

# MUNICIPAL SERVICES REVIEW

for the

ELK GROVE COMMUNITY SERVICES  
DISTRICT

and the

GALT FIRE PROTECTION DISTRICT

May 5, 2006

Prepared By  
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## **Introduction and Background**

In August 2005, the Galt Fire Protection District (Galt Fire) approached the Elk Grove Community Services District (CSD) about the possibility of forming a joint powers authority for training services. Initial review of the proposal by the two organizations indicated that this would not be an equitable relationship based on the financial capabilities of the two districts. Discussions then progressed to examining how fire services might best be provided to the areas within the two Districts. Data and analysis that would assist in evaluating the proposal had not yet been assembled. The Board of Directors of both the CSD and Galt Fire adopted resolutions to study the issues related to the feasibility of reorganizing the districts. Also, by resolution both Districts declared an intent "to reorganize if both agencies find it a benefit to both agencies and the community at large to do so;" (EGCSD Resolution No. 2006-03, Galt FPD Resolution No. 06-01.

The CSD engaged Zamarripa Consulting to prepare a Municipal Services Review (MSR) that would identify and examine the issues and impacts related to the reorganization of the two Districts. MSRs are required under Local Agency Formation Commission (LAFCo) law to be performed at least every five years or whenever an agency or jurisdiction wishes to amend its sphere of influence. MSRs became a requirement as a result of changes in the LAFCo law that became effective with amendments to the Cortese-Knox-Hertzberg Act of 2000. The MSR examines the issues related to a possible reorganization in the context of nine specific areas described more fully below.

To better understand the issues related to a change in organization in the context that LAFCo would require the timeline allotted for preparation of the MSR was set at approximately 60 days. A draft was to be available in May 2006 for review by a Fire Reorganization Study Group that was formed by the two Districts. The Fire Reorganization Study Group members include two representatives from each of the District Boards, the Fire Chiefs from each District, a member of the Galt City Council, and representation from organized labor organizations. Only after the Fire Reorganization Study Group and the Boards have determined whether they wish to proceed, will an application for reorganization be made to LAFCo and the MSR submitted for consideration and determination by LAFCo.

### **Purpose of Municipal Service Reviews**

MSRs are intended to collect information and evaluate services provided by cities and special districts in California. MSRs are intended to provide a comprehensive review of municipal services and provide information about service issues, service needs, opportunities to streamline

service provision, opportunities to save money, government accountability and public participation, and alternatives for providing services. At a minimum, MSRs should describe and document base level services provided at the time the report is prepared. In addition, the MSR should identify and evaluate impact(s) of any proposed change in organization in the context of nine very specific areas. Those areas are as follows:

- 1) Growth and population projections for the affected area.
- 2) Infrastructure needs or deficiencies.
- 3) Financing constraints and opportunities.
- 4) Opportunities for rate restructuring
- 5) Opportunities for cost avoidance.
- 6) Opportunities for shared facilities.
- 7) Evaluation of management efficiencies
- 8) Local accountability and governance and
- 9) Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers.

### **Report Structure**

The MSR provides background on fire service and reorganizations in Sacramento County that have been proposed or occurred over the past 40 years and describes how the data was collected for the MSR. Following is a general description of the CSD and Galt Fire District. General information includes a description of each district's boundaries, authority for services and authority to provide services, governing body, population and area served. In two instances, the MSR combines categories as the data and issues associated with the categories are so intertwined that to document and analyze separately would be too redundant. For example, growth and population projections (Category #1) and infrastructure needs and deficiencies (Category #2) are combined in a single analysis and report category as the population data serves as the basis for the infrastructure needs and deficiencies analysis. Financing constraints and opportunities (Category #3) and opportunities for rate restructuring (Category #4) are combined into a single analysis and report category as the financing constraints (expenditure and revenue analysis) serves as the basis for analyzing the ways rates or revenues currently work and how changes might impact the current way of doing business. The base level services provided by each district are described within each of the report categories, one through nine. The services as well as the resources available to provide those services are documented. This information is followed by an evaluation of the proposed reorganization's impact on fire suppression and life safety services for the area. It should be noted that the Galt Fire Protection District is cited as

Galt Fire throughout the report. The Elk Grove Community Services District is cited as the CSD when referring to overall District activities and as CSD Fire when referring only to the CSD Fire Department.

The MSR will be distributed in draft format initially for review by the Fire Reorganization Study Group, the governing Boards of the two Districts and the public. Public meetings will be held when members of the Fire Reorganization Study Group and the public will be provided an opportunity to provide input that will be incorporated as public comment into the MSR. A final MSR will be prepared that includes the comments and feedback provided through this process.

### **Other Services Provided**

The Elk Grove Community Services District (CSD) under California law has the authority to provide, and currently does provide park and recreation services to CSD residents. Those services were not documented, studied or analyzed for the purposes of this MSR since it is not the intent of the CSD to annex park services in the Galt area. However, references may be made to the CSD's Parks and Recreation Department when describing and documenting the overall CSD organization and structure. This MSR analyzes, studies, reviews and documents only fire services provided by the two Districts.

### **Data Collection**

LAFCo suggests the use of a Request for Information (RFI) for preparation of MSRs to facilitate the collection and reporting of appropriate and consistent data. The primary data source for documentation of the base level services for both Districts is derived from the RFIs completed by District staff. Similarly, much of the base level service information comes directly from the RFIs completed by the staff of the two Districts. Galt originally completed an RFI in 2003 but provided updated information as necessary for this study. The CSD originally submitted an RFI to LAFCo in June 2004. CSD Fire updated information as necessary for this study.

The RFI responses were supplemented by the consultant with service response data, annual budgets, staffing data, federal and state fire service guidelines, facility and equipment inventory data, District Master Plans, public facilities financing plans, information provided by the Districts through staff interviews, and past Sacramento LAFCo staff reports on fire district reorganizations in the County. The MSR that follows is consistent with the guidelines prepared by the Governors Office of Planning and Research and the requirements of the Sacramento LAFCo.

This MSR identifies the issues and impacts that may be anticipated if the two Districts reorganize. Revenue streams, expenditure histories, training levels, response types, response times, current staffing levels, equipment and facilities were analyzed and documented in the development of this Review.

**Population Projections**

The population in southern Sacramento County is expected to increase significantly in the next 10 to 20 years. Population increases are anticipated within the Galt City boundaries and the boundaries of the CSD as indicated below. The City of Galt is located completely within the boundaries of the Galt Fire Protection District but does not cover the entire area of the District. The area that remains outside the City’s boundaries is outside the Sacramento County Urban Services Boundary and is not scheduled by Sacramento County for significant levels of development through 2025. However, the City of Galt has proposed to expand its study area for the update of the City’s General Plan. Population projections could be increased if development assumptions were changed as a result of the City’s General Plan update. The CSD population projections are consistent with projections currently included in the District’s latest revision of its development impact fee program. Galt Fire’s population estimates for 2025 are consistent with the projections currently assumed in the City of Galt’s General Plan draft, Alternative #3.

**Exhibit I  
Population Projections**

Year	Elk Grove Community Services District	Galt Fire Protection District
2006	136,100	33,100
2025	207,000*	44,150**
	*Population projections based upon CSD Fire Public Facilities Finance Plan	**Population projections based upon City of Galt General Plan

**Automatic and Mutual Aid and Fire/Life Safety Services in Sacramento County**

The system by which fire services are provided in Sacramento County is dependent on the automatic and mutual aid responses of all Districts in the area. Fire services in Sacramento County are provided under a “boundary drop” approach that overrides the political and geographic boundaries that guide the governing bodies of the 14 districts. Fire and life safety

calls are dispatched from a central dispatch center, the Sacramento Regional Fire/EMS Communications Center, to the next available and closest service provider. For example, a call is received by the Regional Communications Center. The call may be generated by a resident of the City of Galt, the City of Elk Grove, the City of Rancho Cordova, the City of Citrus Heights or anywhere in the unincorporated area of the County. Based upon the activity and responses underway at the time the call is received, the next available and closest fire/EMS (emergency medical services) provider will be located anywhere in the County. The incident responder may or may not be the District in which the caller resides. The call will be routed to the next closest and available responder based upon the available personnel at that moment.

Fire district boundaries do not govern who/what will respond in the case of fire or an emergency medical service call. The automatic and mutual aid system works because the various fire districts cooperate and provide support to the other districts in the area. The authority to do this is provided for through the California Disaster and Civil Defense Master Mutual Aid Agreement first signed into law on November 15, 1950 and applies to all cities, counties and special districts in the State of California. The statewide agreement is supplemented by mutual aid agreements that exist with all other local districts within the County of Sacramento. The State's Master Mutual Aid agreement and the local mutual aid agreements are key factors in any evaluation of fire suppression and life safety services in Sacramento County.

If at any time the mutual aid system were to be abandoned, the ease with which jurisdictions and agencies provide support in times of emergency would be negatively impacted by reducing the system's ability to work in such a coordinated fashion. The residents of the State of California, the County of Sacramento and the fire and life safety providers all benefit from the flexibility that comes with the additional support rendered by members of the system. In addition, when fire suppression services are provided to residents and properties outside a District's boundaries, many of the services are provided free of charge. Unless a fire district has an "extra-territorial fee" in place, no charge is made to the District receiving the support or the residents of the District receiving the support nor is any compensation received by the District that rendered the service. It should be noted that some fire districts charge fees for service for ambulance transport and hazardous material responses which will be explored more fully as it pertains to Galt and the CSD later in the report.

### **History of Fire Service Reorganizations in Sacramento County**

Over a 45-year period beginning in the 1960s, a series of fire district studies and/or reorganizations occurred in Sacramento County as follows:

### Fire District Studies

- 1968-69 Spink Study-Proposed reorganization of 23 districts into one Sacramento County consolidated fire district.
- 1971-72 Chief's Reorganization Effort-Proposed reorganization of 12 urban districts into four districts on the basis of community, commonality, and geographic study.
- 1977 LAFCo Study- Proposed reorganization of the Arcade, Arden, Carmichael, and Fair Oaks Fire Protection Districts into one new district.
- 1977 Hobbs Report-Promoted district-sponsored consolidation within 3-5 years.
- 1978-79 Other Reports-Each of the following reports called for the reorganization of non-enterprise special districts with particular focus on fire and park districts:
  - Post Commission Report
  - Auditor-General's Report
  - Grand jury recommendations
- 1980-81 Local Government Reorganization proposed reorganization of urban fire and park districts on the basis of community, commonality, and geographic proximity.

### Fire District Reorganizations

- 1980 Wilton-Alta Mesa Fire Protection District reorganization.
- 1983 Consolidation of the Arden and Carmichael Fire Protection Districts into the American River Fire Protection District.
- 1983-84 Reorganization of the North Highlands and Citrus Heights Fire Protection Districts into one district, the Citrus Heights Fire Protection District.
- **1985 Reorganization of the Elk Grove Fire District and the Elk Grove Recreation and Park District into the formation of one District, the Elk Grove Community Services District.**
- 1986 Reorganization of the Arcade Fire Protection District into the American River Fire Protection District.
- 1986 Reorganization of the Rio Linda and Elverta Fire Protection Districts.
- 1989 Consolidation of the Citrus Heights and Rancho Cordova Fire Protection Districts

into the Sacramento County Fire Protection District.

