



**MEMORANDUM  
COUNTY EXECUTIVE OFFICE  
ADMINISTRATION  
County of Placer**

**TO:** Honorable Board of Supervisors **DATE:** November 9, 2021  
**FROM:** Todd Leopold, County Executive Officer  
**BY:** Jane Christenson, Assistant County Executive Officer  
**SUBJECT:** Fire Services Ad Hoc Committee BOS Report: Placer County Fire (PCF) Fiscal Sustainability Blueprint – The Future of Fire/EMS services for Placer County

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**ACTION REQUESTED**

1. Receive a presentation on the work of the Fire Service Ad Hoc Committee to address fiscal and operational challenges of the Placer County Fire funding structure.
2. Provide direction on recommendations for a more sustainable and effective fire/emergency medical services system for Placer County.

**BACKGROUND**

In May 2018, the Board of Supervisors chartered a Fire Services Ad Hoc Committee to evaluate the ongoing fiscal sustainability of Placer County Fire. The Committee was tasked with (1) evaluating a standards of cover review and associated costs, (2) outlining a plan for long term fire/EMS fiscal sustainability, and (3) considering the amalgamation the fire services areas covered by County Service Area 28 ZOBs into a single, fiscally sustainable fire protection district. The Ad Hoc Committee subsequently commenced regular meetings, engaging in detailed analysis on potential governance structures, examination of fiscal and operational constraints, and planning for community outreach. The Committee focused on how best to achieve a more sustainable fire/EMS system, evaluating various models to achieve the Board's desired end of a more efficient and effective approach to delivering these critical public safety services in Placer County.

On October 20, 2020, the Fire Services Ad Hoc Committee convened a Board workshop focused on *the future of Fire/EMS services for Placer County Fire*. The workshop presented the recommendations of a Standards of Cover study conducted by Matrix Consulting Group and provided detailed fiscal analysis by Goodwin Consulting Group which quantified the cost of implementing the recommended service levels and outlined the projected fiscal challenges for Placer County Fire. At the culmination of the workshop, the Board directed the Ad Hoc Committee to continue with the charge of achieving sustainable, quality service for Placer County Fire and to move forward with community outreach on the feasibility of a voter initiative to increase revenue for fire services. The Board also directed staff to return following this outreach for policy direction and implementation of an action plan.

With this direction, the Committee then commenced its work to (1) evaluate fiscal alternatives and (2) gage community financial support for Placer County Fire. On this latter effort, contracts were executed with The Lew Edwards Group and Godbe Research to analyze the feasibility of a voter initiative and conduct community outreach. A thorough outreach to constituents within the

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Placer County Fire service area determined that a systemwide voter initiative would not be viable as proposed.

Based upon these findings, the Ad Hoc Committee prioritized its evaluation of potential alternatives to improve the fiscal health of Placer County Fire, resulting in the *Placer County Fire Fiscal Sustainability Blueprint*.

The elements of the blueprint include the following recommendations:

- 1). Investment in regional benefits
- 2). Adoption a consistent land use policy for new developments' funding of fire/EMS
- 3). Review of commercial fees for inflation adjustments
- 4). Analysis of current contracts for full cost recovery

Concurrent with the completion of Goodwin Consulting Group's fiscal analysis in 2019, the financial outlook of Placer County Fire has improved due to numerous factors including:

- Increased General Fund contribution to the Fire Control Fund to better align with the cost of providing regional services,
- Increased revenue from fire vehicle rentals to other agencies,
- Annual under-expenditures of the CAL FIRE Cooperative Agreement, and
- Reduction in the FY21/22 CAL FIRE Cooperative Agreement amount.

In this improved fiscal context, staff recommends BOS consideration of the policy actions summarized in the *Placer County Fire Fiscal Sustainability Blueprint* to secure the long-term fiscal outlook for Placer County Fire well into the future.

## **FISCAL IMPACT**

The fiscal impact would vary based on the direction provided by the Board of Supervisors.

