

COOPERATIVE AGREEMENT ANALYSIS

SAN MIGUEL FIRE PROTECTION DISTRICT



I. BACKGROUND

In December 2011, faced with several consecutive years of declining revenues and increased costs, the San Miguel Consolidated Fire Protection District released a Request for Proposal for other agencies to provide the District with fire suppression and emergency medical services.⁽¹⁴⁾ The decision to seek outside help for the operation of their Fire Department was a difficult one for the San Miguel Board of Directors and the affected community to accept.⁽¹⁷⁾

The District Board had initiated other cost cutting measures prior to reaching this decision. In May of 2010, a District Finance Committee recommended the demotion of one Division Chief and the layoff of three Firefighters.⁽¹⁵⁾ That recommendation was rejected by the Board of Directors but was soon followed by additional cuts made at the expense of District Firefighters.

DISTRICT BUDGET SHORTFALL	
FISCAL YEAR	BUDGET SHORTFALL
2011 – 2012	\$1.3 Million ⁽¹⁾
2012 – 2013	\$1.6 Million ⁽¹¹⁾
2013 – 2014	\$2.1 Million (projected) ⁽¹⁴⁾

Following failed labor negotiations the District reduced their fiscal responsibilities by:⁽¹⁴⁾

- Increasing the employee contributions to medical benefits
- Increasing the employee contributions to their pensions to the maximum allowed under law
- Eliminating holiday pay for Firefighters
- Imposing furlough days for the Fire Chief and administrative personnel
- Decreasing the annual leave earn rates for Firefighters
- Reducing the overall number of personnel, including:
 - Not filling three vacancies that were created due to natural attrition
 - Elimination of Engine Company 15
 - Elimination of Engine Company 23, replacing it with a two-person medic squad

These actions had the potential to reduce District expenses, however, other long term and irreversible liabilities, which still exist today, continued to leave the District with significant budgetary shortfalls.

These long term liabilities include:

- Post-employment benefits ⁽¹⁴⁾
 - There are currently 92 ⁽²⁸⁾ retired District personnel or former board members that receive life time medical benefits, some with as little as five years of service to the District ⁽¹²⁾
 - The District is also responsible for the lifetime medical benefits of five Lemon Grove firefighters as a result of their failed contract to provide fire service to Lemon Grove ⁽¹⁸⁾
- Workers Compensation and Public Agency Self-Insured System (PASIS) funding ⁽³⁻¹⁰⁾
- Payments toward CALPERS unfunded liabilities ⁽³⁻¹⁰⁾

- This payment is expected to increase year over year until at least 2021

After allowing four months for proposals to be submitted, CAL FIRE was the only agency that submitted a proposal “in response to San Miguel’s call for help”.⁽¹⁷⁾ In an April 25th Board Meeting, the District voted to enter into negotiations with the State agency. Those negotiations resulted in a unanimous Board vote⁽¹¹⁾ for a 5½ year Cooperative Agreement for the provision of fire suppression and emergency medical services that stipulated a not-to-exceed cost providing the District with a stable baseline for personnel expenses. A three percent year over year escalator was established to account for the increased cost of salaries and medical benefits over time.

Ultimately, the CAL FIRE Cooperative Agreement allowed the District to remain intact, with the Board of Directors to provide oversight and local accountability, and with a balanced budget.⁽¹⁴⁾

II. ISSUE

The current Board of Directors of the San Miguel Consolidated Fire Protection District has neither accepted nor supported the Cooperative Agreement that they entered into with CAL FIRE. As early as January of 2015, just two years after the start of the Cooperative Agreement and two months after a Board election, the Board was discussing the fiscal impacts and possibilities of returning firefighter operations back to the District.⁽²⁰⁾ At that time a macro-study of the District finances was ordered. The results of the macro-study were presented at a March 17th meeting of the District Finance Committee, CFO Darilyn O’Dell reported to the Committee that returning to a stand-alone fire district, utilizing a 56 hour work week would cost the District approximately \$14.6 Million, an additional \$2.1 Million above the Fiscal Year 2015 – 2016 CAL FIRE Cooperative Agreement amount.^(21,22)

These findings were presented to the Board of Directors at a regular meeting on April 8th, 2015. At this time the Board unanimously voted to not end the CAL FIRE Cooperative Agreement and a motion to conduct a more detailed micro-study for the feasibility of returning to an independent Fire District failed.⁽²²⁾ Instead, the Board formed an Ad Hoc Committee, the Fire Suppression Outside Agency Outreach Committee, to approach other outside agencies as a replacement for CAL FIRE.⁽²²⁾