- 1990 Reorganization of the Rio Linda-Elverta Fire Protection District with the American River Fire Protection District.
- 1990 Reorganization of the Sloughhouse Fire District with the American River Fire Protection District.
- 1993 Reorganization of the Fair Oaks Fire Protection District with the Sacramento County Fire Protection District.
- 1997 Reorganization of the Florin Fire Protection District with the Sacramento County Fire Protection District.
- 2000 Reorganization of the American River Fire Protection District and Sacramento County Fire Protection District into the Sacramento Metropolitan Fire District. (Sacramento LAFCo Reorganization report, dated January 5, 2000)

#### **Municipal Services Review Study Area**

The Municipal Service Review Study Area is that area located within the boundaries of the Galt Fire Protection District and the area located within the boundaries of the Elk Grove Community Services District as shown in Exhibit I Elk Grove Community Services District and Galt Fire Protection District Map.

Roughly, it encompasses 162 square miles and on the north, west, east and south, bounded respectively by Calvine Road and Arno Road, Stone Lakes Wildlife Refuge and Franklin Boulevard, the Cosumnes River and Northern California traction line to Simmerhorn westerly to Cherokee North to east of Arno Road to just east of Kerry Lane, and the San Joaquin County line. (See Exhibit II for a map of the Study Area.)





## **General District Descriptions and Data**

### **Elk Grove Community Services District**

The Elk Grove Recreation and Park District was established in 1923. The Elk Grove Fire Protection District was established in 1925. The CSD was created on July 1, 1985 when the two separate districts were combined into a single Community Services District. The reorganization resulted in the dissolution of the Elk Grove Fire Protection District and the Elk Grove Recreation and Park District. The CSD currently provides the following fire suppression and life safety services:

- fire protection services
- fire suppression
- rescue
- swift water rescue
- technical rescue
- confined space rescue
- decontamination
- fire investigation
- fire prevention
- inspection
- fleet maintenance
- plan checking
- public education programs
- response services to the State Office of Emergency Services
- emergency medical services, including:
  - ambulance transport, and
  - advanced life support

A more detailed description of staffing, facilities and equipment follows in the report but generally, the CSD Fire operates six fire stations, one training facility, one fleet maintenance facility and one administrative office located at 8820 Elk Grove Boulevard, Elk Grove, California.

### **Service Powers**

The CSD pursuant to Sacramento County Board of Supervisors Resolution #85-853 filed with District formation has the authority to perform the following services:

- Supply water for domestic use, sanitation, industrial use, fire protection, and recreation
- Solid waste disposal

- Fire protection
- Police protection
- Parks and recreation
- Street lighting
- Street improvement and maintenance (subject to County Board of Supervisors consent)
- Ambulance service
- On-site wastewater disposal, such as septic tank maintenance and
- Transportation services.

### **Enabling Authority**

The District's enabling legislation is Community Services District Law which can be found in Government Code Sections 61000 – 61144. Fire services are provided under the authority of Health and Safety Code Section 13800 et seq.

### **District Boundaries**

The CSD is located in the southern portion of Sacramento County and covers approximately 106 square miles, 63 square miles or 59 percent of the area served lies outside the boundaries of the City of Elk Grove. The western boundary is generally the western edge of the Stone Lakes National Wildlife Refuge, the southern boundary is Twin Cities Road, the eastern boundary follows the Cosumnes River and the northern boundary is Calvine Road. The CSD is located immediately north of and adjacent to Galt Fire Protection District as indicated in Exhibit III Sacramento County Fire District Map.

### **General Information**

The CSD administrative offices are located at 8820 Elk Grove Boulevard, Elk Grove, California. The District is governed by a five-member Board of Directors elected at-large to four-year staggered terms. The District is administered by a General Manager. The General Manager, under minimal direction, is responsible for the overall management and control of the operations and works of the District on a daily basis, subject to approval by the Board of Directors. The General Manager provides day-to-day leadership for the District and is in charge of, and has overall responsibility for and control over, all property of the District and the District's three Departments –Administrative Services Department, Parks and Recreation Department and the Fire Department.

The Administrative Services Department is managed by the Chief Operating Officer and provides accounting and finance, information technology support, human resources, facilities

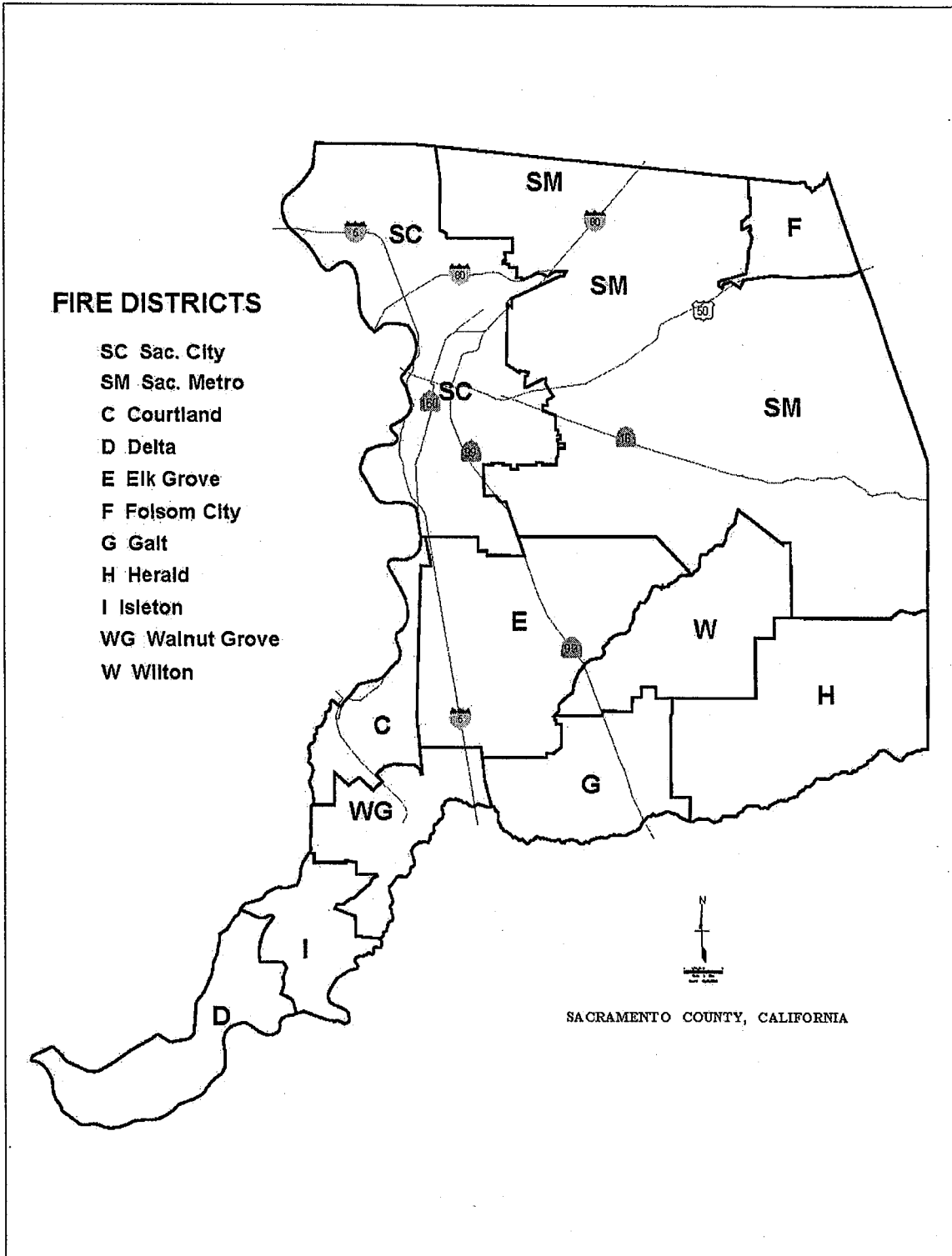
management, and short/long-range financial planning. Marketing, public outreach and communications services are provided by the Director of Communications and Marketing, who reports directly to the General Manager. The Parks and Recreation Department is managed by the Parks and Recreation Administrator. The Parks and Recreation Department operates and maintains the parks and landscape corridors within the CSD boundaries, provides recreation programs and operates recreation facilities. CSD Fire provides fire suppression and life safety services and is described in greater detail throughout the MSR. The MSR does not evaluate the provision of park and recreation services provided by the CSD.

### **Insurance Services Office (ISO) Rating**

CSD Fire has a rating of Class 3 for areas with a water distribution and hydrant system in place and a rating of Class 8 for areas without a water distribution and hydrant system in place.

“The rating is the Insurance Services Office assessment of the district’s ability to defend against the major fire that might occur in the community... This rating is used by the Insurance industry to classify and evaluate public fire protection services. Class 1 indicates high capacity and Classes 2 through 9 represent gradations of higher to lower capability. Class 8 indicates water for fire suppression while Class 10 usually indicates no fire protection.” (LAFCo Service Providers Directory, p.11)

**EXHIBIT III**  
**SACRAMENTO COUNTY FIRE DISTRICT MAP**



## **Mission**

The CSD Fire's mission statement is "to protect lives, property, and the environment from fire or other natural and man-made disasters and emergencies in a courteous, timely and effective manner." (Elk Grove CSD Master Plan, dated 2001, p. 21)

## **Galt Fire Protection District (Galt Fire)**

Galt Fire was organized July 1921 as a volunteer department and transitioned to an organization with full-time employees sometime during the late 1960s and early 1970s. Galt Fire's administrative office is located at 208 A Street, Galt, California adjacent to the fleet maintenance building. Galt Fire serves a 56-square-mile area, 91 percent or 51 miles of which are outside the boundaries of the City of Galt. Galt Fire provides fire suppression and life safety services as follows:

- fire protection services
- fire suppression
- rescue
- fire prevention
- fire investigation
- inspection
- plan checking
- public education programs
- emergency medical services, including:
  - ambulance transport, and
  - advanced life support

Galt Fire is governed by a five-member Board of Directors elected at-large to four-year terms by Galt Fire residents. The Board of Directors delegates operational authority to the Fire Chief. Galt Fire has 34 employees. A more detailed description of staffing, facilities and equipment follows in the report but generally, Galt Fire operates two fully functional fire stations, one nonfunctional station and one administrative office.

## **Service Powers**

Health and Safety Code Section 13862 provides that a Fire District shall have the power to provide fire protection, rescue, emergency medical, hazardous material emergency response and ambulance services and any other services related to the protection of lives and property.

**Enabling Authority**

Galt Fire provides services under the authority of Health and Safety Code Section 13800 et seq.

**District Boundaries**

Galt Fire is located in the southern part of Sacramento County bounded by the communities of Elk Grove, Herald, the San Joaquin County line, and the community of Walnut Grove. Galt Fire's western boundary is Franklin Boulevard, the northern boundary is Twin Cities Road and Arno Road, the eastern boundary is northern California traction lines to Simmerhorn Road westerly to Cherokee to Arno Road just east of Kerry Lane. The City of Galt is wholly contained within the Galt Fire boundaries and receives services at levels consistent with those provided in the unincorporated portion of the District.