## **ATTACHMENTS**

- 1). Staff Report – Fire Services Ad Hoc Committee Report to BOS: Next Steps on Placer County Sustainable Fire/EMS Services (October 20, 2020)
- 2). Staff Report – Fire Service in Western Placer County (May 22, 2018)



**MEMORANDUM**  
**COUNTY EXECUTIVE OFFICE**  
**ADMINISTRATION**  
County of Placer

TO: Honorable Board of Supervisors DATE: October 20, 2020

FROM: Todd Leopold, County Executive Officer  
By: Jane Christenson, Assistant County Executive Officer

SUBJECT: Fire Services Ad Hoc Committee Report to BOS: Next Steps on Placer County Sustainable Fire/EMS Services

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**ACTION REQUESTED**

1. Receive a presentation on the work of the Fire Service Ad Hoc Committee to address fiscal and operational challenges of the Placer County Fire Department funding structure.
2. Provide direction on next steps towards a more sustainable and effective fire/emergency medical services system for Placer County.

**BACKGROUND**

On May 22, 2018, the Board of Supervisors received a report from the County Executive Office entitled *Fire Service in Western Placer County* (attached), detailing the unique challenges of the legacy Zone of Benefit (ZOB) structure as a means to fund and sustain critical emergency services.

In response to the challenges described therein, the Board chartered a Fire Services Ad Hoc Committee to (1) evaluate a standards of cover review and associated costs, (2) outline a plan for long term fire/EMS fiscal sustainability, and (3) consider the consolidation of the fire services areas covered by County Service Area 28 ZOBs into a single, fiscally-sustainable fire protection district.

The Fire Service Ad Hoc Committee commenced regular meetings in June 2018, engaging in detailed analyses on the process of consolidation, examination of fiscal and operational constraints, and planning for community outreach. Consistent with its charge, the Committee focused on how best to achieve a more sustainable fire/EMS system, evaluating various models to achieve the Board's desired end of a more efficient and effective approach to delivering these critical public safety services in Placer County.

To evaluate the Placer County Fire system and to identify any potential efficiency measures/redundancies in service, a Standards of Cover study was conducted by Matrix Consulting (Executive Summary attached) which assessed staffing, response capabilities, and operational readiness of PCFD. The study, completed in July 2019, recommended increasing PCFD's level of service from Basic Life Support (BLS) to Advanced Life Support (ALS) as well as increasing staffing on each apparatus from two to three personnel to better align with national standards for improving public health and safety outcomes.

Upon completion of the Standards of Cover study, an independent consultant, Goodwin Consulting Group, commenced fiscal analysis to determine fair share funding across the ZOBs. Included in the analysis was the cost of implementing the service levels recommended by the Standards of Cover study and to address historically deficient equipment and facilities maintenance needs.

Potential alternatives analyzed to address the fiscal sustainability and operational challenges of Placer County Fire are as follows:

- Scenario 1: Close current level of service funding gap without addressing deficient equipment/facilities needs
- Scenario 2: Close current funding gap and address deficient equipment/facilities needs
- Scenario 3a: Scenario 2 + Standardize EMS Services to provide ALS services
- Scenario 3b: Scenario 3a + Standardize EMS Services to provide ALS and increase staffing to three staff per apparatus

After months of study on the complexities of restructuring the ZOBs, the Committee determined Placer County Fire Department's growing fiscal imbalance was the first challenge in meeting its fiscal sustainability goal. Given the ongoing deficit spending in several ZOBs, it was evident that action to secure and stabilize fire/EMS service funding was an essential component of any potential ZOB reorganization or consolidation. In addition to reviewing a ZOB-specific strategy, the Committee also asked to consider a more comprehensive Community Facilities District approach for the legacy ZOBs, as the County does for areas of new development to ensure there are sufficient revenues to support desired service levels.

Even if no action is taken to standardize service levels, the analysis projects the deficit for the Placer County Fire system to reach approximately \$5M annually by FY24/25. This figure does not include the cost of replacing outdated apparatus, providing adequate facility maintenance, nor implementing nationally recommended standards for quality fire/EMS services. Absent measures to increase PCFD funding, reserves will continue to be depleted, requiring greater County subsidy or service reductions to manage within current resources.

