



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Managers Office/Clerk of the Board



Date: May 8, 2012
Board Meeting Date: May 8, 2012
Special Notice / Hearing: None
Vote Required: Majority

TO Honorable Board of Supervisors
FROM: Peggy Jensen, Deputy County Manager
SUBJECT: 2011-12 Grand Jury Response

RECOMMENDATION:

Accept this report containing the Board of Supervisor's response to the 2011-12 Grand Jury report titled: "The County, San Carlos, and CAL FIRE, A Missed Opportunity?":

BACKGROUND:

On February 15, 2012, the Grand Jury filed a report titled: "The County, San Carlos, and CAL FIRE, A Missed Opportunity?" The Board of Supervisors is required to submit comments, within ninety days, on the findings and recommendations pertaining to the matters under control of the County of San Mateo. The County's response to the report is due to the Hon. Gerald J. Buchwald no later than May 15, 2012.

Acceptance of this report contributes to the Shared Vision 2025 outcome of a Collaborative Community by ensuring that all Grand Jury findings and recommendations are thoroughly reviewed by the appropriate County departments and that, when appropriate, process improvements are made to improve the quality and efficiency of services provided to the public and other agencies.

FISCAL IMPACT:

There is no Net County Cost associated with accepting this report.

The County, San Carlos, and Cal Fire, A Missed Opportunity?

Findings:

Grand Jury Finding Number 1. CAL FIRE is a full-service rural, suburban and urban fire protection agency.

Response: Agree.

Grand Jury Finding Number 2. CAL FIRE is a fully integrated part of the County's fire protection system with 72 fire fighters working effectively with municipal fire departments and fire districts and utilizing the County's central dispatch system. The CAL FIRE coverage area includes most unincorporated portions of the County and the Coastside Fire District.

Response: Partially Agree.

CALFIRE as the contractor to County Fire is fully integrated in the County Fire protection system.

Grand Jury Finding Number 3. From interviews, the Grand Jury learned that there is broad agreement among officials and staff from the County and cities that CAL FIRE has provided effective fire protection services in the areas of San Mateo County it serves.

Response: Agree.

Grand Jury Finding Number 4. Differences between work shifts of CAL FIRE and municipal fire departments, and differences in the wage rates and benefits, allow CAL FIRE to offer comparatively less expensive fire services in the Bay Area.

Response: Agree.

Grand Jury Finding Number 5. CAL FIRE prices its services by applying a standard 11% overhead cost on top of direct costs.

Response: Partially Agree.

CAL FIRE does apply an overhead factor to their contract, but that amount varies year to year. The last two years the factor has been between 11% and 12%.

Grand Jury Finding Number 6. San Mateo County has contracted with CAL FIRE for services to its unincorporated areas since 1962. The current contract expires on June 30, 2012.

Response: Agree.

Grand Jury Finding Number 7. As of October, 2011 the San Mateo County budget deficit stood at \$50 million.

Response: Partially Agree.

San Mateo County has a structural budget deficit that is updated annually. On January 31, 2012, the County Manager reported to the Board of Supervisors that the structural deficit for FY 12-13 is \$41 million.

Grand Jury Finding Number 8. San Carlos requested that the County Board of Supervisors allow San Carlos to obtain fire protection services from CAL FIRE through the County's contract with CAL FIRE.

Response: Agree.

Grand Jury Finding Number 9. From the County staff report of January 18, 2011, adjusted for a budgetary mistake, CAL FIRE could have saved San Carlos between approximately \$600,000 and \$2.5 million per year.

Response: Agree.

Grand Jury Finding Number 10. From the County staff report of January 18, 2011, in addition to substantial savings for San Carlos, bringing San Carlos under the County contract with CAL FIRE could have saved the County an additional \$650,000 per year. Neither the savings to San Carlos or the County were discussed by the F&O Committee on January 18.

Response: Partially Agree.

The County staff report did not specify an "additional" \$650,000 savings per year – it noted that the total savings could be \$650,000 (up to \$300,000, plus an additional \$350,000). The Committee considered the financial information at their meeting but it was not the only issue of concern. The Committee was also interested in shared services options among the cities. At the January 18, 2011 meeting the F&O Committee members requested more information from the cities regarding shared services and associated cost savings.

Grand Jury Finding Number 11. From the County staff report of February 15, 2011, "County Fire has a budget reduction target of \$218,877 for FY 2011-12 with the goal of eventually eliminating all \$1 million in general fund contributions." (See, Appendix C)

Response: Agree.