Having not received any interest in a partnership from other outside agencies and still not finding satisfaction in the analysis of returning to a stand-alone Department, a micro-study was once again proposed and approved at the January 13th, 2016 Board Meeting.⁽¹⁹⁾ During this meeting, CAL FIRE Unit Chief Tony Mecham addressed the Board and stated that he would assist by answering any questions they had regarding the CAL FIRE extended duty workweek, salaries, and benefits. At this time there has been virtually no communication and a significant lack of transparency with CAL FIRE or with the public regarding the micro-study process or the outcome. CAL FIRE, as a cooperative partner, is contracted to provide management of the Fire District yet was given no opportunity to provide input to this micro-study. Furthermore, the micro-study that has been provided is a snapshot in time with no long term financial analysis or independent analysis.

The San Miguel Consolidated Fire Protection District’s Board of Director Policy Manual states that “the District is accountable to its primary customers, the taxpayers”.⁽²⁷⁾ That accountability “requires measuring the outcome and results of spending the taxpayers’ money” and insuring “the long-term fiscal health of the District”.⁽²⁷⁾ This analysis is intended to assist in determining whether or not the District can maintain long-term fiscal health as an independent agency.

III. COOPERATIVE AGREEMENT BENEFITS AND COSTS

The Cooperative Agreement between CAL FIRE and the San Miguel Consolidated Fire Protection District provides full-service fire protection at a fixed cost. The Cooperative Agreement is inclusive of all personnel costs including direct labor and support services. The District maintains a separate budget for equipment, facilities, and supplies.

The chart below illustrates the fixed Cooperative Agreement amounts for the life of the existing Cooperative Agreement, the actual amounts billed for past Fiscal Years, and the savings that have been returned to the District.

COOPERATIVE AGREEMENT FIXED COSTS AND POTENTIAL RETURNS			
FISCAL YEAR	AGREEMENT AMOUNT	ACTUAL AMOUNT BILLED	AGREEMENT SAVINGS
Dec 31, 2012 – Jun 30, 2013	\$5,712,295	\$4,884,587	\$827,708
Fiscal Year 2013 - 2014	\$11,821,749	\$10,539,206	\$1,282,543
Fiscal Year 2014 - 2015	\$12,176,401	\$11,330,852	\$845,549
Fiscal Year 2015 - 2016	\$12,541,693	TBD	TBD
Fiscal Year 2016 - 2017	\$12,917,944	TBD	TBD
Fiscal Year 2017-2018	\$13,305,483	TBD	TBD

The Cooperative Agreement amount provides for the maximum salary and benefit cost for all personnel working within the District, though the District is only billed actuals which allows for a savings each Fiscal Year. This savings is often 5 to 7 percent below the Cooperative Agreement amount; however, these savings have been in consistent decline since the beginning of the Agreement. This is largely due to the fact that the Cooperative Agreement was written with a 3% escalator every year while the actual cost of employee health care and retirement have increased at a rate of 5% every year.

The total cost of the Cooperative Agreement includes:

- Personnel salaries including Paramedic, Education, and Longevity bonuses
- Employer retirement contributions
- Funding for employee leave buyout expenses
- Employer medical benefits contributions including Health, Dental, and Vision
- Funding for survivor's benefits
- Funding for worker's compensation expenses

The District Board of Directors maintains local control by establishing District policy, determining the level of service, and is responsible for the financial management of the District.

STAFFING STANDARDS

At the time of initiation, the Cooperative Agreement included funding for a total of 74 personnel. Through the issuance of contractual side letters, the number and classification of personnel employed within the District has changed without any increase in the not-to-exceed amount of the Cooperative Agreement, these changes are just one more component of the reduced returns that the District has experienced over time. Since the beginning of the Cooperative Agreement, the numbers of fire suppression personnel have increased and the numbers of administrative personnel have decreased. The 75 personnel employed within the District are sufficient to allow for 3.0 staffing on seven front line fire engines and one truck at eight fire stations, in two operational Battalions, with built in relief positions to reduce overtime expenses.