As the Board considers these complex fiscal service dynamics, there are several paths toward a more sustainable fire/EMS system for Placer County:

- Status Quo – Absent additional revenue, continued subsidy over time or scaling of services would be required.
- Zone by Zone approach – Increase revenue within each ZOB to close fiscal gap and address service deficiencies on an individual basis.
- New CFD approach – Address all ZOBs together with a fiscal/service model to keep pace with costs.

Based on the work of the Fire Services Ad Hoc Committee, recommended next steps include:

- BOS direction to achieve sustainable quality fire/emergency services
- Community outreach to develop consensus approach to close fiscal gaps
- Follow-up with BOS for policy direction/action
- Implementation of action plan

### **FISCAL IMPACT**

The fiscal impact of proceeding to address fire sustainability issues for Placer County Fire would vary based on the direction provided by the Board of Supervisors.

Attachments:

1. Staff Report – Fire Service in Western Placer County (May 22, 2018)
2. Standards of Cover Executive Summary (July 31, 2019)

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On file with Clerk of the Board:

1. Standards of Cover Report (July 31, 2019)



**MEMORANDUM**  
**COUNTY EXECUTIVE OFFICE**  
**ADMINISTRATION**  
County of Placer

TO: Honorable Board of Supervisors DATE: May 22, 2018  
FROM: Todd Leopold, County Executive Officer  
By: Bekki Riggan, Deputy County Executive Officer  
Amanda Flaa, Management Analyst II  
SUBJECT: Fire Service in Western Placer County

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**ACTION REQUESTED**

Receive a presentation on the fiscal and operational challenges with the County Service Area 28 Zone of Benefit funding structure for Placer County Fire and provide direction on the following:

1. Confirm the composition of an Ad Hoc Committee of the Board of Supervisors regarding Placer County fire services.
2. Direct staff to work with the Ad Hoc Committee to develop an action plan for making application to LAFCO for consolidation of all fire services areas covered by County Service Area 28 Zones of Benefit into a single, fiscally-sustainable fire protection district with one of the following governance models:
  - a. A governing body consisting of members elected by the constituents
  - b. A governing body consisting of members appointed by the Board of Supervisors
  - c. The Board of Supervisors acting as the board of directors, or delegating the authority to a board of fire commissioners appointed by the Board of Supervisors
3. Direct staff to work with the Ad Hoc Committee to develop a comprehensive public education and outreach program to include the following:
  - a. Evaluation of standards of cover and associated costs
  - b. Surveys and community forums to gauge public support for a consolidated fire system that provides a fiscally sustainable level of fire services

**BACKGROUND**

Fire protection agencies in Western Placer County rely on various revenue sources to fund operating costs - primarily property taxes, special taxes, service charges, and intergovernmental funds and grants. Proposition 13, which California voters approved in 1978, limits Ad Valorem property tax rates, limits growth of the assessed value of property, and requires voter approval for general and special taxes. Proposition 218, passed in 1996, provides further clarification of Proposition 13's intent and establishes the requirement of two-thirds voter approval for new or increased special taxes, fees, charges and assessments. Ad Valorem property taxes are limited to one percent (1%) of value, except for taxes to repay voter approved bonded indebtedness.

In response to Proposition 13, the Legislature enacted Assembly Bill 8 (AB 8) in 1979 to establish property tax allocation formulas. AB 8 allocates the one percent (1%) property tax revenue to local agencies within each tax rate area based on the proportion each agency received during the three fiscal years preceding adoption of Proposition 13. Proposition 98, which voters approved in 1988, requires that the State maintain a minimum level of school funding. In the early 1990's, the Legislature shifted billions into the Educational Revenue Augmentation Fund (ERAF) for school districts and community college districts in response to State budget deficits. In 1993, Proposition 172 enacted a half-cent sales tax to help offset the ERAF property tax revenue losses to counties and cities in order to sustain the existing public safety responsibilities.

