discussions. These developments allow the following options as presented in the flowchart below:



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Agreeing to a six month extension will allow continued discussions of the funding formula and other aspects of the JPA per the MOA until October 1, 2019. If an agreement to modifications to the JPA occur prior to October 1, 2019 and a budget for FY 2019-20 can be agreed upon, it will allow the OCSD Board to consider a funding measure and for the results of the funding measure to be known in March of 2020. If an agreement cannot be made by October 1, 2019, dissolution of the FCFA will occur on June 1, 2020 per the amended MOA.

Continued support of the three month extension will allow discussion of the funding formula and other aspects of the JPA per the MOA until July 1, 2019. If an agreement to modifications to the JPA occur prior to July 1, 2019 and a budget for FY 2019-20 can be agreed upon, it will allow the OCSD Board to consider a funding measure and for the results of the funding measure to be known in March of 2020. If an agreement cannot be made by July 1, 2019, dissolution of the FCFA will occur on March 31, 2020 per the amended MOA. This option is contrary to decisions of the other FCFA member agencies in their current support for a six month extension.

Not agreeing to a time extension would continue to leave the April 1, 2019 MOA deadline in place with dissolution of the FCFA occurring on December 31, 2019. This is contrary to Council comments on February 26, 2019 and opposite of the wishes of the other FCFA member communities.

ALTERNATIVES:

The following alternatives are provided for the Council's consideration:

1. Consider a six month extension of the Memorandum of Agreement; or
2. Provide other direction to staff.

ENVIRONMENTAL REVIEW:

None required.

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2

ATTACHMENTS:

1. Letter from OCSD and proposed Extension of Memorandum of Agreement



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

March 1, 2019

Mr. Jim Bergman, City Manager
City of Arroyo Grande
300 E. Branch Street
Arroyo Grande, CA 93420

Mr. Matt Bronson, City Manager
City of Grover Beach
154 S. Eighth
Grover Beach, CA 93433

RECEIVED
MAR 01 2019
CITY OF ARROYO GRANDE

Gentlemen,

Attached is a document prepared by the legal counsel for the Oceano Community Services District that I have executed providing for a six-month extension of negotiations for amending the Five Cities Fire Authority Joint Powers Agreement as allowed in a Memorandum of Agreement approved by our governing bodies in May 2018.

It is my hope that extending the negotiations will provide us the best opportunity to ensure that dialogue between our communities, the union, and the County will produce positive results in support of the Five Cities Fire Authority. In 2018, Oceano CSD provided comments and recommendations to the Board of Supervisors during their deliberations on the dissolution of the Cayucos Fire Protection District pointing out that the challenges associated with fire protection and emergency services in the unincorporated area are not just in Cayucos, but that they face Oceano and other communities. In response, the County support the recommendations of Oceano CSD and prepared the special district study that has become part of our ongoing discussions. The Oceano initiative last year has also led to additional discussions with the County regarding funding of fire and emergency services and we remain committed to addressing County and Oceano relationships as we proceed. This dialogue is also consistent with other joint efforts between the County and Oceano CSD such as coordination on bridge replacement projects, drainage projects, code enforcement issues and others. Oceano CSD remains optimistic that our existing relationships will be beneficial in addressing fire and emergency services just as they have been on other efforts.

I want to ensure both of you that I understand that we each have the responsibility of providing our governing bodies and the communities we represent with the best information and the best recommendations for fire and emergency services. The Oceano CSD remains committed to supporting the Five Cities Fire Authority.



Oceano Community Services District

Board of Directors Meeting

I appreciate coordination of an upcoming meeting with County representatives and believe that engaging in meaningful dialogue with the County and ultimately gaining an understanding on what they may or may not be able to commit to, requires the MOA extension period.

In conclusion, I am hopeful that we three managers will approve the MOA extension and continue with best faith efforts in support of the Five Cities Fire Authority and the three communities. Mr. Minnery is also available in the event that the attached is acceptable with modifications.

Respectfully,

Paavo Ogrén, General Manager

Oceano Community Services District

Extension of Memorandum of Agreement (Extension of MOA)
Amending the
Five Cities Fire Authority
Joint Exercise of Powers Agreement

WHEREAS, in or about May of 2018, the Cities of Arroyo Grande and Grover Beach, and the Oceano Community Services District (“Parties”) executed an amendment of the Joint Exercise of Powers Agreement, dated June 7, 2010 (“Amendment”); and

WHEREAS, the Amendment provides that unless the Parties are able to agree upon amendments and a restructured Joint Exercise of Powers Agreement (“JPA”) by April 1, 2019, then the Parties shall act in good faith to finalize the distribution of all assets by December 31, 2019; and

WHEREAS, Section 6 of the Amendment also provides that upon mutual agreement of the City Manager of Grover Beach, the City Manager of Arroyo Grande, and the General Manager of Oceano CSD that the Parties are making progress towards JPA amendments, the April 1 deadlines contained within the Amendment can be extended for a period not to exceed six (6) months and will result in a corresponding extension of time of the December 31, 2019 deadline so as to always allow an eight month wind down for distribution of assets and establishment of new services; and

WHEREAS, the parties mutually agree that good faith efforts have been made, although more work is required, and the Parties desire to extend the Amendment for six (6) additional months.

NOW THEREFORE, the Parties agree as follows:

1. References to April 1, 2019 in Section 3 of the Amendment shall be modified to October 1, 2019. References to December 31, 2019 in Section 3 of the Amendment shall be modified to June 1, 2020.
2. References to April 1, 2019 in Section 4 of the Amendment shall be modified to October 1, 2019.
3. References to April 1, 2019 in Section 5 of the Amendment shall be modified to October 1, 2019. References to December 31, 2019 in Section 3 of the Amendment shall be modified to June 1, 2020.
4. The option to extend the Amendment in Section 6 shall be exercised by this Extension.

5. All other provisions of the Amendment shall remain unchanged and in full force and affect.
6. This Amendment may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their proper officers hereunto duly authorized.

CITY OF ARROYO GRANDE

CITY OF GROVER BEACH

By: _____
Jim Bergman, City Manager

By: _____
Matthew Bronson, City Manager

OCEANO COMMUNITY SERVICES DISTRICT

By: Paavo Ogren 3/1/2019
Paavo Ogren, General Manager