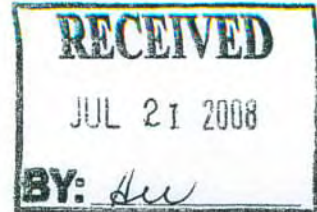


MOSQUITO

FIRE PROTECTION DISTRICT

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July 17, 2008

El Dorado County Superior Court
Honorable Judge James R. Wagoner
Presiding Judge of the Grand Jury 2007-2008
495 Main Street
Placerville, CA 95667

Re: Response to Grand Jury Report on Fire District Consolidations

Dear Judge Wagoner:

The Mosquito Fire Protection District Board of Directors finalized and approved its responses to the Grand Jury's findings on Case # 07-025, Consolidation of Fire Districts, at their Regular Board Meeting on July 13, 2008. The following pages constitute that response. If there are questions or clarifications concerning our response, please do not hesitate to contact either myself or Board Member, John Moalli. We can be reached through the Fire District office.

A handwritten signature in cursive script, appearing to read "Ralph Hern".

Ralph Hern,
President, Board of Directors
Mosquito Fire Protection District.

**Mosquito Fire Protection District
Response to Grand Jury Case No. 07-025**

Grand Jury Finding	Mosquito Fire Protection District Response
<p>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 towards consolidation.</p>	<p>Mosquito Fire Protection District (MFPD) agrees that a fire protection district can initiate a consolidation study including a cost/benefit analysis.</p> <p>MFPD is not able to comment on LAFCO's position toward consolidation.</p>
<p>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</p> <ul style="list-style-type: none"> 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 from the El Dorado County FPD. 	<p>MFPD disagrees in part with finding 2. While elimination of positions can certainly lead to resistance to change within an organization, it is the position of MFPD that the most likely cause of resistance to consolidation will be the reluctance to provide a degraded level of service to the residents in the district.</p>
<p>3. The County Board of Supervisors supplements revenues for six FPDs on the County west slope and two small</p>	<p>The MFPD disagrees in part with finding 3. In the background section of the report, the Grand Jury states that "Operationally,</p>

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Grand Jury Finding	Mosquito Fire Protection District Response
<p>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.</p> <p>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, 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.</p> <p>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</p>	<p>boundaries between west slope County fire protection districts are transparent. With respect to emergency response, they act together as one fire department." This statement is contradictory to the fairness assertion, as taxpayers outside of the subsidized district clearly receive benefit from subsidized district operations. In the MFPD, for example, the subsidy is used to finance an emergency vehicle. As this vehicle is often called to emergencies outside of the Mosquito district, non-Mosquito taxpayers receive a direct benefit from the general fund subsidy.</p>

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Grand Jury Finding	Mosquito Fire Protection District Response
<p>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 subsidy districts, their percentage of 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.</p> <p>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.</p>	
<p>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</p>	<p>The MFPD agrees with this finding.</p>

Grand Jury Finding	Mosquito Fire Protection District Response
<p>continuing basis by an election of property owners within the district. 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.</p>	
<p>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 district.</p>	<p>The MFPD agrees with this finding.</p>
<p>6. With advanced notification, the Board of Supervisors can discontinue these subsidies. The County has 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.</p>	<p>The MFPD disagrees in part with this finding.</p> <p>Firstly, the Board of Supervisors also has responsibility to ensure its citizens are adequately provided with emergency medical services and are protected against fire hazards; the subsidies are an important component of these services. Without a thorough analysis of the manner in which the subsidies are spent, the Grand Jury has no basis for establishing whether or not the elimination of the subsidies would be fire</p>

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Grand Jury Finding	Mosquito Fire Protection District Response
	<p>protection capability neutral.</p> <p>Secondly, it is the position of the MFPD that degradation of fire protection capabilities is not an acceptable consequence of subsidy elimination.</p> <p>Finally, the MFPD believes this finding is internally inconsistent, stating on the one hand that the county can eliminate the subsidies and try its best not to degrade fire protection capabilities, and on the other hand asserting that the FPD's cannot degrade capabilities if the subsidies are discontinued. Clearly, the standard should be the same for both the County and the FPD's – capabilities cannot be degraded.</p>
<p>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 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.</p>	<p>The MFPD disagrees with this finding.</p> <p>Firstly, consolidation will not necessarily eliminate the personnel costs to the extent the Grand Jury claims in Exhibit C of the report. While consolidation may remove a salaried position with the title of "Chief", it is likely that in order to maintain the current level of fire protection capability, a salaried position of "Captain" (or similar title) would be created. Similarly, it is unlikely that a single secretary or Administrative Assistant in the consolidated organization could perform all of the functions of the four positions the Grand Jury proposes to eliminate; some positions would need to be carried over or new positions created. Thus, Exhibit C of the report</p>

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Grand Jury Finding	Mosquito Fire Protection District Response
	<p>overstates the level of savings that could be realized by the County.</p> <p>Second, stating that the County supplemental contributions for the subsidized districts is similar to the total administrative personnel costs can be misleading. Although the total subsidy and personnel costs are of the same order in sum, the two are grossly disparate in some FPD's. For example, in the MFPD, the total personnel costs are estimated to be \$107,122 in Exhibit C, while the county supplemental contribution is only \$28,246. Finally, the MFPD notes that the total of column L in Exhibit C is \$726,919, not the \$944,084 mentioned in this finding.</p>
<p>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 annual increases 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.</p>	<p>The MFPD disagrees with this finding, as it believes that the Grand Jury has over-estimated the savings.</p> <p>Firstly, the calculation assumes an annual increase of 9 percent, cumulatively, over the ten year period. This level of increase is not predictive nor consistent with the current economic conditions. For example, the assessed property valuations in the county will clearly be less in FY 2008/09.</p> <p>Secondly, the calculation assumes that all subsidies from the general fund can be eliminated once consolidation occurs. As the level of fire protection capability must be maintained in the new organization, it is not clear that (nor has any study been done to validate such) all subsidies can be discontinued.</p>

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Grand Jury Recommendation	Mosquito Fire Protection District Response
<p>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.</p>	<p>As this recommendation is for the Board of Supervisors, the MFPD cannot speak to its implementation. However, for the reasons mentioned in the findings sections above, it is the position of the MFPD that the supplemental funding should not be discontinued.</p>
<p>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.</p>	<p>As this recommendation is for the Board of Supervisors and LAFCO, the MFPD cannot speak to its implementation.</p>
<p>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.</p>	<p>The MFPD has not yet implemented this recommendation, but will do so in the future. The MFPD proposes that over the next year, it will analyze the effects of consolidation on key factors including level of service and fire protection capability. For example, it is currently unclear as to how consolidation will effect level of service metrics in Mosquito including:</p> <ul style="list-style-type: none"> i) A 9 minute average response time for emergency equipment to arrive on scene ii) A 5 minute average response time for a Command

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Grand Jury Recommendation	Mosquito Fire Protection District Response
	<p>Officer to arrive on scene.</p> <p>iii) A 15 minute average response time for on-scene arrival of additional personnel and equipment</p> <p>iv) Personnel responding to medical calls for service trained to a minimum level of EMT with Combe Tube certification.</p> <p>v) An ISO rating of 5 in those areas served by fire hydrants and a rating of 8 in those areas not served by hydrants.</p> <p>vi) Station 75 staffed with at least one trained, emergency response person during normal business hours 7 days a week and opened to the public for information, burn permits, etc. for at least 5 hours a day M-F.</p> <p>After this analysis is complete, the MFPD will be in a good position to determine if consolidation is feasible.</p>