### **Current County System**

Placer County Fire (PCF) provides fire and emergency medical services to certain Zones of Benefit (ZOBs) in County Services Area (CSA) 28 through a contract with the California Department of Forestry and Fire Protection (CAL FIRE), a state agency that provides wildland fire protection services for the State Responsibility Area, but also contracts with local governments for services. CAL FIRE provides fire protection, all hazard, and emergency medical services to approximately 52,000 residents, across the 475 square miles of unincorporated Placer County not served by independent fire districts or the cities.

CSA 28 encompasses ten separate ZOB, seven of which are active with a dedicated local revenue stream and budget which must be treated like a special district for purposes of financial management. The accounting for fire services within this structure is complicated, from a County administrative standpoint, as well as from an operations standpoint. The requirement to allocate CAL FIRE personnel to each ZOB and account for staff time spent in a ZOB other than as assigned make it challenging to manage resources on a more efficient "system-wide" basis.

On April 4, 2017, the Board of Supervisors received a report by Treasurer-Tax Collector, Jenine Windeshausen, entitled "Financial Review: Areas of Distressed Fire Service in Placer County." This comprehensive report detailed the challenges faced by six fire service areas/providers in Placer County, three of which are ZOBs within CSA 28, and the focus of this discussion (the distressed independent fire districts highlighted in the report are the subject of a separate Board item).

As highlighted in the Financial Review, the issues impacting PCF, and many other local jurisdictions, are long-standing and institutionalized, as summarized below:

1. Property tax revenues are insufficient to support basic levels of service. A constitutionally fixed share of Ad Valorem property taxes for local governments, including fire services, was set at 1977 levels by Proposition 13. At that time, rural districts, undeveloped, and less developed county areas were served mainly by volunteer firefighters, resulting in lower operating costs, and consequently, lower property tax share. Those entities that transitioned from volunteer to career fire fighters prior to 1977 are financially better positioned.
2. Growth in fire service costs have outpaced growth in revenues. Overall increases are attributable to negotiated labor costs, specialized equipment and training costs, and the costs of transitioning from volunteer to career fire fighters. Costs will be further impacted by implementation of the State Minimum Wage Mandate over the next three years.
3. Population growth and an aging population are increasing demand for services. Placer County's population in the decades following Proposition 13 tax reform has increased nearly 250%, and the county's population of adults over 65 has increased nearly 75%, increasing demand for emergency services.

Two of the three financially distressed ZOBs in CSA 28 are former independent fire districts which were absorbed by the county: Dry Creek Fire (ZOB 165) in 2001, and North Auburn/Ophir Fire (ZOB 193) in 2006. The third, Western Placer Fire (ZOB 76), has been historically served by the County, rather than by a former independent fire district.

Government Code Section 25210 allows the formation of CSAs and ZOBs in unincorporated areas to provide specific services (fire suppression, flood control, and sewers) and levy special taxes, fees, charges or assessments to residents within a defined area, to cover the costs of providing those services. This service methodology is based on the premise of taxing only

those properties that directly benefit from the services rather than burdening taxpayers outside of the service area with these costs.

While each ZOB is expected to be self-sufficient through its share of property tax, voter-approved parcel taxes and other revenues, these revenues are consistently insufficient to cover expenditures. Ad Valorem property taxes and General Fund augmentations to the Fire Control Fund offset the revenue shortfalls of the distressed ZOBs in CSA 28. These augmentations come from general purpose taxes paid by residents from across the county, rather than from a specific service territory, many of whom (residents of Loomis and Penryn Fire Protection District) have voted to increase their benefit assessments in support of their local fire services.