**Mission**

"To provide a highly motivated and superior fire, rescue, and emergency medical service delivery system to the citizens and visitors of our community." (Mission statement provided by Galt Fire)

**Insurance Services Office (ISO) Rating**

Galt Fire has a rating of Class 5 for areas with a water distribution and hydrant system in place and a rating of Class 8 for areas without a water distribution and hydrant system in place.

# **1) Growth and Population Projections**

## **2) Infrastructure Needs and Deficiencies**

(Category 1 and 2 above are combined into a single analysis which follows.)

### **Base Level Services**

#### **Elk Grove Community Services District**

CSD Fire currently serves a population of 136,000 with six fully-staffed fire stations housing six engines, one truck, four ambulances and one Battalion Chief, one fire training facility, one fire maintenance facility and four medic units. Fire services are provided 24 hours per day, seven days per week. CSD Fire's latest public facilities financing plan projects the population will be approximately 207,000 at build-out of the area in 2025. To serve the projected population, CSD Fire is planning to construct and operate four additional fully-staffed stations, two medic units, one truck, and one heavy rescue unit.

#### **Current Service Levels**

In calendar year 2000, CSD Fire was serving approximately 16,500 persons per fire station. With the growth in population and construction of new fire stations, CSD Fire is anticipating that the number of persons per fire station served will increase to 20,232 in the year 2010. Fiscal year 2005/06 per capita expenditures were approximately \$246.67.

#### **Projected Service and Infrastructure Needs**

Service needs are forecast within the CSD 10-year master plan. Projected service and facility needs are based on expected population growth and traffic patterns combined with the CSD Fire goals of urban and rural response time standards. Fire and ambulance services are provided district-wide. CSD Fire indicates fire and ambulance services are provided equitably throughout the district.

#### **Galt Fire Protection District**

Population increases are anticipated within the Galt City boundaries and the unincorporated boundaries through 2025. The City of Galt is located completely within the boundaries of Galt Fire but the City area is only about 10 percent of the overall Galt Fire District. The area that remains outside the City's boundaries is outside the Sacramento County Urban Services Boundary and is not scheduled by Sacramento County for significant levels of development through 2025. However, the City of Galt has proposed to expand its study area for the update of its General Plan. Population projections could be increased if development assumptions were changed as a result of the City's General Plan update. Galt Fire estimates the current service



population to be 33,100. Alternative #3 of the City of Galt's Draft General Plan estimates the population will be 44,150 by the year 2025. More definitive figures could not be included as much will depend on the City of Galt's ability to expand study area in the next few years, as well as which General Plan alternative the City of Galt chooses to implement.

### **Current Service Levels**

Galt Fire estimates that it currently serves approximately 33,100 residents. Galt Fire serves residents with two operational fire stations, and one nonfunctional fire station which is used for fleet maintenance services and also houses the administrative offices of Galt Fire. Fiscal year 2005/06 per capita expenditures were \$148.25 or about 60 percent of CSD Fire per capita expenditures.

### **Projected Service and Infrastructure Needs**

The growth pattern within the City of Galt will determine the placement of any additional fire stations. Currently, Galt Fire projects the need for an additional fire station likely to be located in the area of Twin Cities Road and Christensen Road but this will be dependent on the approval of a proposed retirement community project which is not a certainty at this time. The retirement community is estimated to have an additional 1200 units which could translate to a minimum increase of 2400 residents if each residential unit had at least two people. Galt Fire continues to evaluate projected development within its service area. The City of Galt with the County of Sacramento has approved projects which will impact Galt Fire's ability to respond in an efficient manner. For these reasons, Galt Fire's updated Master Plan is anticipated to address future development, the City of Galt's General Plan Update and other land use issues which will affect Galt Fire's response capabilities in the future.

### **3) Financing Constraints and Opportunities**

### **4) Opportunities for Rate Restructuring**

(Category 3 and Category 4 above are combined into a single analysis which follows.)

#### **Base Level Services**

##### **Current Financing Sources**

##### **Elk Grove Community Services District**

##### **General District Funding**

CSD Fire revenues include the following: property taxes, interest income, ambulance and plan check fees, state mandated cost reimbursements, state and federal grants, development impact fees, and in-lieu fees. The CSD receives approximately 19.5 percent of the 1 percent property tax assessed on properties within the CSD. The property tax revenues are fixed at the current allocation percentages and comprise a majority of CSD revenues. Other options for generating additional revenue include fire benefit assessments (requires a vote of the residents), issuance of Tax and Revenue Anticipation Notes and investing a greater amount of CSD cash outside of the Local Agency Investment Fund to generate additional interest income. CSD Fire actively pursues state and federal grant funding and actively pursues claims for state-mandated cost reimbursement.

##### **Development Impact Fees**

CSD Fire development impact fees are reviewed and adjusted annually to recover the full cost of providing the services. Currently, the CSD Fire has accumulated \$8,298,221 in fire development impact fees for the construction of capital facilities. The City of Elk Grove collects the CSD development impact fees for permits issued within its boundaries.

##### **Financing Future Facilities**

Fire station construction within new growth areas is debt financed. Using debt financing allows CSD Fire to construct facilities earlier in the development process than reliance only on development impact fees. CSD Fire reviews the impact of development and build-out projections when approximately 20 percent of an area has been constructed. This debt is repaid primarily by development impact fees revenues but other general revenues are also used where appropriate.

##### **Fees for Service**

CSD Fire ambulance fees, fire plan check fees and fire inspection fees are charged uniformly to

all customers based on Board-approved rate schedules. Ambulance transport fees are charged uniformly with mileage charges billed at the Board approved rate. Mileage rates are uniformly applied but actual charges are dependent upon the number of miles traveled. Fees are regularly reviewed and adjusted to recover the full cost of providing the services.

### **Cost Efficiencies**

One of the CSD Board's goals is the continual monitoring of internal efficiencies and effective use of staffing and resources. Both the fire and parks departments have studied and implemented departmental reorganizations, researched and secured more efficient software and equipment and actively pursued joint use funding with other jurisdictions to make their respective operations as efficient as possible. Department heads are also instructed to review budgets and actual expenditures on a monthly basis to determine potential cost saving and/or cost avoidance opportunities. The CSD participates in CalPERS employee and retiree health care coverage.

### **Bond Rating and Use of Debt Financing**

The CSD bond rating is Aaa from Moody's, a financial rating agency. This is an excellent rating that allows the CSD to issue bonds at lower interest rates which reduces the cost of repayment and results in savings to the CSD and residents of the CSD. The CSD has strong revenue growth, relatively low debt, and sound fiscal and accounting practices. The CSD's current outstanding debt is approximately \$13.6 million as follows:

- Wackford Community/Aquatic Complex \$2.5 million
- Fire Station 73/75 Construction \$2.1 million
- Fire Station 76 Construction \$1.89 million
- Fire Station 72 Construction \$3.2 million and
- 97-acre Dillard Ranch property acquisition \$3.91 million.

Repayment of this debt is primarily through development impact fees, although other funding sources are utilized when appropriate. The total debt is not reflected in the departmental operating budget, but annual debt service payments are reflected in the departmental operating budget. The debt as a percentage of the operating budget is a relatively small percentage.

The CSD recently formed the Elk Grove Community Services District Public Facilities Acquisition Corporation, a nonprofit public benefit corporation. The Corporation was formed to facilitate the acquisition and financing of the 97-acre Dillard Ranch property located in Wilton. The CSD will be debt financing the construction of future facilities.

### **Investment Policies**

The CSD has a formal adopted investment policy which describes how and which types of financing instruments can be used when investing the CSD's funds. The CSD's specific investment objectives ranked in order of importance are: safety of principal, liquidity, public trust and maximum rate of return.

### **District Reserves**

The CSD policy is to maintain an emergency reserve that is 8 percent of annual property tax revenues. In addition, a contingency equal to 2 percent of the CSD salaries, benefits, service and supply expenditures included within each annual budget.

### **Accounting and Finance Policies**

Depreciation policies are outlined in the CSD's Business Affairs Policy No. 58, Fixed Assets. Infrastructure replacement was outlined in Financing Future Facilities above.

### **Galt Fire Protection District**

#### **General District Funding**

Galt Fire receives approximately 28.749 percent of the 1 percent property tax assessed properties within the Galt Fire District. Property tax revenue is fixed at the current allocation percentage and is the primary revenue source for Galt Fire.

#### **Development Impact Fees**

Galt Fire recently imposed a development impact fee on new development within Galt Fire's boundaries but outside the City of Galt. The program has not yet been fully implemented. The City of Galt imposes a development impact fee on new development within the City's boundaries. The Galt City Council periodically reviews its development impact fee. The City currently has approximately \$800,000 in a fire services development impact fee fund. Fire development impact fees are imposed to provide funds for the construction of new fire facilities.

#### **Financing Future Facilities**

Galt Fire does not have a Capital Improvement Program at this time nor has the district experienced huge growth that would generate a need for an extensive facilities financing plan. Galt Fire indicated that anticipated growth in the District will primarily come from growth approved by the City and that the concentration of that growth will determine the placement of any new fire stations. The next projected station is expected to be in the unincorporated area of Twin Cities Road and Christensen Road. However, this will be dependent upon the approval of

a proposed retirement community project, the approval of which is not a certainty.

### **Fees for Service**

Galt Fire has a fee program for plan review, fire inspections, sprinkler inspections, fire investigations and ambulance transportation. Galt Fire reviews its fees on a regular basis. This review is to insure that full cost of service is recovered. All fees must be reviewed and approved by the Board before implementation.

### **Cost Efficiencies**

Galt Fire participates in CalPERS employee and retiree health care coverage. Galt Fire is involved in the Northern California Special Districts Insurance Authority, a Joint Power Authority, for workers compensation coverage. Galt Fire indicates this has proven to be a significant cost savings as compared to the prior use of the State Compensation Fund.

### **Bond Rating and Use of Debt Financing**

Galt Fire has not used debt financing for its facilities to date and does not have a bond rating. Galt Fire does not have formal investment policies but does utilize the Sacramento County Auditor Control for general ledger, revenue and expenditure reports and investment of its cash.

### **Other Revenues**

Galt Fire indicates it has and will continue to be very active in applying for grants. Over the past three years Galt Fire received three grants from the Office of Homeland Security. Galt Fire received \$6,851 in 2003 used for the purchase of portable lighting equipment, \$27,850 in 2004 used to purchase thermal imagers and a Cascade system related to breathing apparatus and \$19,817 in 2005 for extrication equipment.

### **Ability to Obtain Financing/Additional Revenues**

The District identified the following as possible financing alternatives:

- Traditional Financing
  - Bank-line of credit or Investment pools
  - Sacramento County Pooled Fund
  - Local Agency Investment Fund-State of California
  
- Lease or Purchase
  - Equipment Vendors, Private Parties, Commercial Lending Institutions

- Special Tax or Benefit Assessment  
(May require 2/3 voter approval by residents of the District)
- State Reimbursable Mandates
- Impact/Development Fees-Collected at building permit issuance district wide or on a special need

### **Special Assessments**

Galt Fire does not impose a special assessment in any area of the district. Galt Fire attempted to impose a special assessment on properties in the District in November 2002 but failed to obtain a 2/3 voter approval. Galt Fire indicates a special assessment could again be attempted if the existing tax revenues decrease due to State financial issues.