Through the Cooperative Agreement, all CAL FIRE personnel are included in providing support to the District at no additional cost. These additional personnel includes a Duty, Division, and Battalion Chiefs to provide seven day per week Chief Officer coverage, a Public Information Officer, Public Education Bureau, EMS Bureau, Safety Bureau, Training Bureau, Logistics Bureau, GIS Analyst, and Telecommunications Analyst.

DISTRICT PERSONNEL	
CLASSIFICATION	COUNT
Division Chief	1
Battalion Chief	4
Fire Captain	20
Fire Apparatus Engineer (FAE)	19
FAE – Paramedic	5
Firefighter Paramedic	21
Communications Operators	4
IT Support	1

FINANCIAL IMPACT

The stabilization of personnel costs has had a significant financial impact on the District, allowing for a balanced budget and the ability to place the realized savings into reserve accounts. In Fiscal Year 2013, the first full year of the Cooperative Agreement the District’s actual operating expenses were reduced by nearly \$2 million compared to the previous year. ⁽²⁸⁾

In the four years prior to the CAL FIRE Cooperative Agreement, just \$1.1 million or 1.3% of the District’s total budget was allocated to Facilities Replacement or Vehicle Replacement Funds ⁽³⁻⁶⁾. Since Fiscal Year 2012 – 2013, when the Cooperative Agreement went into effect, the District was able to increase that threefold to 3.9% of the District’s budget for a total of \$3.2 million ⁽⁷⁻¹⁰⁾.

The financial impact has been so significant that the District has been able to reduce their dependency on outside financing, instead choosing to fully fund budgetary line items; including:

- The purchase of two Spartan ERV Type I Fire Engines ⁽²³⁾
- Making a CALPERS lump sum payment instead of monthly payments ⁽²⁴⁾
- The construction of a new Fire Station 29 on Pepper Drive ⁽²⁵⁾
- The replacement of the HVAC system at Fire Station 65

- Eliminate the need to borrow against County funds for monthly payroll and expenses due to the CAL FIRE quarterly invoicing system

With the removal of interest charges on significant purchases, these decisions have served to exponentially increase the positive financial impact on the District’s budget.

DISTRICT RESERVE BUDGETS			
FISCAL YEAR	VEHICLE REPLACEMENT FUND BUDGET	FACILITIES REPLACEMENT FUND BUDGET	TOTAL
2008 – 2009	\$35,000	\$33,000	\$68,000
2009 – 2010	\$600,000	\$133,000	\$733,000
2010 – 2011	\$10,000	\$43,000	\$53,000
2011 – 2012	\$35,000	\$33,000	\$68,000
2012 – 2013	\$15,000	\$82,500	\$97,500
2013 – 2014	\$610,000	\$34,500	\$644,500
2014 – 2015	\$660,000	\$43,000	\$703,000
2015 – 2016	\$1,124,928	\$654,381	\$1,779,309

The chart above represents the budget line item, under “Other Funds Expenditure Summary” for the Vehicle Replacement Fund Budget and the Facilities Replacement Fund Budget for each Fiscal Year. Highlighted areas represent Fiscal Years with CAL FIRE Cooperative Agreement.

IV. CAL FIRE ADMINISTRATIVE CHARGE

The CAL FIRE Cooperative Agreement stipulated, not-to-exceed cost includes an Administrative Charge. This charge addresses the indirect costs of the Cooperative Agreement, allowing the State to recover the full costs for providing fire suppression and emergency medical services to the District. The indirect costs represent a direct benefit to the District in the form of administrative and management functions related to the operation of a full service Fire Agency. These functions include human resources support, legal support, safety and code compliance, and other programs that the District would otherwise be responsible for. In 2015, the Department reallocated two administrative positions that the District was responsible for; removing a Senior Personnel Specialist and an Office Technician from direct funding because those services were provided through the Administrative Charge.

ADMINISTRATIVE CHARGES	
FISCAL YEAR	ADMINISTRATIVE CHARGES INCURRED
2012 – 2013	\$504,184
2013 – 2014	\$1,086,156
2014 – 2015	\$1,211,309
2015 – 2016	TBD

