



**EL DORADO COUNTY
FIRE PROTECTION DISTRICT**

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July 17, 2008

Hon. James R. Wagoner
Supervising Judge
El Dorado County Superior Court
495 Main Street
Placerville, CA 95667

RE: Response by El Dorado County Fire Protection District Board of Directors to Part II of the 2007-2008 Grand Jury Final Report

Honorable Judge James R. Wagoner:

The El Dorado County Fire Protection District Board of Directors has received and reviewed Part II of the 2007-2008 El Dorado County Grand Jury Final Report concerning Consolidation of Fire Protection Districts. What follows is our response to the Grand Jury's findings and recommendations as required by Penal Code § 933.05.

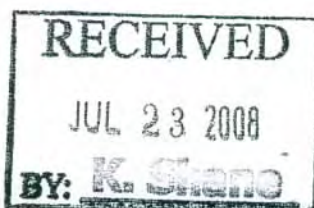
We sincerely thank the members of the 2007-2008 Grand Jury for the time and attention given to review of the vital issue of fire protection and emergency medical services in our County.

**Response by El Dorado County Fire Protection District Board of Directors
Consolidation of Fire Protection Districts
Case No. 07-025**

**I
FINDINGS**

GRAND JURY FINDING NO. 1

Either a fire protection district or LAFCO can initiate a consolidation study including a cost/benefit analysis. LAFCO has been reluctant to aggressively pursue consolidation of fire protection districts, waiting instead for one or more of them to initiate movement toward consolidation.



RESPONSE TO GRAND JURY FINDING NO. 1

The El Dorado County Fire Protection District Board of Directors agrees with the finding.

GRAND JURY FINDING NO. 2

There is often institutional resistance to changing the status quo of an organization. Consolidation and reorganization are likely to lead to elimination of redundant positions, which typically will not be well received by current employees. Should consolidation occur, these difficulties can be ameliorated by (a) selecting at least one director from the district to be a director of the new district, and (b) continuing former district volunteer firefighter associations, such as was done with the mergers to form the El Dorado County FPD.

RESPONSE TO GRAND JURY FINDING NO. 2

The El Dorado County Fire Protection District Board of Directors agrees, in part, and disagrees, in part, with the finding. We agree there is often institutional resistance to change in an organization. This is so for many reasons. For example, with respect to forced consolidation of fire agencies, one major concern for members of the El Dorado County Fire Protection District Board of Directors is dilution of the District's already scarce available resources to attempt to provide comparable fire and emergency medical services to other communities.

The El Dorado County Fire Protection District is already challenged in providing adequate staffing, facilities, equipment, infrastructure and service levels to our citizens. We agree that a single fire agency on the Western Slope of the County would be theoretically optimum. We are steadily doing our part to ultimately achieve that goal. However, we do not believe forced consolidation of fire agencies is necessary or desirable. Only after careful and thoughtful analysis by the governing boards of the potentially consolidated agencies and consideration of the effects on service levels to the public should a consolidation occur.

We agree that redundancies in certain job titles (most notably, fire chief) would be eliminated and some economies of scale would be realized through consolidation. We do not agree with the generalization that elimination of redundancies is typically not well received by current employees. Further, we believe that consolidation of fire agencies does not necessarily result in the elimination or numerical reduction of positions allocated to the fire service mission at the local agency level because staffing levels are already at (and in some cases below) minimum levels. In more rural and geographically remote fire agencies with a lower number of full-time staff and a greater reliance on volunteers, the fire chief often serves as the agency's chief executive as well as a necessary working hand on emergency incidents.

Even though the job title of the fire chief in a consolidated fire agency may change, the occurrence of consolidation does not nullify the need to have the available staffing to serve the emergency needs to the community. While the job title of the fire chief in a consolidated agency may change, the person holding that title will most probably remain a vital part of the organization. Thus, there would be no salary "savings" since the employee would remain employed holding a different job title.

We agree that some of the many challenges arising from the consolidation of fire agencies can be ameliorated in some measure by a representative composition on the newly constituted agency's governing board and the continued investment in strong, active, community-based volunteer programs. However, these are just two of a multitude of organizational considerations that must be addressed if a consolidation is to succeed. We measure the success of consolidation primarily by the level and quality of service delivered to the public.

GRAND JURY FINDING NO. 3

The County Board of Supervisors supplements revenues for six FPDs on the County west slope and two small districts providing fire protection in the Tahoe Basin, Fallen Leaf Lake CSD and the Meeks Bay FPD. This is a subsidy by the County at large to these particular fire districts. These subsidies raise a fairness issue for taxpayers outside these districts who are supporting their own fire protection district through various taxes while also contributing, through the County's General fund, an extra amount of money to these subsidized districts.

These subsidies are based on an agreement between the County Board of Supervisors and the eight districts, "Supplemental Funding Agreement for Rural Fire Districts for Enhanced Fire Protection and Emergency Medical Services." This agreement was amended by ~~an Auditor-Controller memo of October 4, 2001, Board of Supervisors' action on 10-9-01,~~ to provide for a correction in tax rates for fire protection in some of these districts. Under this agreement, the eight districts receiving less than 13 percent of the *ad valorem* property tax revenue collected within their boundaries will receive a supplemental contribution from the County general fund. This supplement is intended to be sufficient to provide the district with revenue for fire protection services equal to approximately 13 percent of their tax revenue base.