As highlighted in the Financial Review, key issues within the financially distressed ZOBs are summarized below:

#### Dry Creek Fire – ZOB 165

1. Former independent fire district that became part of PCF in 2001 after its insolvency
2. Retained the prior district's funding sources including its share of Ad Valorem property taxes and a parcel tax
3. Operating at a 9% deficit, approximately \$99K per year
4. Current voter benefit assessment of approximately \$210 per parcel
5. 2017 polling showed only 59% of voters supported a \$45 per year parcel tax increase, well below the required two-thirds threshold necessary to impose a new tax

#### North Auburn/Ophir Fire – ZOB 193

1. Comprised of two consolidated former independent fire districts that became a part of PCF in 2006 after their insolvency
2. Retained the prior districts' funding sources including its share of Ad Valorem property taxes and parcel taxes
3. Operating at a 13% deficit, approximately \$409K per year
4. Current voter benefit assessment of approximately \$48 per single family home, passed in 1987
5. 2017 polling showed only 53% of voters supported a \$45 per year parcel tax increase, well below the required two-thirds threshold necessary to impose a new tax

#### Western Placer Fire – ZOB 76

1. Located in western Placer County covering largely undeveloped territory north and west of Lincoln, historically served by the County rather than a former fire district
2. Funded in part through a contribution from the County Fire Control Fund and a voter approved parcel tax
3. Operating at a 16% deficit, approximately \$42K per year
4. Current voter benefit assessment of approximately \$83, passed in 1997
5. 2017 polling showed only 39.9% of voters supported a \$45 per year parcel tax increase, well below the required two-thirds necessary to impose a new tax

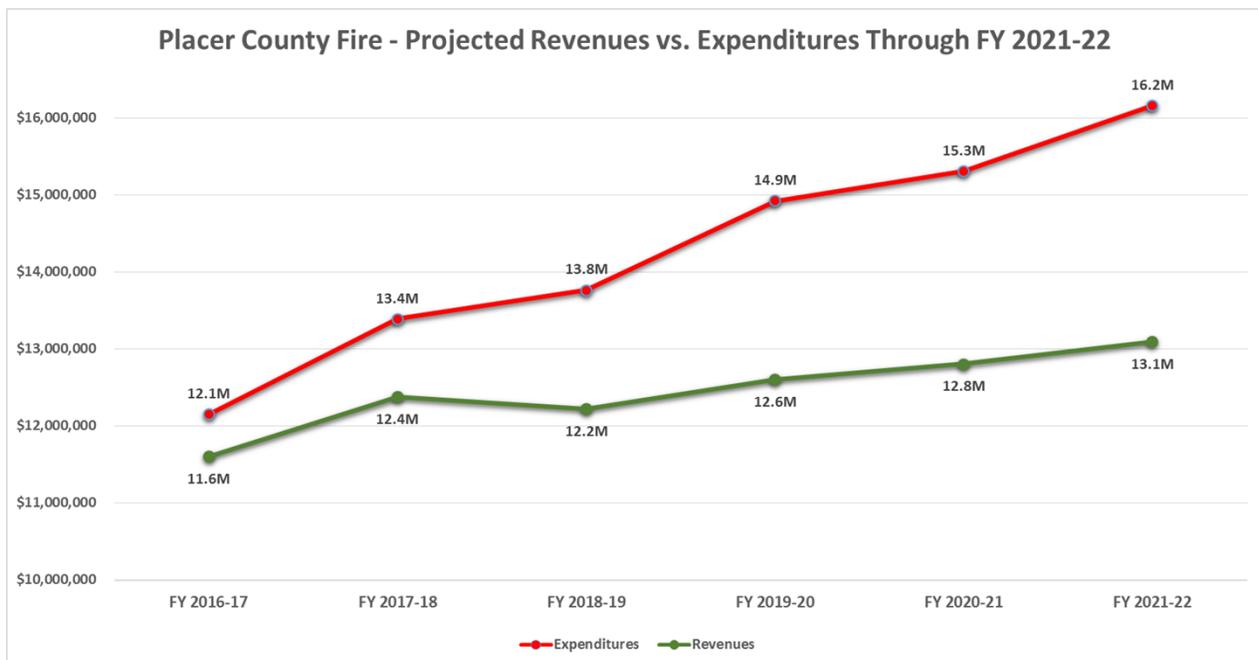
PCF is a countywide system overseen by the Placer County Executive Office and the Office of Emergency Services. It is treated as a County department subject to the annual budget process.