HUMAN RESOURCES SUPPORT

- Hiring of personnel included in the Cooperative Agreement, including:
 - Validation of job duties, recruitment, examinations, and list establishment
 - Completion of CPAT (California Physical Agility Test)
- Administration of Employee benefits upon hire and annually
- Processing of Employee time slips including overtime calculations and annual leave calculations
- Processing of payroll including entering overtime due and processing merit salary adjustment
- of all Employee leave buyouts
- Processing of all Employee Corrective Actions and Adverse Actions
- Processing of all Employee Administrative Investigations
- Processing of all Employee Labor grievances
- Management of Driver's License Pull Program
- Management of Equal Employment Opportunity Program
- Management of Employee Assistance Program
- Management of Critical Incident Stress Management Program
- Management of Substance Abuse Assistance Program
- Management of Substance Abuse Testing Program

LEGAL SUPPORT

- Processing of all negotiations with Employee Labor Groups
- Legal Counsel Services
- Legislative Liaison and tracking services
- Fire Prevention Law Enforcement program
- Fair Labor Standards Act compliance
- Cost of medical and hospital care for on duty injuries
- Cost of all Workers Compensation claims
- Liability costs and claims

SAFETY PROGRAM

- OSHA compliance
- Development and maintenance of the Injury and Illness Prevention Program
- Facility inspections for workplace safety
- Management of Respiratory Protection Program including annual medical examinations
- Accident reviews and investigations

INFORMATION TECHNOLOGY

- Enterprise architecture
- Networking and IT backbone including a wide area network
- Applications including email, payroll, injury reporting, travel claims, online training, etc.
- Computer Aided Dispatching, Automatic Vehicle Locators, Mobile Data Computing imaging
- Computer servers and maintenance
- System security

OTHER DEPARTMENTAL PROGRAMS

Through the Administrative fee, the District receives the benefit of other Departmental programs such as a comprehensive training program administered by the CAL FIRE Training Bureau, a Public Information Officer to respond to major events and media inquiries, a Fire Prevention Specialist to assist in coordinating public education events within the community, an EMS Bureau, Training Bureau, Resource Management Bureau with GIS support.

Prior to entering into the Cooperative Agreement, the District funded a Training Bureau staffed with a full time Fire Captain and a Public Information Office staffed with a part time spokesperson. With salaries, these two programs cost the District approximately \$400,000 per year to operate. ⁽³⁻⁶⁾

As a part of the CAL FIRE Cooperative Agreement, all personnel working within the District have access to the Department Training Bureau, staffed with a full time Battalion Chief, five full time Training Captains, and a full time Office Assistant for the processing of training requests, certifications, and records. This Training Bureau supports an intensive training program for all newly hired personnel including a ten week training course for new, permanent Firefighter Paramedics and an eleven week training course for new, permanent Fire Apparatus Engineer Paramedics. Additionally, the Training Bureau supports the Department's Joint Apprenticeship Committee training program, monthly In-Service Training drills, digital ongoing training, annual skills verifications, EMT certifications, and CPR certifications.

The District also benefits from the Department's Public Information Office, staffed with a full time Fire Captain who acts as the Department's Public Information Officer and a full time Fire Prevention

Specialist. The Public Information Officer is available to the media 24 hours per day, 7 days per week; ready to respond to media or public official inquiries regarding any significant fire event or medical emergency response. The ready availability and dedication of this office has earned the respect of every major media outlet and of multiple local government officials. The Fire Prevention Specialist works directly with the public, providing fire prevention and fire safety education to local groups and schools. In the last three months, the CAL FIRE Fire Prevention Specialist has worked with students at Jamacha Elementary School, Crest Elementary School, Cuyamaca Community College, and the McGrath YMCA.

V. SAN MIGUEL MICRO-STUDY PROCESS

At the time the Board approved the micro-study on the financial feasibility of returning to a stand-alone Fire District it was determined that a group would be formed to include the District CFO and one or two Board members. ⁽¹⁹⁾ Neither the members of this group nor their work product has ever been shared openly with CAL FIRE. CAL FIRE, as a cooperative partner, was never given the opportunity to provide feedback or input on the micro-study. It is this lack of transparency and cooperation that has led to the creation of this document, the content of which summarizes what would have been CAL FIRE’s contribution to the micro-study process.

VI. INDEPENDENT FIRE DISTRICT COST ANALYSIS

STAFFING COMPARISON

The chart below identifies the differences between the current Cooperative Agreement staffing levels with a 72 hour extended duty work week and the Independent District staffing levels with a 56 hour work week. The Independent District will require more floor personnel to meet the on duty daily staffing requirements due to the shortened work week.