The amount of this subsidy is calculated by the Auditor-Controller each year using the final assessed property valuation from the prior year to establish the 13 percent threshold. The difference between the 13 percent threshold and the prior year estimated actual tax revenue plus the prior year subsidy is the basis for the current year subsidy. For the eight subsidized districts, their percentage of total Tax Rate Area (TRA) taxes is always less than 13 percent; whereas for the five non-subsidized fire districts the percentage exceeds 13 percent. Exhibit A, column D, shows the amount of the County supplemental contribution to bring all fire protection districts up to the equivalent of 13 percent of the total TRA taxes for FY 2006/07.

The supplemental amounts contributed by the County to all eight subsidized districts in FY 2006/07 totaled \$1,188,142. The share of this amount received by the six West slope FPDs was \$856,908, which is 72.2 percent of the total subsidy for FY 2006/07. The County supplemental in FY 2006/07 for all eight subsidized districts was \$1,188,242. The subsidy for the six FPDs in the present year, FY 2007/08, is \$926,948, an 8.2 percent increase over the previous year. The subsidy for all eight districts in FY 2007/08 is \$1,300,347, which is a 9.3 percent increase over FY 2006/07.

RESPONSE TO GRAND JURY FINDING NO. 3

The El Dorado County Fire Protection District Board of Directors has not verified the accuracy of the calculations in the finding.

GRAND JURY FINDING NO. 4

All of the subsidized FPDs receive "special taxes" and/or "special assessments" except Pioneer FPD. These funds are not considered when the subsidy calculation is made. These special funds have been previously authorized on a continuing basis by an election of property owners within the districts. Special taxes require a vote of 2/3 of the property parcel owners. Special assessments are "fire suppression assessments," which are allowed under State law and require only a property parcel vote of 50 percent plus one.

RESPONSE TO GRAND JURY FINDING NO. 4

The El Dorado County Fire Protection District Board of Directors agrees with the finding.

GRAND JURY FINDING NO. 5

The tax revenues for FY 2006/07 for the West Slope FPDs are summarized in Exhibit B. The tax revenues for each district, including special taxes and special assessments, are combined in one column. Note that all but Pioneer FPD and Latrobe FPD receive tax revenues exceeding 13 percent of their tax base, and all but Pioneer FPD have total funding including the County Supplemental Contribution that exceeds 13 percent of their tax base. With the exception of Pioneer FPD and Latrobe FPD, the County supplemental is much smaller than the other tax revenue received by the subsidized districts.

RESPONSE TO GRAND JURY FINDING NO. 5

The El Dorado County Fire Protection District Board of Directors agrees with the finding.

GRAND JURY FINDING NO. 6

With advance notification, the Board of Supervisors can discontinue these subsidies. The County has a fiduciary responsibility to minimize them, preferably without degrading fire protection capabilities. Elimination of the subsidies would require these fire protection districts to either find other sources of revenue in a similar amount, or find equivalent budget savings that would not degrade fire protection capability.

RESPONSE TO GRAND JURY FINDING NO. 6

The El Dorado County Fire Protection District Board of Directors agrees, in part, and disagrees, in part, with the finding. We agree the Board of Supervisors presumably could discontinue these subsidies. We cannot agree, however, the Board of Supervisors has a "fiduciary responsibility" to do so even though the El Dorado County Fire Protection District is not a beneficiary of the County subsidy described.

Fire protection and emergency medical services are among the most basic and essential functions a government can provide for its citizens. It seems to us that the County's responsibility to ensure the provision of reliable, trained, capable, and adequately equipped fire and emergency medical services responders to the citizens and visitors to our County overbalances any perceived need to divert those funds to other uses.

When the El Dorado County Board of Supervisors approved this supplemental funding to the named fire districts, it was intended to equalize and balance the varying property tax rates to ensure that each fire district in the County received at least thirteen percent (13%) of the ad valorem tax collected by the Assessor's office for the provision of fire and emergency services.

Elimination of subsidies to these smaller, underfunded fire agencies will likely do more to inhibit than to promote the consolidation of fire agencies because if those funds were not eventually replaced the underfunded (and unsubsidized) fire agency would be an unattractive candidate for consolidation with other, larger fire agencies. Further, eliminating these subsidies could impair the subsidized agency's ability to provide mutual and automatic aid responses to other fire agencies, or services during peak periods within their jurisdictional boundaries, thus increasing the demand on neighboring fire agencies to fill these gaps. These examples serve to illustrate the existing integrated and interdependent nature of the El Dorado County fire service, even though the agencies are not yet consolidated as a single political subdivision.

Instead, the Board of Supervisors should consider offering additional financial incentives to fire agencies that consolidate, particularly where the consolidation involves less populous, more geographically remote, and harder-to-serve jurisdictions.