### **Mello-Roos Special Taxes**

The City of Galt formed Community Facilities District 2005-1 (CFD) for police and fire protection services in the City's new growth areas. Beginning in 2005, special taxes were assessed upon properties within the CFD boundaries. The special taxes were billed and collected with the annual property tax billings. Approximately 25 percent of the revenues collected annually were estimated to be available to Galt Fire to fund fire services. Annual totals for fire were estimated to be \$39,000.

### **Accounting, Investment and Finance Policies**

Galt Fire cash and investments are held with Sacramento County's Department of Finance and included as part of a larger cash and investment pool along with other County Funds. Investments are stated at fair value. The County Treasurer's investment pool is subject to regulatory oversight by a Treasury Oversight Committee, as required by Section 27134 of the California Government Code per the Galt Fire Audited Financial Statement.

### **Impact of the Proposed Reorganization**

The funding available and used by the two Districts is a combination of financing tools. Financing tools used to fund facilities and equipment differs from the tools used to fund operations as indicated above. The following analysis provides details on how each District funds daily operations utilizing information from the annual budgets and audits.

## Operational Financing

### Elk Grove Community Services District

CSD Fire's annual budget is approximately \$33.5 million within which it funds 141 staff positions, six fire stations, engines, trucks, ambulances, a state-of-the-art training facility, fleet maintenance facility and an administrative office. The Fiscal Year 2005/06 budget can be broken down as follows:

#### CSD Fire Budgeted Expenditures

Fiscal Year 2005/06	CSD Fire Budgeted Expenditures	Percentage Share of Budget
Salaries and benefits	\$18,541,907	55 %
Services and Supplies	\$ 2,856,737	9 %
Leases and Loans	\$ 1,671,447	5 %
Fixed Assets	\$ 1,040,873	3 %
Land Acquisition	\$ 2,800,000	8 %
Capital Improvements	\$ 6,635,639	20 %
Total Expenditures	\$33,546,603	100%

#### CSD Fire Budgeted Revenues

Fiscal Year 2005/06	CSD Fire Budgeted Revenues	Percentage Share of Budget
Property Taxes	\$17,899,255	53 %
Ambulance/Plan Check Fees	\$ 3,905,700	12 %
In-Lieu State/Federal Aid	\$ 2,918,068	9 %
Long Term Loan Proceeds	\$ 3,600,000	11 %
Encumbered Funds	\$ 1,547,900	5 %
Other Revenues	\$ 3,587,593	10 %
Total Revenues	\$33,546,603	100%

Expenditure plans for the last four fiscal years were reviewed. Although the amount required to fund salaries and benefits for CSD Fire staff increased from \$10.2 million in FY 2002/03 to \$18.5 million in 2005/06 the percentage of the budget allocated to salaries and benefits remained

stable. The percentage share of the other expenditure categories remained stable as well. Land acquisition and capital improvements have increased and decreased over the past four years as the CSD prepared to construct new facilities by budgeting for expenditures in the years needed. Total budgets for CSD Fire increased during the review period from \$16 million in FY 2002/03, \$21.6 million in FY 2003/04, \$23 million in FY 2004/05 and \$33.5 million in FY 2005/06. Over the four-year period, CSD Fire revenues essentially doubled, suggesting a phenomenal growth rate in the community.

**Galt Fire Protection District**

Galt Fire’s 2005/06 budget categories can be broken down as follows:

**Galt Fire Expenditures**

<b>Fiscal Year 2005/06</b>	<b>Galt Fire Budgeted Expenditures</b>	<b>Percentage Share of Budget</b>
Salaries and Benefits	\$3,673,544	74 %
Services and Supplies	\$ 723,602	15 %
Fixed Assets	\$ 340,000	7 %
Equipment	\$ 50,000	1 %
Land Acquisition	\$ 120,000	2 %
Reserve Contribution	\$ 50,000	1 %
<b>Total Expenditures</b>	<b>\$4,907,146</b>	<b>100 %</b>

Galt Fire’s annual budgets have increased from \$3.4 million in FY 2003/04, to \$4.0 million in FY 2004/05 to \$4.9 million in FY 2005/06. Galt Fire uses a significant amount (74 percent of total expenditures) of its annual operating budget to fund salaries and benefits for employees. Galt Fire increased its reserves by budgeting a \$50,000 reserve contribution in FY 2005/06 which was equal to 1 percent of the total budget. With the additional contribution, the District’s reserves are \$138,000 or 2.8 percent of the total budget. Reserves are funds set aside for unanticipated occurrences and usually require a special Board action to expend money set aside in this way.



### Galt Fire Revenues

Fiscal Year 2005/06	Galt Fire Budgeted Revenues	Percentage Share of Budget
Property Taxes	\$ 3,051,489	62 %
Interest Income	\$ 12,500	0 %
Ambulance Fees	\$ 450,000	9 %
Plan Check Fees	\$ 50,000	1.5 %
Homeowners Property Tax Relief	\$ 45,000	1.5 %
Roll Over Funds	\$1,298,157	26 %
<b>Total Revenues</b>	<b>\$4,907,146</b>	<b>100%</b>

Galt Fire's 2005/06 budget reflects six financing sources in FY 2005/06 with property taxes the primary revenue source, accounting for 62 percent of total revenues. Property taxes increased steadily over the past three fiscal years, from \$2.2 million in FY 2003/04, \$2.5 million in FY 2004/05 to \$3.0 million in 2005/06.

#### **Galt Fire Gann Limit**

Galt Fire computed the 2005/06 Gann Appropriations Limit at \$3,393,662 and the 2005/06 Galt Fire appropriations subject to the limit were computed by Galt Fire to be \$3,658,989. Galt Fire's FY 2005/06 budget exceeded the appropriations limit by \$265,327. California Constitution Article XIIIb (Gann Limit) defines how an agency establishes an appropriation limit and how increases in the limit are to be calculated each fiscal year using factors related to changes in per capita income and population to calculate a new limit each year. Galt Fire's 2004/05 Gann Appropriation Limit was \$3,218,640 with 2004/05 budget appropriations of \$3,064,000 meaning the 2004/05 budget was only \$154,640 under the computed appropriations limit. Galt Fire is experiencing financial constraints in trying to fund base level services when it is so close to or exceeding the Gann Appropriations limit calculated for the District.

The remedies for this problem are also delineated in California Constitution XIIIb which specifies the following:

- 1) an agency can reduce the property tax rates over the next two fiscal years,
- 2) an agency can reduce expenditures,
- 3) an agency can increase the appropriations limit through a vote of the residents,

- 4) or an agency can reorganize with another agency and combine the Gann Appropriation Limits of the two Districts.

Based on the above remedies, Galt Fire can reduce or eliminate some of the spending categories which translates to less money for staff positions, supplies and/or equipment. Galt Fire can reallocate funds from an already strained spending plan to capital facilities (not subject to Gann Limit calculations) which reduces the spending plan to a level within the calculated Gann Limit. Alternatively, Galt Fire may have to rebate to taxpayers the funding increment that exceeds the Gann Limit within a specified time period thereby reducing the revenue for the Agency. Galt Fire's operational financing problems will continue until the per capita income and/or population increases sufficiently to allow Galt Fire to increase the Gann Limit to a level that supports the current service levels required by District residents. Without significant increases in population or per capita income the Gann Appropriations Limit will continue to be a significant financing constraint for Galt Fire which will impact service levels.

#### **Galt Fire Fund Balance (Rollover Financing)**

Galt Fire's second largest funding source is end of year fund balance or rollover financing. Year-end fund balance results from savings from the prior year's budget and/or revenue collections that exceeded budgeted amounts. Galt Fire's year-end fund balance contributed 26 percent of the 2005/06 available financing. Galt Fire's rollover funds resulted from a combination of higher than budgeted ambulance/plan check fee collections and expenditure savings from the prior fiscal year. Galt Fire budgeted \$450,000 from ambulance/plan check fees or 9 percent of total revenues. Actual ambulance/plan check fees collected totaled \$611,403 in FY 2004/05. In addition, Galt Fire had significant expenditure savings for each of the four fiscal years reviewed.

Galt Fire relies heavily on fund balance from prior years to fund current year activities. A problem arises if Galt Fire spends all that is budgeted and collects only as much revenue as budgeted. When and if that occurs, no fund balance or rollover financing remains to fund the next year's activities. In FY 2005/06 that would have meant Galt Fire had sufficient funds for salaries and benefits only with no funds available for supplies and equipment. This could have resulted in a reduction of service levels. Galt Fire provides services within a significantly constrained funding environment that is not likely to improve in the near future. Even if Galt Fire could raise more revenues to improve the outlook for services, Galt Fire would have difficulty spending the additional money as appropriations would exceed the Gann Limit for the District.

## **Facility Financing**

### **Development Impact Fees**

Development impact fees are imposed on building projects at the time of building permit issuance. Development Fees are supported by a nexus study which demonstrates the relationship between the fees charged and the purpose for which the fee is to be used. A capital improvement program identifies facilities needed, build-out assumptions, and estimated facility costs needed to serve a developing area. Development impact fees, Mello-Roos taxes, or other special assessments are often used to assemble the necessary funding to build the facilities needed in the new area.

Exhibit IV indicates the financing sources currently used by the two Districts as well as the limitations associated with each financing source.

**EXHIBIT IV  
FINANCING SOURCES USED  
BY CSD FIRE AND GALT FIRE**

Revenue Source	District Utilizing This Source	Method of Revenue Assessment or Collection	Operations	Facilities	Limitations
Interest Income	Both	Interest earned on unexpended funds.	X	X	Dependent upon the amount of funds on deposit and also the interest rate available.
Ambulance/Plan Check/Other Fee	Both	Charges for service rendered not to exceed the cost of providing the service.	X		Fees charged for ambulance transport services. Fees charged for plan check and other services rendered.
In Lieu/State Aid or Other Revenue	CSD Fire	Grants and other special funds from State or Federal sources.	X		Dependent upon an agency's ability to apply for and receive special funds. Availability of funds is also dependent upon the granting agency-State or Federal agencies and budgets.
Long Term Loan Proceeds	CSD Fire	Bond proceeds for facility construction.		X	Can only be used for construction of facilities for which the bonds were sold.
Property Tax	Both	Assessed on properties within the district equivalent to 1% of the property's value.	X	X	Property taxes can only be levied up to 1% of a property's value. Increases in this funding source result from assessed value increases and/or additional development.
Encumbered Funds	CSD Fire	Anticipated expenditures for contracted purchases not yet spent.	X	X	Funds should be used to satisfy the original commitment.
Mello-Roos Services Special Tax	Galt Fire	A per parcel special tax assessed on properties located within the special District. The special tax funds police and fire operations.	X		Special District formed by the City of Galt. Funds can only be spent on fire services related to that special district.
Development Impact Fees	Both	Fees imposed on development/building projects and collected at building permit issuance.		X	A nexus must exist between the impact of the development, the fee amount charged and the facility which will ultimately be constructed with fee money.
Reserves	Both	Money set aside for future needs.	X	X	Usually requires special Board action to release reserves to spend.
Rollover Funds	Both	Year-end fund balance resulting from savings or higher than anticipated revenue collections.	X	X	Available when savings occur from unexpended funds. Not a reliable funding source.

### **CSD Fire Facility Financing**

CSD Fire has an established development impact fee program for facilities which is part of an extensive capital improvement program and facilities financing plan. CSD Fire is currently preparing an update to its fire development fee programs that would consolidate all the various impact fees into a single district-wide fee program. The proposed program establishes fee zones and identifies the fees to be collected in each zone. The CSD Fire finance plan indicates that new facilities will be debt financed and development impact fees will be used to repay the bonded debt.