INDEPENDENT DISTRICT STAFFING LEVELS FOR SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT		
DESCRIPTION	COOPERATIVE AGREEMENT	INDEPENDENT FIRE DISTRICT
On duty daily staffing	25	25
Number of floor personnel	65	72
Number of Chief Officers	10*	5

*This includes the Unit Chief, District funded Assistant Chief, four District funded Battalion Chiefs, State funded Training Chief, Safety Chief, EMS Chief, and second Battalion 2 Chief.

START UP COST ANALYSIS

The District micro-study allowed for \$426,557 in one time start-up costs. The chart below identifies those costs; the blue cells identify potential start-up needs that have not been addressed in the micro-study.

INDEPENDENT DISTRICT START UP COSTS FOR SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT	
DESCRIPTION	COST
Recruitment of new personnel / Advertising	\$1,000
Creation of personnel examination process for all classifications	
Delivering of examinations for all classifications	
Background checks for all new personnel	\$5,925
Pre-employment physicals	\$97,890
Update of District policies and procedures	
Training of new personnel including skills verification, minimum qualification verification, and delivery of District policies and procedures	
Salary to early hire employees prior to transition	
Cost of human resources function to onboard new employees including the enrollment in payroll and benefits	
Establishment of personnel training files	
Acquisition of training materials / IFSTA Manuals	\$5,400
Acquisition of Personal Protective Equipment	\$192,885
Acquisition of badges	\$3,950
Acquisition of accountability tags	\$390
Establishment of scheduling system / Telestaff	\$9,443
Establishment of Dispatch Agreement	\$84,674
Legal fees for development of new MOU	\$20,000
IT conversion including MDC's and AVL's	
Radio conversion	
Apparatus decal conversion	\$5,000

DISTRICT COMPREHENSIVE BUDGET ANALYSIS

The Independent Fire District micro-study did not include a comprehensive District budget; instead the micro-study is being presented as an equivalent comparison to the services currently being provided for under the Cooperative Agreement. The chart below analyzes the District’s comprehensive budget under the Cooperative Agreement as compared to an Independent Fire District.

The “Cooperative Agreement” column identifies key costs that are a part of the District’s comprehensive budget. The following assumptions have been made:

- All items marked with an asterisk are included in the not-to-exceed amount of the Cooperative Agreement.
- The salaries utilized are inflated for Fiscal Year 2017 – 2018.
- Items identified as “Admin Fee” or “Included” are included in the not-to-exceed amount of the Cooperative Agreement.
- Additional items listed have been taken directly from the District’s Fiscal Year 2015 – 2016 budget

The “Independent Fire District” column identifies the key costs that are a part of the District’s comprehensive budget. The following assumptions have been made:

- All items identified in the micro-study have been included in this column.
- Cells highlighted in blue have not been identified in the District micro-study; when available line item amounts from the District’s Fiscal Year 2011 – 2012 budget have been identified in the “FY11 District Budget” column.
- Some line items have a micro-study value and a Fiscal Year 2011 – 2012 budget value to question whether valid assumptions have been made during the micro-study process.

INDEPENDENT DISTRICT OPERATING BUDGET FOR SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT			
DESCRIPTION	COOPERATIVE AGREEMENT	INDEPENDENT FIRE DISTRICT	FY11 DISTRICT BUDGET
Safety personnel salaries	\$4,151,010*	\$6,318,748	
Extended Duty Pay / FLSA	\$2,084,316*	\$159,612	
Unplanned Overtime (16 days)	\$833,280*	\$1,178,514	\$1,337,171 (18 days)
Holiday Pay	13 Holidays Included		\$259,159
Paramedic Bonus	\$156,000*		\$77,910
Uniform Allowance	\$58,100*	\$54,600	
Employer health benefit contributions for safety employees	\$1,217,491*	\$1,270,043	
Medicare	\$106,324*	\$111,939	