GRAND JURY FINDING NO. 7

Consolidation of the six West Slope subsidized fire districts, and especially mergers into the three financially stronger fire districts on the West Slope, should allow elimination of the fire chiefs and other administrative positions in the subsidized districts. The potential personnel savings that could result are shown in Exhibit C, where the administrative personnel costs for each fire district are shown in column L, with a total amount of \$944,084. The County supplemental contributions for these fire districts are shown in column M, and the total amount is similar to the total administrative personnel costs shown in column L.

RESPONSE TO GRAND JURY FINDING NO. 7

The El Dorado County Fire Protection District Board of Directors agrees, in part, and disagrees, in part, with the finding. We agree that a single fire protection district serving the Western Slope would be theoretically optimal. As discussed above, we believe the duplication of certain job titles would be eliminated but the number of allocated positions necessary to serve the reorganized agencies would remain roughly the same. Therefore, we believe an unknown amount of savings through economies of scale would be realized but most of any savings would necessarily be reinvested to maintain adequate staffing levels, facilities, equipment, infrastructure, and service levels rather than as a realized financial "savings."

GRAND JURY FINDING NO. 8

If supplemental payments to the six West Slope fire protection districts are eliminated, the savings to the County general fund will be recurrent, rather than one-time. Over ten years and with an annual increase of 9 percent, the **SAVINGS** will amount to **\$14,018,235**. If supplemental payments to all eight subsidized fire districts are eliminated, the **SAVINGS** over ten years will amount to **\$19,665,148**.

RESPONSE TO GRAND JURY FINDING NO. 8

The El Dorado County Fire Protection District Board of Directors agrees, in part, and disagrees, in part, with the finding. Of course, we agree that eliminating subsidies to the named fire protection districts will result in a reduction in the County' budget allocation for that line item. However, we do not agree that that there will be a net savings. First, those funds we undoubtedly be channeled to other unspecified (perhaps less essential) uses. Second, elimination of the subsidies without a plan for replacing those funds could result in lost property tax revenue should an underequipped, understaffed, or underfunded fire agency be unable to prevent or extinguish a fire.

II **RECOMMENDATIONS**

GRAND JURY RECOMMENDATION 1

The El Dorado County Board of Supervisors should discontinue the "Supplemental Funding Agreement for Rural Districts for Enhanced Fire Protection and Emergency Medical Services" as it pertains to the following six fire protection districts: Pioneer, Rescue, Garden Valley, Mosquito, Georgetown, and Latrobe.

RESPONSE TO GRAND JURY RECOMMENDATION 1

This recommendation is directed to the El Dorado County Board of Supervisors rather than the El Dorado County Fire Protection District. Accordingly, this recommendation will not be implemented because it is not reasonable, inasmuch as the El Dorado County Fire Protection District is without any authority to implement it.

GRAND JURY RECOMMENDATION 2

LAFCO and the El Dorado County Board of Supervisors should actively encourage consolidation or merger agreements between these presently subsidized fire protection districts and any of the following fire protection districts: El Dorado County Fire Protection District, Diamond Springs-El Dorado Fire Protection District, and El Dorado Hills County Water District.

RESPONSE TO GRAND JURY RECOMMENDATION 2

This recommendation is directed to the LAFCO and the El Dorado County Board of Supervisors rather than the El Dorado County Fire Protection District. Accordingly, this recommendation will not be implemented because it is not reasonable, inasmuch as the El Dorado County Fire Protection District is without any authority to implement it.

GRAND JURY RECOMMENDATION 3

The boards of directors of the following nine fire protection districts should make a good faith effort to reach consolidation agreements: Rescue, Pioneer, Mosquito, Latrobe, Georgetown, Garden Valley, El Dorado County, Diamond Springs, and El Dorado Hills. Each of these nine fire protection districts should report the results of their efforts to the Grand Jury within the Penal Code timeframe requirements.

RESPONSE TO GRAND JURY RECOMMENDATION 3

The recommendation has been implemented.

The philosophy of the El Dorado County Fire District has always been to support the concept of consolidations and mergers of surrounding fire agencies, provided that such actions would increase (or at the very least preserve) the level of service to the constituents that we serve.

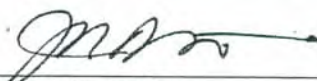
The El Dorado County Fire Protection District has been a leader for two decades in the consolidation of fire agencies on the Western Slope. As noted in the Grand Jury's report, the El Dorado County Fire Protection District is the product of consolidation of the former Pleasant Valley, Pollock Pines-Camino, Shingle Springs, Coloma-Lotus, and Northside fire protection districts. (Grand Jury Report, p. 7, ¶ 3.)

We continue, as we have for twenty years, to actively pursue good faith consolidation discussions with other West Slope fire agencies and implement plans for consolidation when they are mutually beneficial to the citizens of the consolidating agencies.

Should you have any questions regarding this response or require clarification or additional information please contact me.

Sincerely,
EL DORADO COUNTY F.P.D.

By:



JOSEPH W. ROSE
Chair, Board of Directors

JWR/