### **Galt Fire Facility Financing**

Galt Fire currently operates two fully functional fire stations and one non-functional fire station which serves as the fleet maintenance facility and houses the administrative offices. One of the fully operational stations is owned by the City of Galt but operated by Galt Fire. The remaining operational station and the fleet maintenance facility are owned and operated by Galt Fire. Galt Fire does not have a capital improvement program at this time nor has Galt Fire experienced the level of growth that would generate a need for an extensive facilities financing plan. Galt Fire serves the entire area within its boundaries-including the City of Galt and its residents and the District's unincorporated area and its residents. Galt Fire indicated that the growth that can be anticipated within its boundaries will primarily come from growth approved by the City and that growth will determine the placement of the District's next fire station.

Both the City and Galt Fire impose development impact fees for fire facilities. The City's development impact fees are available for funding facilities or equipment used within the City's boundaries. Approximately \$800,000 has accumulated in the City's fund to date. Galt Fire imposed its fire fee in April 2005 but has not yet fully implemented the program. As indicated earlier, one of the limitations of development impact fees is the time required to accumulate funds from building permits. The impacts of development can be felt prior to sufficient funds being available for facility construction.

### **General Observations**

The two Districts provide fire and life safety services to the residents of their respective districts utilizing the financial resources available. The number of residents served, area served and financing available to the two districts varies significantly. Galt Fire operates with a budget of approximately \$4.9 million annually while CSD Fire operates with a budget of approximately \$33.5 million annually. The Galt Fire operating budget is roughly 15 percent of the CSD Fire budget. The basic financing and funding sources available to the Districts are similar but the

amounts available for operational financing are significantly different. Both districts rely primarily on property tax revenues to finance operational activities.

### **Ambulance Transport Fees**

Complete fee schedules for CSD Fire and for Galt Fire can be found in Appendix A in the Final MSR. Ambulance and plan check fees provide a significant funding source for each district. Both Districts review and revise the fees charged as necessary to recover the cost of service. Ambulance transport fees are an important component of the financing puzzle utilized by the Districts. Exhibit V Ambulance Fee Comparison provides an indication of the fee types and fee amounts charged for services provided. The fee levels for the two Districts for like activities are comparable.

## **EXHIBIT V AMBULANCE FEE COMPARISON**

<b>Fee Description</b>	<b>CSD Fire</b>	<b>Galt Fire</b>
Last Updated	July 1, 2004	December 23, 2003
Basic Life Support-Base Rate	\$534	\$660
Advanced Life Support-Base Rate	\$595	\$750
Mileage (Per transport mile)	\$14.75	\$16
Immediate Response	\$50	
Oxygen	\$56.50	\$70
Night Charge	\$60	\$70
Non-resident Fee	\$80	
Disposable Medical Supplies and Medications	Cost plus 75%	
IV and Tubing		\$35

Approximately 9 percent (\$450,000) of Galt Fire's annual revenues come from ambulance fees and 1.5 percent (\$50,000) from plan check fee while the CSD Fire receives approximately 12 percent (\$3.9 million) from ambulance and plan check fees. While both Districts charge fees for

ambulance transport, the actual fee payment/recovery rates vary significantly. Galt's ambulance fee recovery rate is approximately 57 percent of the total fees billed while the CSD Fire recovery rate is approximately 75 percent. Galt Fire staff bills and collects ambulance fees in-house, whereas the CSD Fire contracts with an outside firm for billing and collection of ambulance fees. Contracting with a firm dedicated to the billing and collection of services fees might increase ambulance fee recovery although a portion of the increased recovery may be offset by the cost of collection, the actual amount that might be realized from this change in practice was not estimated for the MSR. It should be noted that although Galt Fire budgeted \$450,000 for ambulance fees recovery, the actual ambulance fee recovery totaled over \$600,000 in FY 04/05 and is projected to be approximately \$600,000 in FY 05/06. Any actual increases above those levels would be speculative. However, if the rate of ambulance fee recovery could be increased for Galt Fire, as much as an additional \$60,000 might be realized.

### **Plan Check Fees**

Exhibit VI Plan Check Fees is a comparison of plan check and inspection fees charged by the two Districts. A fee-by-fee comparison indicates a significant difference exists between the fees charged by the Districts for similar services. There may be opportunities for increased fee revenue recovery in this area. For example, a Civil Engineering plan check costs \$135 when performed by Galt Fire and \$658 when performed by CSD Fire. For an underground fire sprinkler, Galt Fire charges \$67.50 per Fire Department Connection while CSD Fire charges \$405 per Fire Department Connection. Such fee programs are designed to recover only the cost of providing the service. A comprehensive analysis of the two Districts' fee schedules may highlight additional opportunities for fee and rate restructuring should a reorganization occur. If the reorganization occurs, fees are likely to be revised so that like fees for like services are charged at uniform levels throughout the reorganized District so the cost of service can be recovered.

**EXHIBIT VI  
PLAN CHECK  
FEE SCHEDULE COMPARISON**

Fee Description	CSD Fire	Galt Fire
Civil Engineering Plan	\$658 per building	\$135
Fire Sprinkler Underground	\$405 x # of FDCs	\$67.50 per FDC
Riser Connection Stub-in	\$405 per riser	
Architectural Review Site Plan	\$619 + \$0.21 per s.f.	\$67.50 + \$0.06 per s.f. for first 10,000 s.f. + \$0.03 for each additional s.f.
Tenant Improvement/Remodel Review/Vanilla Shell (1700 s.f. or less)	\$480	
Tenant Improvement/Remodel Review/Vanilla Shell	\$427 + # of s.f. x \$0.09	\$67.50 + \$0.06 per s.f. per building
Commercial Fire Sprinkler (< 24 heads per riser)	\$405	\$135 minimum of Engineering cost + 25%
Commercial Fire Sprinkler (26-100 heads per riser)	\$690	\$135 minimum of Engineering cost + 25%
Commercial Fire Sprinkler (100+ heads per riser)	\$998 + # of heads >100 x \$0.98	\$135 minimum of Engineering cost + 25%
Residential Fire Sprinkler System	\$192	\$135 minimum of Engineering cost + 25%
Standard Fire Sprinkler Monitoring System/Duct Detectors/Hood System Connection to Fire Alarm System	\$405	\$135
Fire Alarm System (Automatic/Manual)	\$597 + # of devices x \$2	\$135 plus \$0.06 per device
Special Extinguishing System	\$192	\$135 minimum or Engineering cost + 25%

s.f. = square foot

FDC=Fire Department Connection



## **5) Cost Avoidance Opportunities**

### **Base Level Services**

#### **Elk Grove Community Services District**

##### **Cost Efficiencies**

The CSD participates in monthly planning meetings with various local fire agencies. The CSD participates with the City of Elk Grove in various planning sessions and is a partner with the City in the local Emergency Operations plan. In addition, the newly constructed fire training facility presents opportunities for other adjacent jurisdictions to use this state-of-the-art training facility.

##### **Alternative Facility Uses**

Fire stations serve the needs of the community and all of the CSD facilities have been designated as “Safe Places” for children. The CSD boardroom is also used by other jurisdictions.

##### **Other Cost Avoidance Measures**

The CSD participates in a Joint Powers Authority for its workers compensation and liability insurance coverage. The CSD routinely prepares requests for proposals for many CSD purchases and services such as auditing, legal, printing, and landscape maintenance services. The CSD also reviews annually the cost/benefit of contracting for landscape maintenance services versus performing this in-house. CSD Fire reduced the overall number of chief officers over the last several years and has kept administrative staff to a minimum.

#### **Galt Fire Protection District**

##### **Alternative Facility Uses**

Galt Fire has been approached by several organizations (Galt Police Department and Parks and Recreation) regarding co-locating within some of the District’s fire stations. Galt Fire indicates the concept has some advantages including shared common space, shared parking and shared living space; however, no formal efforts have made this occur.

Fire stations serve the needs of the community and all of Galt Fire’s facilities have been publicly designated as “Safe Places” for children. In addition, the Galt Fire allows other non-profit organizations to use District facilities when needed and available.

##### **Other Cost Avoidance Measures**

Galt Fire is a member of the Northern California Special Districts Insurance Authority, a Joint

Power Authority, for workers compensation. The pooling of resources within the JPA decreased the cost of workers compensation to Galt Fire. Galt Fire avoids the cost of adding staff by purchasing some accounting, geographic information and other professional services that are not needed on a full time basis.

## **Impact of the Proposed Reorganization**

The availability of mutual aid is a significant factor that contributes to cost avoidance for fire services in the region. The ability of fire service providers to rely upon other fire service providers allows all districts to plan service delivery models and station locations knowing that should the need arise additional resources will automatically be available when events happen.

### **Other Cost Avoidance Opportunities**

Additional cost avoidance opportunities may be available through the elimination of services that are currently purchased or contracted for by Galt Fire but are provided in-house by CSD staff. These might include professional accounting services, geographic information services, and other professional services. If the Districts were to reorganize into a single district, the extensive support structure in place at the CSD would be available to Galt Fire including communications and media services, information technology, human resources, accounting and financial, geographic information services, and fleet maintenance services. Additional opportunities for cost savings may occur through economies of scale in the areas of purchasing of supplies, equipment and insurance.

Both Districts make efforts to manage expenditures with purchasing practices and policies. Both Districts participate in joint powers authorities to minimize the cost of insurance. Both Districts are members of their communities and make facilities available for other community group use.

## **6) Opportunities for Shared Facilities**

### **Base Level Services**

#### **Elk Grove Community Services District**

##### **Shared Facilities and Resources**

CSD Fire's training facility provides opportunities for adjacent, local jurisdictions to use the state-of-the-art facility. The training center eliminates the need for other fire agencies to construct similar facilities elsewhere in the southern Sacramento area. CSD Fire also makes its fleet maintenance services available to bordering Districts; in fact, it provides fleet maintenance services to the Wilton Fire Protection District. CSD Fire participates in monthly planning meetings with various local fire agencies. CSD Fire participates with the City of Elk Grove in various planning sessions, and partners with the City in the local Emergency Operations Plan. The CSD's boardroom is also used by other jurisdictions for meetings. All of the CSD's facilities have been designated as "Safe Places" for children. As one of the oldest public institutions in the community, the "fire department" is recognized as a significant civic asset and its facilities are used for many purposes other than traditional fire prevention and suppression.

##### **Sharing of Resources through Mutual Aid**

CSD Fire has entered into several mutual aid agreements for fire services. The closest company responds to an emergency regardless of the location in accordance with the County-wide boundary drop.

##### **Joint Powers Authority Participation**

The CSD participates in a Joint Powers Authority for its workers compensation and liability insurance coverage, specifically the Northern California Special Districts Insurance Authority. No duplication or gaps in services were identified by the District.

#### **Galt Fire Protection District**

##### **Shared Facilities and Resources**

Galt Fire has been approached by several organizations (Galt Police Department and Galt Park and Recreation) to co-locate in some of its fire stations. Although Galt Fire indicates the concept has merit no formal effort has been undertaken to accomplish this. Opportunities may be available for shared common space, parking and/or living space. Galt Fire currently allows other non-profit organizations to use its facilities when available. All of Galt's fire facilities are

publicly designated as “Safe Places” for children.