The County Fire Control Fund provides off-setting revenues to augment the annual shortfalls from the ZOB and the PCF system as a whole. The County Fire Control Fund annual revenues total approximately \$4M, comprised of the following sources:

1. Ad Valorem property taxes for fire service collected on taxable parcels located in unincorporated Placer County (excluding the territory of independent fire districts)
  - a. Approximately \$1.8M, 45% of total
2. Annual County General Fund contribution
  - a. Approximately \$1.1M, 27% of total
3. State and other aid
  - a. Approximately \$400K, 10% of total
4. Charges for Services
  - a. Approximately \$170K, 4% of total
5. Miscellaneous (ZOB reimbursement for apparatus replacement, other taxes, etc.)
  - a. Approximately \$570K, 14% of total

Historically, fund balance from the Fire Control Fund has been sufficient to balance the PCF budget with an annual General Fund contribution of \$1.1M. However, FY 2017-18 required \$559,700 in reserve cancellation to cover on-going costs, and funding shortfalls are projected to accelerate over the next several years. Cost increases are primarily attributable to labor costs and replacement costs for aging apparatus and equipment. In addition to these annual operating costs, unfunded capital costs for aging fire stations totaling approximately \$2M have been identified, but not yet funded.

Five-year projections for the County Fire Control Fund (FY 2017-18 through FY 2021-22) show a 21% increase in costs offset by a 6% increase in revenues, resulting in a projected cumulative shortfall of \$6.3M in FY 2021-22, excluding capital costs.



As the Board is aware, there are no federal or state regulations directing fire service response times, performance outcomes, or that mandate counties to provide fire services. Continued reliance on the County General Fund to close projected revenue gaps in the County Fire Control

Fund will place additional pressure on other countywide programs that the County is legally obligated to provide, such as health and human services, roads, libraries, and public safety.

### **LAFCO Review and Recommendations**

Placer County Local Agency Formation Commission (LAFCO) municipal services reviews have for many years recommended consolidation of fire services in Western Placer County. Municipal Service Reviews (MSRs) for fire services are conducted by LAFCO pursuant to its obligation to update spheres of influence every five years. The most recent MSR dated May 25, 2017, entitled "Municipal Service Review for Fire and Emergency Services West Placer County Area" concluded that the current fire and emergency services system is unsustainable and recommended both short-term and long-term solutions.

The suggested short-term course of action includes functional consolidation or closer partnership of cities and/or districts, and reorganization of the adjoining districts that are already resource sharing, followed by consolidation of County Fire, all districts, and the City of Colfax. The report asserts "the preferred recommendation, that is likely to be achieved in the long-term through multiple strategic steps, is a single fire agency serving western Placer County."

The MSR noted many benefits of consolidation, including the following:

1. Diverse financing sources and greater leveraging of limited resources
2. Elimination of fragmented government
3. More efficient coordination of fire personnel
4. Opportunities to share and/or reconfigure fire station locations, training and communications facilities, and apparatus
5. Cost savings from reduced management personnel and sharing of full-time administrative staff
6. Promotes efficiency, professionalism, and public safety

### **County Executive Office Recommendation**

For these reasons outlined above, staff recommends the following initial actions to address structural imbalances within PCF and to maintain adequate levels of emergency services:

1. Reorganize the CSA 28 Zones of Benefit into one independent fire protection district to maximize operational efficiencies across a countywide system.
2. Work with the community to review the standards of coverage and associated costs and identify a sustainable level of fire services for their communities.

### **FISCAL IMPACT**

The fiscal impact of proceeding to address fire sustainability issues in Western Placer County would vary based on the initial direction provided by the Board of Supervisors. Should the Board direct staff to proceed with a LAFCO application for consolidation of CSA 28 fire ZOBs, staff will work with the Ad Hoc Committee to develop an action plan with timelines and associated costs, and return to the Board with periodic updates as required and/or directed.