Workers Compensation	\$376,912*	\$0 (SEE PASIS)	\$0 (SEE PASIS)
Safety personnel CALPERS contributions	\$2,711,984*	\$1,197,747	\$3,203,371
Survivors benefits	\$5,811*	\$6,636	
Life insurance	\$415*		
Employee leave buyout fund	\$62,977*		\$250,000
Employee Assistance Program	Admin Fee \$1,000 for admin staff	\$5,000	\$10,200
Employee Substance Abuse Assistance Program	Admin Fee		
Critical Incident Stress Management Program	Admin Fee		
Employee Safety Program	Admin Fee		
OSHA Representation	Admin Fee		
Injury and Illness Prevention Program	Admin Fee		
Respiratory Protection Program including annual medical examinations	Admin Fee	\$1,950	\$20,000
Cost of medical and hospital care for on duty injuries	Admin Fee	\$0 (SEE PASIS)	
Labor negotiations and grievances	Admin Fee		
Training program administration	Admin Fee		
Public Information Officer	Admin Fee		\$12,125
Public Education Office	Admin Fee		
EMS Bureau	Admin Fee		
DMV pull program	Admin Fee		
Employee investigations and FBOR	Admin Fee		
Logistics Bureau	Admin Fee		
Fair Labor Standards Act compliance	Admin Fee		
Equal Employment Opportunity program	Admin Fee		

Dispatch Agreement	\$453,276*	\$568,450	
IT support	\$140,848*	\$60,000	
Miscellaneous personnel salaries	\$523,067	\$586,067	\$724,476
Miscellaneous personnel benefits	\$81,423	\$100,570	
Miscellaneous personnel retirement contributions	\$58,054	\$66,244	
CALPERS Unfunded Liability - Safety	\$1,495,223 (FY16)	\$1,804,702 (FY17)	
PASIS	\$125,000 (estimated)	\$620,999	
FAIRA	\$32,017		\$54,716
Wellness and fitness program			\$100,000
Legal Counsel	\$60,000	\$100,000	
Scheduling program / Telestaff	Included	\$3,313	\$6,200
Annual promotions exams	Included		\$2,000
Captain Academy	Included		\$9,520
Educational reimbursement	\$750	\$19,553	\$25,455
Target solutions	Included		\$6,000
Auto extrication vehicles		\$600	
Badges, services/recognition awards	\$1,500	\$3,000	
CB&T analysis service fee	\$1,500	\$4,000	
Class A uniforms		\$4,000	
Emergency incident food supplies	\$3,000	\$5,000	
Employment Posters		\$270	
EMS Jackets		\$2,592	
EMT CE provider renewal fees	Included	\$300	
Flashlights		\$675	
FLSA manual updates		\$687	
ICS 420-I Field Operations Guide Books		\$300	
IFSTA manuals		\$600	

Live Fire Training Trailer		\$1,074	
Lunches for all day training		\$3,000	
Meeting support / supplies	\$2,500	\$3,000	
Miscellaneous memberships		\$255	
Miscellaneous supplies / repairs	\$2,500	\$5,000	
Personal exposure records		\$1,560	
Protocols and medication handbooks		\$240	
Safety Clothing	\$51,935	\$48,910	\$64,290
SCBA mask with voice amp		\$1,944	
Shift calendars		\$760	
Telestaff conference		\$2,000	
Thomas Brothers map books		\$975	
Ventilation prop material		\$2,200	
Office supplies / postage	\$15,000		\$25,000

VII. MICRO-STUDY RESPONSE

1. The micro-study is a snapshot in time based on today's costs and does not provide for a long term financial outlook.
 - The micro-study does not make assumptions for the cost of inflation over time or the variable presented by long term liabilities.
 - Unfunded Leave Liability rose to \$1,800,000 in Fiscal Year 2010 – 2011, yet this fund is not accounted for in the micro-study.

2. No comprehensive study has been completed on the management needs of an Independent Fire District.
 - Prior to the Cooperative Agreement the District employed a Fire Chief, an Administrative Division Chief, an Operations Division Chief, and a Division Chief to oversee Training in addition to the three field Battalion Chiefs. ⁽³⁾
 - In 2008, the District also employed four full time administrative support staff and as needed contract personnel for special needs such as complicated employee investigations.

