

Cayucos Fire Protection District Dissolution

Plan for Services

[Prepared by the County of San Luis Obispo as the
Successor Agency]



June 2018

Plan for Services - Cayucos Fire Protection District

Introduction

Background

The Cayucos Fire Protection District (District) filed a dissolution application with the San Luis Obispo - Local Agency Formation Commission (LAFCO) on September 12, 2017. The reasons for the dissolution as stated by the District are a lack of available volunteer staff and limited revenues to pay for services. In FY 2016-17, the District received \$568,905 in annual revenue through property taxes and a special tax, \$20,484 from Public Facility Fees, and \$39,817 from other revenue sources for a total of \$639,206 of revenue. Costs for providing fire services continue to grow and the funding has not increased to keep pace. Before LAFCO can make a decision regarding the dissolution, they need the County Board of Supervisors to specify the level of service, if any, the County will provide if the Fire District is dissolved.

On March 13, 2018, the County Board of Supervisors received a report and provided direction regarding the level of fire service the County, as the successor agency, would provide to the community of Cayucos if the Cayucos Fire Protection District were dissolved.

On a motion by Supervisor Gibson, seconded by Chairperson Peschong, the Board made the following motion:

- 1) indicate to Local Agency Formation Commission (LAFCO) that the county intends to provide fire service in the area covered by the Cayucos Fire Protect District when that district dissolve;
- 2) to direct staff to prepare a plan of service for County Fire to provide that fire protection service that includes the staffing as required for a Type 1 engine at Station 56 and the necessary renovations of the fire station to meet minimum requirements leveraging all possible Public Facility Fees in the possession of the Cayucos Fire Protection District at this point; and
- 3) to direct staff to bring back a proposal to convene a countywide blue-ribbon committee on countywide fire issues that will consider the input of all stakeholders and provide the Board and update on their activities within a year.

The full minutes are available online and can be found at the following link:

<http://agenda.slocounty.ca.gov/agenda/sanluisobispo/1001/TWludXRlcw==/9/n/91792.doc>

Plan for Services

LAFCO uses a Plan for Services to evaluate the ability of an agency to provide services in a cost-effective manner, and to assess the benefit to be received by the area relative to alternative public agency frameworks. As part of the dissolution process, the County is requesting that LAFCO activate County Service Area (CSA) 10 in Cayucos to administer the resources that would be inherited from the dissolving district.

This Plan for Services describes the fire protection services that the County would provide to the community of Cayucos in summary form. The Plan for Services includes the following information pursuant to Government Code Sections 56653:

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- 1) Description of Service(s)
- 2) An identification of existing service providers, if any, and the potential fiscal impact to the customers of those existing providers
- 3) A plan for financing the establishment of the new district

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Description of Service(s)

a) Description of the services to be provided by the new District and the boundary of the District.

County Fire provides fire protection services and emergency medical response to the unincorporated areas of the county. Services are provided under a contract with the State of California through CAL FIRE. The County will staff one (1) Structure Engine 24/7 with two firefighters, housed at the current Cayucos Fire Protection District (CFPD) Fire Station in downtown Cayucos.

The service area boundary will remain the same as the current boundary of the Cayucos Fire Protection District.

b) Include the level and range of services to be provided.

All current emergency response will remain. Management of the current CFPD will be enveloped within the existing County Fire Program within the boundaries of the North Coast Battalion. All management duties will be the responsibility of CAL FIRE, under the contractual agreement with the County of San Luis Obispo, doing business as the San Luis Obispo County Fire Department (County Fire).

County Fire will provide the following additional items (most of these are currently done by CFPD at some level)

- Dispatch services
- Chief officer coverage
- Management services
- Fire Investigations
- Business safety inspections
- Fire hydrant maintenance
- Community CPR Classes
- Medical stand-by for special events when appropriate
- School Fire Prevention programs
- Fire Marshal

c) Indicate when services can be extended to the affected area(s).

County Fire shall be responsible for fire and emergency response when the Cayucos Fire Protection District is dissolved. Once the Cayucos Fire Protection District is dissolved, County Fire would assume all fire protection responsibilities and the station name and number would be changed to Estero Bay Fire Station 16.

d) An indication of any improvement of structures, roads, sewer or water facilities, or other conditions the district would impose or require within the affected territory if the District is formed.

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If the County were to become the provider of fire protection services, the County would receive all of Cayucos Fire's equipment, apparatus, and facilities. Any assets transferred to County Fire would need to meet current applicable standards. This could mean required repairs, retrofitting, replacement, or disposal of equipment, including radio equipment, Self-Contained Breathing Apparatus (SCBA), and Personal Protective Equipment (PPE). It is assumed that a Type I structure engine and equipment would need to be purchased at an approximate cost of \$756,000 at some time in the future.