Grand Jury Finding Number 12. In response to a request from the F&O Committee, CAL FIRE prepared a cost estimate for delivery of fire protection to five County cities (Redwood City, San Carlos, Belmont, Foster City and San Mateo). According to the County staff report of February 15, 2011, the estimated aggregate cost savings to those five cities could be between \$1.7 million and \$16.8 million per year.

Response: Partially Agree.

The potential cost savings of between \$1.7 million and \$16.8 million was an aggregate for the five cities and the County – not just the five cities.

Grand Jury Finding Number 13. The CAL FIRE service cost estimates and potential savings for the County and the five County cities were not discussed by the Committee members at the February 15, 2011, F&O Committee meeting.

Response: Partially Agree.

The information in the staff report, including the financial information and data, was presented to the Finance and Operations Committee both in the report and orally at the meeting. The Committee had requested but did not receive information on a city shared service model at the February 15, 2011 meeting. But in an effort to promote city savings, Committee members offered to mediate talks between the cities of Belmont and San Carlos regarding fire service costs.

Grand Jury Finding Number 14. From the audio transcripts of both the January 18 and February 15, 2011 F&O Committee meetings, Supervisor Adrienne Tissier said that the Governor had called for CAL FIRE getting out of the urban fire-fighting business.

Response: Agree.

Grand Jury Finding Number 15. The Governor's January 10, 2011 recommendations on CAL FIRE realignment only applied to State Responsibility Areas and did not apply to contracts with local jurisdictions, such as its contracts with San Mateo County or the Coastside Fire District. There was no suggestion from the Governor that CAL FIRE should curtail delivery of urban fire protection services funded by counties or cities.

Response: Partially Agree.

The initial information from the state was not clear on which aspects of CAL FIRE services should be curtailed. According to Chief Ferreira's statements at the Finance and Operations Committee meetings, the Governor's comments did not apply to the contract with San Mateo County.

Grand Jury Finding Number 16. Also during the February 15, 2011 F&O Committee meeting, the Supervisors said that the County does not want to be in the fire-fighting business. The Supervisors further said they strongly supported regional fire-protection solutions in the County as a means to reduce redundant administrative and infrastructure costs to the cities.

Response: Partially Agree.

The statement about the County not being in the firefighting business should be clarified. The Board is committed to providing fire protection services to the unincorporated areas of the County. The Supervisors had concerns about expanding

County provided fire services into incorporated areas prior to exploring regional solutions among the cities.

Grand Jury Finding Number 17. The Supervisors recommended that Belmont and San Carlos enter into mediation to continue their joint fire department while regionalization alternatives could be explored. From interviews and meeting transcripts, most San Carlos and Belmont officials stated there was little chance for mediation to be successful.

Response: Partially Agree.

The Supervisors did recommend mediation. We cannot comment on local official's statements regarding the potential success of mediation made by city officials in interviews.

Recommendations:

The Grand Jury recommends to the County Board of Supervisors that it should:

1. Renew its contract with CAL FIRE by June 30, 2012, unless there is a new compelling fiscal reason to change.

Response: Agree.

2. During contract negotiations with CAL FIRE, include a provision within the contract that would allow fiscally qualified cities to sub-contract for CAL FIRE services through the County such that the County as well as the cities can benefit.

Response: Disagree.

Specific language is not necessary. The standard CAL FIRE contract language allows expansion of the service area when that expansion is supported by the CAL FIRE review process. The review includes evaluation of fiscal and service impacts.

3. Until the provision in Recommendation 2 is approved, allow fiscally qualified cities and fire districts in the County to sub-contract services with CAL FIRE under the County's contract.

Response: Partially Agree.

As noted in response Number 2 above, the first step in extending the service area under any CAL FIRE contract is a detailed review by the State. That process can take up to three or four months. Therefore, while the County would be willing to discuss expanding service under the current contract, it is unlikely the state service review would be completed prior to the renewal date of the current contract.

4. View CAL FIRE as a potential component of the regionalization effort.

Response: Agree.

San Mateo County fire service providers, including CAL FIRE, all participate in a countywide move and cover plan. This plan is a regional approach to fire protection services. Therefore, CAL FIRE is currently part of a regional approach to fire protection in San Mateo County. In addition, the County is participating in the San Mateo County City Managers Association shared fire services workgroup which is looking into many ways to further regionalize fire service.