3. The Micro-Study is currently estimating a total start-up cost of \$426,557; it seems that a number of dangerous assumptions have been made. Namely, that 77 fire suppression personnel will be fully qualified, trained, and ready to respond to emergencies on the first day the independent District becomes operational.
 - No funds have been allocated for employee recruitment, testing and selection, or for the early hire of employees to transition into operational roles.
4. Many questions and concerns remain regarding the Transitional MOU. In accordance with the Transitional MOU, employees returning to District employment must have “employee compensation not to be less than their current salary and benefit package at CAL FIRE”.
 - EDWC is regular, recurring, and PERSable; therefore EDWC is considered to be a part of base salary.
 - Education incentive, longevity pay, and paramedic bonuses are not included in the personnel salary calculations provided in the micro-study.
 - Uniform allowance listed in micro-study is lower than that offered by CAL FIRE.
 - Employer health contributions listed in micro-study are lower than that offered by CAL FIRE.
 - Leave accruals listed in micro-study are lower than those offered by CAL FIRE.
5. No outside, independent validation of the assumptions made or the costs listed in the micro-study has been completed. It is imperative that a decision of this magnitude have, at a minimum, one independent review.
6. Many questions and concerns have arisen from the micro-study regarding the use of Heartland Communications Authority Dispatching.
 - Has a Request for Proposal and formal contract with costs been approved by the Heartland Joint Powers Authority?
 - A contract for dispatching services may be subject to Senate Bill 239 due to the fact that 100% of the service area and more than 25% of the employees will be affected. The current dispatchers bargaining unit has not been consulted on this change in dispatch providers.
 - The long term capital needs of HCFA as identified in the City Gate report should be a concern for the District and forecasted in a long term study.
 - HCFA is currently operating on a CAD sharing agreement with North Comm and does not own the CAD system that they operate. North Comm is currently in process of a CAD upgrade, these costs will either be passed on to member agencies or HCFA will be required to purchase their own CAD system.
 - The cost apportionment related to the RCS radio upgrade to digital radio should be a concern of the District and forecasted in a long term study.

- The cost for HCFA is more expensive than the dispatching currently in place under the Cooperative Agreement by an estimated \$115,000. Additionally, the Heartland Dispatch agreement requires an upfront contribution.
 - Heartland Dispatch currently has no secondary dispatch capability. The Monte Vista Inter-Agency Command Center has a secondary Communications Unit which can be activated in the event of catastrophic failure within the ECC. Additionally, this Unit is mobile allowing CAL FIRE to continue the processing and dispatch of emergency incidents from anywhere in the County.
7. Prior to the start of the Cooperative Agreement, the District had multiple open workers compensation claims. With CAL FIRE, the District has had and will continue to have no new claims for safety employees; as older claims continue to be settled the District's PASIS liability is reduced to just the annual premium for non-safety employees.
- It is estimated that by 2017 all ongoing claims will be closed resulting in substantial long term savings.
 - Workers compensation costs are covered under the Cooperative Agreement.

VIII. BENEFITS OF MAINTAINING AGREEMENT

It is the contention of CAL FIRE San Diego that continuing the Cooperative Agreement with the San Miguel Consolidated Fire Protection District for the remaining two years of the agreement and into the foreseeable future is in the best interest of the District and the communities that it serves. Prior to entering into the Cooperative Agreement, District finances were at such a significant drawdown that it affected the level of fire suppression and emergency medical services provided to the community. In the years leading up to the Cooperative Agreement the District took Engine 65 out of service and converted Engine 23 from a three-person front line engine to a two-person medic squad.

Since the beginning of the agreement, District finances have stabilized allowing for the District to make lump sum payments against outstanding liabilities and increase the number of personnel working in the field. It can be expected that continuing the CAL FIRE Cooperative Agreement will only allow the District to make additional progress in its fiscal position and in the level of service provided to the community, including:

- The ability to increase Truck 65 to a four-person company improving the effective fire fighting force of the Department and complying with OSHA's guidelines to initiate interior structural firefighting with two in, two out rule.
- The ability to convert Engine 28 to a four-person company improving the effective fire fighting force of the Department and complying with OSHA's guidelines to initiate interior structural firefighting with the two in, two out rule.
- The ability to re-build Station 28
- The ability to make significant and much needed station improvements at Station 23, which was built in 1978

- The ability to make significant and much needed station improvements at Station 21, which was built in 1959
- The continued ability to place funds in Reserve for apparatus replacement

Additionally, as a CAL FIRE cooperative partner, the District is a part of the greater County of San Diego integrated cooperative regional fire protection and emergency medical response system. As a part of this greater system the District has benefited by:

- Having access to San Diego County Fire reserve apparatus for months at a time while District apparatus was out of service
- Consolidating the District Reserve Firefighter program into the County Fire Volunteer Reserve Firefighter program
- Partnering with CAL FIRE in an Assistance By Hire agreement allowing the District to be compensated when District apparatus is utilized on State incidents
 - The District earned \$70,488 in Assistance By Hire in Fiscal Year 2015 – 2016 ⁽²⁶⁾

IX. REFERENCES

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