It is assumed that the District's existing station house, Station 56, in downtown Cayucos, would require remodel and/or renovation in order to accommodate daily staffing of firefighters and to meet applicable county standards. The County anticipates that Staff will be able to staff the fire station during construction and can utilize a modular building on site if needed. The County Public Works Department in coordination with Vanir Construction Management, Inc. conducted a Facility Condition Assessment (FCA) on Station 56 on September 1, 2017. In addition, a supplementary cost estimate was conducted for a necessary renovation, including an expansion/remodel, to Station 56 in order to fully staff the station. The estimate for the FCA repairs totals \$1,115,000 and can be spread over 10 years, based on CAL FIRE's recommendation of priority/useful life remaining or done all at the time of acquisition by the County. It should be noted that this is a rough estimate. Design work and more detailed estimating will need to be done for the proposed expansion and renovation. Although this is a rough estimate, the total of \$1,115,000 is assumed as a one-time cost for facility repair/renovation.

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1) An identification of existing service providers, if any, and the potential fiscal impact to the customers of those existing providers.

a) Are there any other existing providers in the area?

CFPD is surrounded and protected by CAL FIRE/ County Fire. All of these lands are in the county unincorporated and state responsibility lands. The Morro Bay Fire Department (MBFD) has responsibilities to provide fire and rescue services within the city limits of Morro Bay. San Luis ambulance and Cambria Healthcare District also provide transport services to the town of Cayucos.

b) How will these providers be affected?

Currently, CFPD and MBFD do not have an Automatic Aid Agreement outside of a fire request. MBFD has indicated that they will pursue an agreement that would improve responses within the respective areas.

The proposed county fire engine would improve services outside of the CFPD boundaries as County Fire does not have assets to protect the county fire areas during the winter months. This includes the areas of Hwy 41, and the entire north coast (from the county line to Morro Bay).

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2) A plan for financing the establishment of the new district:

a) The total estimated cost to provide services within the special district's boundaries.

When County staff presented options to the Board of Supervisors, on March 13, 2018, County Staff, in coordination with CAL FIRE estimated the total annual operating cost to provide full-time year-round fire protection services at \$1,513,684. In addition, staff estimated other potential costs at \$1,871,000, including \$756,000 for eventual replacement of a Type I Engine and equipment, \$40,000 for self-contained breathing apparatuses (SCBAs) and other equipment, and \$1,115,000 for a the potential expansion/remodel needed to allow for 24/7 staffing at the downtown Cayucos station located at 201 Cayucos Drive.

b) The estimated cost of the services to customers within the special district's jurisdictional boundaries.

Approximately \$601,522 of revenue from the Cayucos Fire Protection district would be available to fund approximately 40% of the total \$1,513,684 annual operating expenses. Prior to directing County staff to take over fire protection services, the Board of Supervisors were notified that if the Board elected to take on fire protection services in Cayucos, the majority of revenues received by the District would be available to fund operations. In FY 2016-17, the District received \$568,905 in total combined Property Tax, Fire Special Tax, and Weed Abatement Tax and \$70,301 in other revenue for a total of \$639,206. There are a few line item revenue accounts that would likely not be available to fund County operations. For example in FY 2016-17, the District collected approximately \$7,200 in rent from two utility companies renting space in the building. These companies are no longer tenants and depending on the choice, it is unlikely this revenue source would be available. In addition, the Public Facility Fire Fees that are collected by the District would be available to the County. The analysis of options presented to the Board included an annual revenue of \$601,522 that would be available to fund operations if the County were to take over fire services. This figure was arrived from the FY 16-17 total revenue of \$639,206 and removing the Public Facility Fee revenue as this would only be available to expand facilities to accommodate new growth and development and removing \$7,200 in revenue received from rent that would likely not be available to fund County operations.

c) Identify and describe the revenue sources. Discuss the stability of the revenue sources and future availability.

The majority of revenues received by the District would be available to fund operations. In FY 2016-17, the District received \$568,905 in total combined Property Tax, Fire Special Tax, and Weed Abatement Tax and \$70,301 in other revenue for a total of \$639,206. There are a few line item revenue accounts that would likely not be available to fund County operations. For example in FY 2016-17, the District collected approximately \$7,200 in rent from two utility companies renting space in the building. These companies are no longer tenants and depending on the choice, it is unlikely this revenue source would be available. In addition, the Public Facility Fire Fees that are collected by the District would be available to the County. Public Facility

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fees are collected to offset the costs associated with providing new public facilities to accommodate new growth and development. The chart below shows the revenue trends over the last four years. To ensure that these resources are used to fund fire services in Cayucos, CSA 10's Fire Authority is proposed to be activated by LAFCO.