### **Sharing of Resources through Mutual Aid**

Galt Fire has several automatic/mutual aid agreements and responds when requested as the closest company regardless of location pursuant to County-wide boundary drops.

### **Joint Powers Authority Participation**

Galt Fire participates in a Joint Powers Authority for its workers compensation insurance coverage, specifically the Northern California Special Districts Insurance Authority.

## **Impact of the Proposed Reorganization**

### **Opportunities to Reduce Duplication in Facilities and Resources**

Other agencies and jurisdictions in the region provide similar fire and life safety services within specific geographic boundaries. The demand for services and/or services provided may vary by agency. The demand for higher levels of fire protection will continue to increase as southern Sacramento County feels the pressure for more development. Service gaps can be mitigated by the automatic mutual aid that is provided when service calls are dispatched; however, mutual aid is not the same as fire service provided by a district with the legal responsibility to provide that service within its area of responsibility. Many of the agencies/jurisdictions are dispatched through the Sacramento Regional Fire/EMS Communication Center and calls are routed to the closest available agency for response. As indicated earlier, there are 14 other fire suppression and life safety service providers in Sacramento County. The remaining twelve agencies were not reviewed in depth for this study other than to note they exist and provide like services.

As described earlier, the District’s mutual aid agreements and participation in the State’s mutual aid system provides the greatest opportunities for services to other agencies. The training facility and/or the fleet maintenance services could be available to other local fire agencies in the region and particularly to Galt Fire. This would greatly benefit the Galt Fire staff as time away from the stations for training was identified as a significant obstacle for the District.

## **7) Evaluation of Management Efficiencies**

### **Base Level Services**

#### **Elk Grove Community Services District**

##### **District Master Plan**

The CSD has an adopted Master Plan with components for each of the three departments. The Master Plan, originally prepared in 1998 and updated in 2001, contains the CSD general philosophy as well as programmatic goals for each department. The Plan details capital and operating needs by department, financing options, goals of each of the departments as well as detailed descriptions of the various functions and activities performed by each department. The plan also includes an identification of major issues facing the CSD as a whole.

##### **Mission statement**

The CSD Fire's mission is "to protect lives, property, and the environment from fire or other natural and man-made disasters and emergencies in a courteous, timely, and effective manner." (CSD Master Plan, p.21)

##### **Financial Management**

The CSD's budget and financial support is provided by the Administrative Services Department. The Chief Operating Officer directs and oversees the activities of this department. The CSD has adopted financial investment policies. The CSD has strong revenue growth, relatively low debt, with documented fiscal and professionally recognized budgeting and accounting practices.

##### **Financial Reporting**

The CSD's Comprehensive Annual Financial Report (CAFR) has been awarded the Certificate of Achievement of Excellence in Financial Reporting from the Government Finance Officers Association for 10 consecutive years. This award is the highest form of recognition for state and local governments in the area of governmental accounting and financial reporting. The CSD's CAFR has also been awarded the Certificate of Award for Outstanding Financial Reporting from the California Society of Municipal Finance Officers for six consecutive years. The District also received a Certificate of Award for Excellence in Operational Budgeting from the California Municipal Finance Officers for three consecutive years.

##### **Bond Rating**

The CSD has an Aaa bond rating from Moody's, a financial rating agency. This is an excellent

rating. The excellent financial rating allows the CSD to issue debt at lower rates which reduces the cost of borrowing thus saving money for the CSD and residents. The CSD's outstanding debt is currently \$13.4 million as outlined earlier in detail. Debt is issued primarily for fire station construction, apparatus replacement or procurement, and other capital infrastructure development. The CSD will be debt financing the proposed Station 77 and the Dillard Ranch property purchase. The Station 77 construction will be repaid with development impact fees.

The CSD recently formed the Elk Grove Community Services District Public Facilities Acquisition Corporation, a nonprofit public benefit corporation. The Corporation was formed to facilitate the acquisition and financing of the 97-acre Dillard Ranch property located in Wilton. The CSD will be debt financing the construction of future facilities.

### **Reserve Policy**

The CSD's policy is to maintain an emergency reserve that is 8 percent of annual property tax revenues. In addition, a contingency equal to 2 percent of the CSD's salaries and benefits and service and supply expenditures are included within each annual budget. The CSD currently has a reserve of approximately \$12 million.

### **Operational Financing**

CSD Fire Department's FY 2005/06 revenues were budgeted as follows: property taxes (53 percent), ambulance and plan check fees (12 percent), state mandated cost reimbursements (9 percent), long term loan proceeds (11 percent), other revenues (10 percent) such as donations and contributions, and state and federal grants. The CSD receives approximately 19.5 percent of the 1 percent property tax assessed on properties. Property taxes are the largest single revenue source for Fire Department services. Property tax revenues are fixed at the current allocation percentages and comprise a majority of CSD revenues.

### **Annual Budget**

The CSD Fire's FY 2005/06 annual budget totaled approximately \$33.5 million within which it funded salaries and benefits for 141 staff positions, six fire stations, engines, trucks, ambulances, a state of the art training facility, a fleet maintenance facility and an administrative office. Salaries and benefits accounted for 55 percent of the department's annual budget. The percentage share of the budget allocated to salaries and benefits remained relatively stable over the past three years. Service and supplies accounted for 8.5 percent of the budget, leases and loans 4 percent, fixed assets 3 percent, land acquisition 8 percent and capital improvements 19 percent of the FY 2005/06 budget.

### **Fire Department General Revenues**

The FY 2005/06 CSD Fire budgeted revenues included the following: property taxes (53 percent), ambulance and plan check fees (12 percent), state and federal grants (9 percent), long term loan proceeds (11 percent), other revenues (11 percent) and encumbered funds (4 percent). The District receives approximately 19.5 percent of the one percent property tax assessed on properties within the CSD. These property tax revenues are fixed at the current allocation percentages and comprise a majority of District revenues.

The CSD actively pursues state and federal grant funding and reimbursement claims for state-mandated programs.

### **Facility Financing**

Construction of fire stations within new growth areas is debt financed to allow construction of facilities prior to significant build out of the area. This debt is repaid by development impact fees. The CSD is currently preparing an update to its development fee programs that will consolidate all the various specific plan areas into a single district-wide impact fee program.

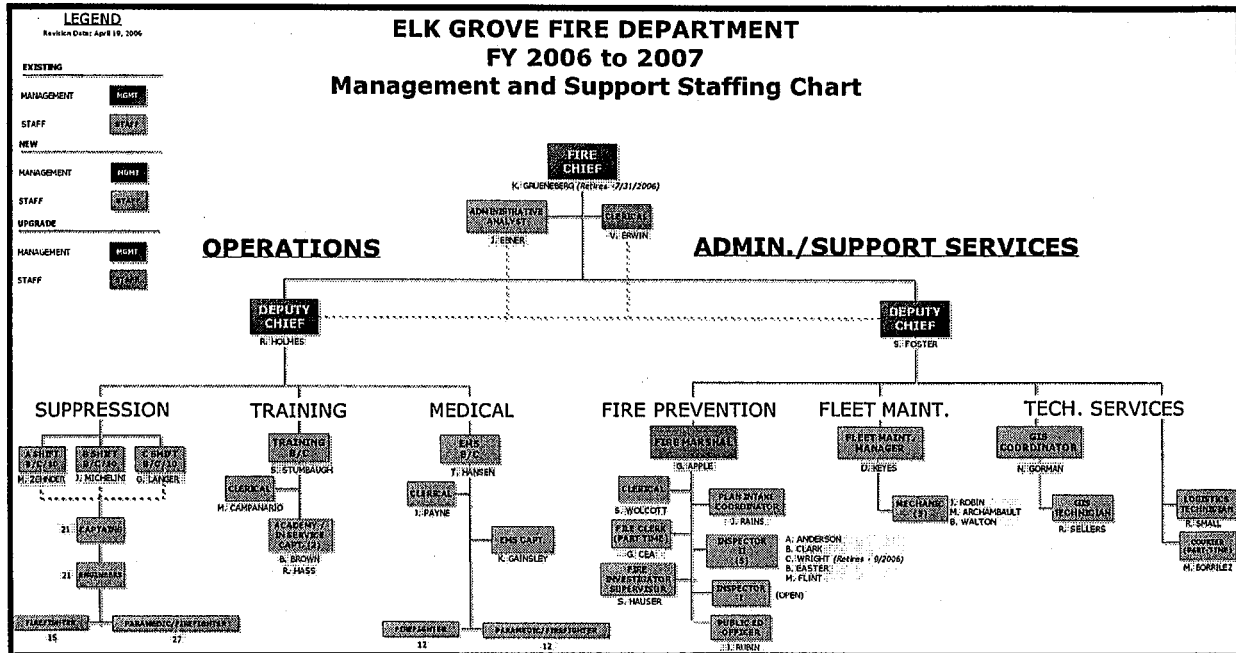
### **Staffing**

The District is administered by a General Manager. The General Manager, under minimal direction, is responsible for the overall management and control of the operations and works of the District on a daily basis, subject to approval by the Board of Directors. The General Manager provides day-to-day leadership for the District and is in charge of, and has overall responsibility for and control over, all property of the District and the District's three Departments-the Administrative Services Department, the Parks and Recreation Department and the Fire Department.

CSD Fire has 141 full time employees as represented in the CSD's organizational chart attached as Exhibit VIII CSD Fire Organization Chart. The 141 full time equivalent positions breakdown as follows: three executive positions (1 fire chief position, two deputy fire chief positions), five management positions (5 Battalion chief position) and 108 firefighter positions (21 Captain positions, 21 Engineer positions and 66 Firefighter positions) and 25 professional (geographic information systems, logistics, administrative support, fleet maintenance) and fire prevention positions. 127 positions are represented by labor organizations and 14 positions are designated as unrepresented. No positions have remained vacant over the past three years.

## EXHIBIT VIII

### CSD FIRE ORGANIZATION CHART



The Administration and Support Services unit of the Fire Department was created in 2005 to add efficiency and to handle growth within the department. The new unit brought Fire Prevention, Fleet Maintenance, and Tech Services under one umbrella. Prior to that time Fire Prevention and Fleet Maintenance reported directly to the Fire Chief, and Tech Services reported to the Operations Deputy Chief.

### Training

The CSD provides all CSD staff with in-house and outside training opportunities covering various job related topics. CSD Fire does significant amounts of training in all areas of fire suppression and emergency response. On average, firefighters complete approximately 185.5 hours of training per year. In total, CSD Fire personnel completed approximately 19,000 hours of training in 2005.

### Personnel Policies

CSD Fire maintains a personnel manual and labor contracts. Policies, procedures and practices are detailed in the personnel manual and labor contracts. Negotiations with represented



employees occur with each contract renewal. Salaries and benefits are compared with like fire departments for competitiveness. Salary and benefit surveys are prepared for non-represented employees every three years and adjustments are made accordingly. Organizational structure of the CSD Fire is similar to other fire districts. The most notable difference being the CSD is part of a community services district providing both park and recreation services and fire suppression and life safety services within the same organization.

### **Equipment and Equipment Financing**

The CSD Master Plan includes a comprehensive fleet and equipment maintenance and replacement strategy. The strategy includes fleet categories and replacement criteria as well as financing strategies for implementing the strategy utilizing budgeted funds, development impact fees and sale of surplus equipment.

CSD Fire is actively improving equipment and systems in use. CSD Fire is installing a 4.9 Ghz radio frequency system through a pilot program. The 4.9 Ghz frequency was given to fire service providers after September 11, 2001 for interoperability and communication between allied fire agencies and responders. The pilot program will use the 4.9 Ghz frequency at microwave speed on a point-to-point basis which will allow for voice, video and data transmission to all stations and fire apparatus on a secured high speed network. CSD Fire intends to connect video conferencing to the system to enable fire training in any of the fire facilities while communicating and viewing staff at all linked facilities in real time. The link between the initial two facilities will be funded by CSD Fire. CSD Fire has applied for Federal funds to expand the system to all CSD facilities. The system can eventually be expanded to Galt Fire, the State Office of Emergency Services, State Homeland Security, Cal Trans, California Highway Patrol and local law enforcement.

### **Service Data Tracking**

The CSD Fire tracks incident response data which includes types of incidents responded to and the response times associated with the incidents and plots the data utilizing a geographic information system.

### **Service Goals and Response Times**

The service goal as established by the authority having jurisdiction and provides the minimum standard for career fire departments in their organization, operation and deployment of ensuring a safe, effective and efficient fire and emergency medical response. Each fire agency sets its

own performance criteria based upon service demands and fiscal ability. The CSD Fire applies an urban service goal of five minutes or less 80 percent of the time for first responder. The CSD achieves its service goals consistently and with high levels of accomplishments.

During the study period of calendar years 2003 – 2005 the District met the response time goal of five minutes or less 67 percent of the time in calendar year 2003 (average response time 4:32 minutes: seconds), 66 percent of the time in calendar year 2004 (average response time 4:39 minutes: seconds) and 64 percent of the time in calendar year 2005 (average response time 4:40 minutes: seconds).

### **Galt Fire Protection District**

#### **District Master Plan**

Galt Fire developed a master plan for the period 1999-2004. The Plan detailed objectives for each fiscal year of the master plan in the areas of policies, staffing, programs, equipment and facilities.

#### **Mission Statement**

“To provide a highly motivated and superior fire, rescue, and emergency medical service delivery system to the citizens and visitors of our community.” (Mission statement provided by Galt Fire.)

#### **Financial Management**

Galt Fire adopts an annual budget which contains line-item expenditures and revenues and regularly monitors the actual expenditures and revenues during the fiscal year. A review of the last three fiscal year’s budgets indicates the District utilizes nearly 25 percent of prior year expenditure savings to fund subsequent year activities. The FY 2005/06 budget indicates the District’s budget exceeds the Gann Limit as computed by Galt Fire by approximately \$265,000. Staff indicates when this occurs adjustments are made downward to revenue collections. State and local agencies in California all have a calculated Gann limit which dictates an appropriation spending limit. The Limit is adjusted by changes in per capita income and population. If an agency exceeds the calculated limit, the agency is required to return the amount that exceeds the calculated limit to taxpayers by reducing expenditures or reducing tax rates over a two year period. Over time, the Gann Limit has come to be a significant financial constraint.

#### **Financial Reporting**

The County of Sacramento Auditor-Controller performs the Galt Fire audit. This audit is

conducted every two years and spans two-year periods. Claim audits for workers compensation are conducted by the Northern California Special Districts Insurance Authority via a third party. All reports are forwarded to the District for review.

### **Bond Rating**

The District has not issued bonded debt to date and does not have a bond rating.

### **Reserve Policy**

Galt Fire does not have a formal adopted budget reserve policy however, Galt Fire budgeted reserve contributions for the past two fiscal years. Galt Fire budgeted \$88,000 in FY 2004/05 and an additional \$50,000 contribution in FY 2005/06. Total reserves for FY 2005/06 were approximately \$138,000.

### **Operational Financing and Annual Budgets**

The District's annual budgets have increased from \$2.4 million in FY 2003/04 to \$4.9 million in FY 2005/06. Galt Fire uses a significant amount (74 percent of total expenditures) of the FY 2005/06 operating budget to fund salaries and benefits for its employees. Galt Fire's budget indicates only five revenue sources in FY 2005/06 with property taxes the largest revenue source accounting for 62 percent of total revenues. Property tax revenues have increased steadily over the past three years from \$2.1 million in FY 2003/04 to \$3.0 million in 2005/06. The second largest financing source was year-end fund balance or rollover funds from the prior year's budget, which equaled 26 percent of FY 2005/06 revenue totals. Rollover funds resulted from a combination of increased ambulance/plan check fees and expenditure savings from the prior year. Galt Fire had significant expenditure savings each of the four fiscal years under review. Galt Fire expects to receive 9 percent of its revenues or \$450,000 from ambulance/plan check fees.

### **Facility Financing**

Galt Fire does not currently have a Capital Improvement Plan or Facilities Financing Plan. Galt Fire is working with the City of Galt and the General Plan update process to be certain that fire protection needs are addressed in the process. The growth of Galt will determine the placement of the next fire station.

### **Staffing**

Galt Fire currently employs 34 full-time equivalent employees as represented in the District's organization chart in Exhibit IX Galt Fire Organization Chart. Galt Fire operates two fully

functional fire stations, one nonfunctional fire station that serves as a fleet maintenance facility and an administrative office. Stations are staffed as follows:

#### Station 45

One Battalion Chief located at Station 45 oversees each shift's activities. Five firefighters staff two engines, one truck and two medic ambulances, one type 3 grass unit and one water tender. Station 45 covers the southern and western portions of Galt Fire.

#### Station 46

Four firefighters staff one engine and one medic ambulance. This station covers the northern and eastern boundaries of the District.

#### Station 44

This station is primarily used as the Fleet Maintenance shop and for paid call personnel response. It houses one air unit and one reserve medic ambulance.

#### Administrative Office

The Administrative Office is staffed with one Fire Prevention Officer, two administrative personnel and one Fire Chief.

#### **Training**

Galt Fire uses a training and drill schedule which outlines by calendar month the topics that must be trained/drilled for that period. Galt Fire indicates each shift routinely performs additional training as deemed necessary. In addition, all personnel received 24 hours Hazardous Materials-First Responder Operation and decontamination courses in 2005. Galt Fire will be tracking individual training hours in 2006 utilizing Firehouse, a computer software package. Data from January 2006 indicated 339 hours of training occurred for Galt Fire staff. If that number is indicative of monthly training performed, a straight line projection over twelve months would total 4068 annual training hours which equates to approximately 127 hours per firefighter.

#### **Personnel Policies**

Galt Fire has personnel policies, standard operating procedures and labor contracts.

#### **Equipment and Equipment Financing**

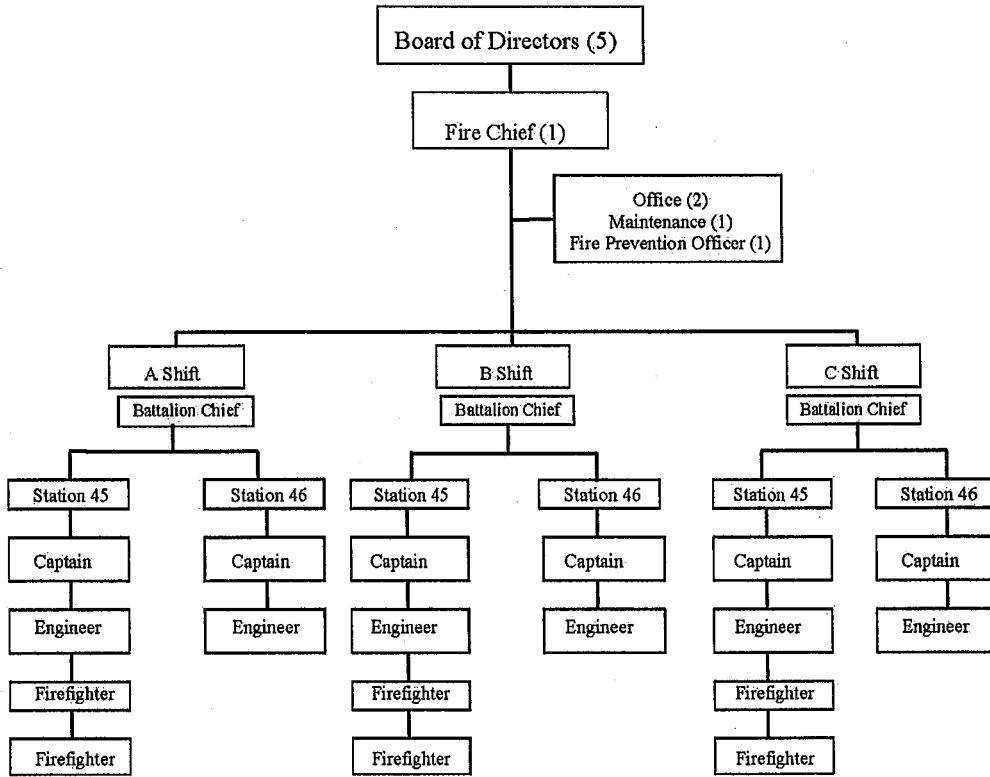
Galt Fire maintains a fleet maintenance facility for all of its rolling stock. Fleet maintenance also assists in maintaining facilities and repair of those facilities. Galt Fire has a vehicle replacement

schedule which indicates the approximate mileage of each vehicle, the estimated annual mileage for each vehicle and the anticipated replacement date for each vehicle. Galt Fire's vehicle fleet includes four medic units, three engines, one truck, one water tender, one grass; two administrative vehicles, one prevention vehicle, one vehicle maintenance, one air/light vehicle, and one new medic in service as of June 2005. The average age of the vehicles is 11.25 years. The average age of the medic units is 8.25 years. The engines have an average age of 11 years.

**EXHIBIT IX**

**GALT FIRE  
ORGANIZATION CHART**

*Galt Fire Protection District*



Administrative vehicles have an average age of 3.5 years. The water tender, grass, arson/air and truck average 19 years of age. Galt Fire used lease financing for equipment purchases in the past, but does not currently have any outstanding obligations related to lease financings at this time.

### **Service Data Tracking**

Galt Fire recently purchased a computer program to track response time, fire reports, patient contacts and quality assurance programs. This computer program will stream line fire and medical reporting and provide quicker access to data.

### **Service Goals and Response Times**

The service goal is established by the authority having jurisdiction provides the minimum standard for career fire departments in regards to their organization, operation and deployment of resources to ensure a safe, effective and efficient fire and emergency medical response. Each fire agency sets their own performance criteria based upon service demands and fiscal ability. Galt Fire applies an urban service goal of six minutes or less 90 percent of the time for first responder. Galt Fire Protection District achieves its service goals consistently.

During the study period of calendar years 2003 – 2005, Galt Fire met the established goal of six minutes or less 80 percent of the time during calendar years 2003 (average response time 4:50 minutes: seconds) and 2005 (average response 4:44 minutes: seconds). Galt met the established goal 78 percent of the time in calendar year 2004 (average response time 4:54 minutes: seconds).