Revenue	FY 13-14	FY 14-15	FY 15-16	FY 16-17
Property Tax	230,410	247,229	263,255	283,134
Fire Special Tax	258,275	259,665	261,981	268,464
Weed Abatement Tax	15,530	13,809	15,821	17,307
Total Tax	504,215	520,703	541,057	568,905
Public Facility Fees	18,656	29,686	13,726	30,484
Other Sources	17,858	34,016	26,149	39,817
TOTAL	540,729	584,405	580,932	639,206

Property Tax

As shown on the table above, the Cayucos Fire Protection District's largest source of revenue is property tax. The District currently received approximately \$250,000 per year. As stated above, property taxes currently received by the District would be available to the County to fund operations. As part of the dissolution process, the County will negotiate the tax agreement to transfer the existing property tax from the District to the County. Revenue and Taxation (R&T) Code §99 provides the state law that governs the processing the tax exchange agreements for changes of organizations, including dissolutions. According to the R&T Code, the County represents a District in property tax negotiations. The County negotiates the property tax agreement on behalf of the District and has discretion over that decision.

Fire Special Tax

In November of 2012, Cayucos passed Measure C which repealed the special tax levied in 1982 and replaced it with a new parcel tax set at twenty-five dollars (\$25.00) per unit of benefit, to be adjusted each year thereafter by the change in the consumer price index, for fire protection, rescue, emergency medical services, and other services relating to the protection of lives and property, and for no other purposes as provided in Ordinance 2012-02. The special tax rate for 2017-18 is currently set at a \$26.42 per benefit unit.

As part of the dissolution process, the County requests that LAFCO transfer the Special Fire Tax to the County to fund operations.

Weed Abatement Fund 1725

The Cayucos Fire Protection District adopted Ordinance #78-1, pursuant to which the District elected to have weed abatement billings collected on the tax roll in the same time as, its general taxes.

As part of the dissolution process, the County requests that LAFCO transfer the Weed Abatement Tax to the County to fund operations.

Public Facility Fees

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The Cayucos Fire Protection District collects approximately \$23,138 annually in Public Facility Fees. As of February 28, 2018, \$289,221.81 was available for Public Facility Fee qualified expenditures.

As part of the dissolution process, the County requests that LAFCO transfer the Public Facility Fees to the County to be used in accordance with the requirements in Government Code section 66000, et seq.

County General Fund

The County General Fund is the largest operating fund for expenditures and revenues for countywide activities. The current FY 2017-18 adopted budget includes \$15,564,508 of General Fund support for County Fire.

The Board directed County Fire to provide fire protection service that includes the staffing as required for a Type 1 engine at Station 56 and the necessary renovations of the fire station to meet minimum requirements leveraging all possible Public Facility Fees in the possession of the Cayucos Fire Protection District at this point. At the time the Board approved the fire protection service in Cayucos, staff estimated that the annual County General Fund support would total \$912,162 for annual operating costs and an additional \$1,871,000 of General Fund support of potential one-time costs associated with facility and equipment repair/renovation.

Annual funding is subject to Board approval as part of the annual budget hearings in June of each year. However, one of the County's long-term budget strategies has been to identify Board priorities to guide budget development. Public Safety, as defines as the Sheriff-Coroner, District Attorney, Probation, and County Fire, is one of the current Board Priorities.

d) Provide an initial budget that describes anticipated expenses associated with the service to be provided.

Attached as Exhibit B. It is important to note that at the time the Board approved the fire protection service in Cayucos, it was estimated the annual operating expenditures would total \$1,513,684 and the annual General Fund support would total \$912,162. Based on current information, these numbers have been slightly revised for the attached budget. The annual operating expenditures estimated for the first year is \$1,513,187, of which \$911,665 is from General Fund support. In addition, the attached budget shows annual operating expense and does not include the potential one-time costs of \$1,871,000 associated with facility and equipment repair/renovation.

e) Indicate if a prop 218 action will be required.

No, a prop 218 will not be required at this time.

f) Other information with respect to how services will be financed.

On March 13, 2018, the Board directed staff to prepare a plan of service for County Fire to provide that fire protection service that includes the staffing as required for a Type 1 engine at Station 56 and the necessary renovations of the fire station to meet

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minimum requirements leveraging all possible Public Facility Fees in the possession of the Cayucos Fire Protection District.