## **IMPACT OF THE PROPOSED REORGANIZATION**

Should the reorganization of the two districts proceed, impacts are likely to be realized in the following areas:

- Staffing of facilities
- Training levels
- Operational financing
- Facility financing
- Mutual aid

### **Staffing of Facilities**

The CSD Fire utilizes a staffing methodology whereby fire stations deploy three shifts and each shift operates with a Captain, Engineer, and depending on the station, one or two firefighter/paramedics and one or two firefighters. One Battalion Chief is responsible for overseeing all stations for each of the three shifts. The staffing methodology ties closely to the response time model used by the District. Facilities are sited and staffed to accomplish the service goal. In support of that goal, the District staffing model puts 15 people on scene within eight minutes of receipt of the call 90 percent of the time. The eight minute goal is driven by material combustion models, National Fire Protection Association (NFPA) Standards (NFPA 1710).

The National Fire Protection Association Standard 1500, Section A6-4 states: "It is recommended that a minimum acceptable fire company staffing level should be 4 members responding on, or arriving with each engine and each ladder company responding to any type of fire. These recommendations are based on experience derived from actual fires and in-depth fire simulations and are the result of critical and objective evaluation of fire company effectiveness. These studies indicate significant reductions in performance and safety where crews have fewer members than the above recommendations." (Elk Grove Community Services District-Master Plan, p. 56)

"Federal OSHA (29 CFR1910.134 and 1910.120) and Cal OSHA: Known as the "two-in, two-out" rule. Requires a minimum of four personnel on scene prior to entering into a working structure fire to have a minimum of two firefighters in breathing apparatus to make entry into a burning building, with another two persons, also equipped with breathing apparatus, on the outside ready for immediate deployment. The reserve team is for rescue of the original attack team if they get into trouble. This standard was adopted by the CSD in January 1998." (Elk Grove Community Services District-Master Plan, p. 57)

Utilizing the above information, CSD Fire indicates that should the reorganization proposal proceed to LAFCo for approval and implementation by the Districts, the staffing methodology currently in use by CSD Fire would be adopted for the Galt fire stations as well. The impact of this staffing standard would require the conversion of six apprentice positions to full time equivalent positions and the addition of one firefighter position to attain a minimum standard of three person engine companies at the Galt Fire stations.

The cost to bring Galt Fire to minimum staffing standards by converting part-time positions to



full-time positions and the addition of one firefighter position to obtain minimum three person engine staffing can be detailed as follows:

**Salary and Benefit Increases**

Conversion of 3.0 Battalion Chiefs to CSD Fire pay scales	\$ 11,743
Conversion of 6.0 Captains to CSD Fire pay scales	\$ 56,053
Conversion of 6.0 Engineers to CSD Fire pay scales	\$ 80,451
Conversion of 11.0 Firefighters to CSD Fire pay scales	\$ 301,292
Conversion of 6.0 part-time Firefighters to full-time Firefighters	\$ 482,658
1.0 additional firefighter position	\$ 102,043
Conversion of Clerical staff to CSD Fire pay scales	\$ 29,226
Conversion of Mechanic to CSD Fire pay scales	<u>\$ 1,475</u>
Total Increased Salary Cost	\$ 1,064,941

This additional cost can be offset by the elimination of vacant duplicated positions as follows:

**Salary and Benefit Reductions**

Elimination of Vacant Galt Fire Chief position	(\$ 181,253)
Elimination of 1.0 Fire Prevention Officer (incumbent retires in June)	<u>(\$ 135,379)</u>
Total Salary Reductions	(\$ 316,632)

Savings in Service and Supplies due to reductions resulting from duplication

(\$ 90,000)

**Revenue Offsets**

Increased Ambulance Fee Collections non-capitated payers	(\$ 60,000)
Increased Ambulance Collections due to call-volume	(\$ 144,000)
Increased Plan Review fee collections due to leveling of fee schedules	<u>(\$ 70,000)</u>
Net Revenue Offsets and Service and Supply efficiencies	(\$ 364,000)

Net Additional Cost to Bring Galt Fire to Minimum Staffing Standards \$ 384,309

This additional cost could be funded by the anticipated fund balance available which historically has been very notable. Specifically, the fund balance available was \$710,000 in FY 2002/03, \$1,019,005 in FY 2003/04, \$1,298,157 in FY 2004/05, \$1,100,000 estimated for FY 2005/06. It may well be that the financial picture could be further improved with the reorganized District. A

reorganized District would be able to capitalize on the revenue opportunities available which Galt Fire is currently unable to do as a result of the constraints imposed by the Gann Limit.

### **Training Levels**

Professionals in the fire suppression and life safety industry perform a significant amount of training on a large variety of topics. CSD Fire indicated 19,000 hours of training were performed in 2005 for CSD Fire staff, with an average of 185.5 hours of training per staff member. Galt Fire's annual training hours were estimated using actual hours performed in January 2006 and a straight line projection for an annual training hour estimate of 4068 or 127 hours per firefighter. The former Galt Fire chief indicated that training was a priority but difficult to schedule and perform, especially if the training were offered off-site. The staffing levels made it difficult to allow staff time to travel elsewhere to participate in training as staffing levels could be compromised with people off-site when a station needed to respond to calls. Two positive training impacts could be realized if the reorganization were to occur. Galt Fire staff could attend training off-site and continue to be supported or backed-up by the remaining CSD Fire resources. The number of hours trained and the types of training received could be expanded for Galt Fire staff. In addition, CSD Fire has a newly-constructed fire training facility that would be available for use by all blended staff which will eventually be enhanced by the 4.9 Ghz real-time communication system that CSD Fire is implementing.

### **Operational Financing**

The annual operating budgets indicate the Districts function at two ends of the operational financing spectrum. CSD Fire provides service with a budget of \$33.5 million while Galt Fire functions with a budget of \$4.9 million. Galt Fire is experiencing difficulties staying within the limits imposed by Article XIIIb of the California Constitution, the Gann Limit. If the reorganization does not proceed, Galt Fire must examine its ability to continue to grow funding for services to residents of the Galt Fire Protection District. The calculation guidelines that prescribe how Galt Fire must compute its Gann limit, and the impact that has on the District's ability to budget at appropriate levels, should be reviewed by Galt Fire's Board. If the reorganization occurs, the Gann Limit problem is resolved. The CSD Gann limit is \$86.2 million with an operating budget of \$69 million. A simple calculation adding the CSD's \$86.2 million Gann Limit and Galt Fire's \$3.3 million Gann Limit would yield a Gann Limit for a reorganized (fire and park) District of approximately \$90 million with a combined operational budget of approximately \$74 million.

The City of Galt formed Mello-Roos CFD 2005-1 for police and fire services. As discussed

earlier, the special tax will be levied and collected from properties located within the CFD. Coordination will be required with Galt City staff for continued use of the funding in support of fire suppression and life safety services in the area.

### **Facility Financing**

Galt Fire made efforts to provide facility financing by adopting a development impact fee and working with the City of Galt and its development impact fee program. As discussed earlier, development impact fees are collected at the time of building permit issuance. As growth occurs, fees are collected and continue to accumulate until sufficient money is available to construct facilities. Currently the City of Galt has collected approximately \$800,000 in its impact fee program. Galt Fire adopted the fee impact program in April 2005 but has not yet fully implemented the program. CSD Fire has an extensive capital improvement program and is updating and consolidating its development impact fee programs into a single District-wide program with geographic zones that are consistent with the development impacts anticipated to occur in that area. The CSD Fire development impact fee program could be expanded to accommodate the area within the Galt District, however, coordination with the City of Galt would be required and a capital improvement program developed to serve the Galt area.

### **Mutual Aid**

The automatic and mutual aid system that exists within Sacramento County currently allows the two Districts to provide support outside the geographic boundaries of the Districts. In evaluating the impacts of the proposed project, it was assumed that this system of cooperation and coordination would continue as it exists today. It is important to understand how often the two districts currently support fire suppression and life safety within the other's boundaries. Response data has been gathered in two forms. Responses were defined as the number of times a District responded with a piece of equipment in support of another District. Responses were subsequently defined as "incidents" which is a term of art in the industry and means the call was routed to that service provider and the service provider was the primary responder and first on site for the "incident". Exhibit X Incident and Call Responses provides insight into the current level of cooperation and service that exists between the two districts and other fire Districts in southern Sacramento county.

## EXHIBIT X

### INCIDENT AND CALL RESPONSES

#### MUTUAL AID SUPPORT MEASURED BY NUMBER OF TIMES EQUIPMENT RESPONDED

Study Period	Total Number of Times Galt Fire Responded with Equipment Regionally	Total Number of Times CSD Fire Responded with Equipment Regionally	Number of Times Galt Fire Responded to CSD Fire Service Area with a Piece of Equipment	Number of Times CSD Fire Responded to Galt Fire Service Area with a Piece of Equipment
2003	4,997	16,092	144	71
2004	4,898	17,155	170	117
2005	4,396	17,313	134	198

The table above demonstrates the magnitude of support (as measured by number of responses) that CSD Fire provided through mutual aid to Galt Fire. CSD Fire residents that may have concerns about the impact of the proposed reorganization may be unaware of the mutual fire suppression and life safety support that currently exists today between the two Districts. In just the last three years, the number of times that CSD Fire sent a piece of equipment to Galt Fire has increased approximately 179%. A significant exchange of resources between the two Districts already exists under the umbrella of mutual aid.

## **8) Local Accountability and Governance**

### **Base Level Services**

#### **Elk Grove Community Services District**

##### **Elected Leadership**

The CSD is governed by a five-member Board of Directors elected at-large by the residents of the District to four-year staggered terms. Board members are paid \$100 per meeting not to exceed \$600 per month per Government Code Section 61047(a) but do not receive any benefits.

##### **Public Meetings**

CSD Board meetings are held on the first and third Tuesdays of each month in the CSD Board administrative offices. The District indicates that it complies with State conflict of interest disclosure laws and the Brown Act. The CSD's annual budget is prepared by CSD staff and adopted by the CSD Board in public hearings. The agendas for all regular and special Board meetings are posted 72 hours in advance at District offices in accessible locations as well as on the District's web site. Board meetings generally begin at 6:30 p.m. and are held in Americans with Disabilities Act (ADA) compliant buildings whenever possible. The public can address the Board on any agenda item during public meetings or items not on the agenda during the public comment period.

##### **Staff Communications and Availability**

CSD staff is available and accessible to the public at all CSD offices during stated business hours. The CSD indicates it holds public outreach meetings to provide customers with opportunities to provide feedback on CSD goals and objectives. Staff attends various homeowner association meetings, community events, service clubs, County Board of Supervisor meetings, and Elk Grove City Council meetings as needed. The District has formed task forces and held public workshops to encourage public participation and obtain public input. Staff is also available to provide information at CSD offices by phone and in person during normal business hours.

##### **Written Communication with the Public**

The CSD mails an Activity Guide to addresses within its boundaries three times per year. The Activity Guide gives information about the CSD, its various programs and community events. In addition, the CSD solicits feedback on services through customer service surveys which are available at District public counters. Quarterly on a staggered basis, the CSD mails newsletters

and postcards to CSD residents, updating them on CSD events and providing public service information.

### **Electronic Communication with the Public**

The CSD maintains a website at [www.egcsd.ca.gov](http://www.egcsd.ca.gov). The website provides information about CSD operations including budgets, press releases, frequently asked questions, and events. The site also facilitates registration for CSD recreation activities.

## **Galt Fire Protection District**

### **Elected Leadership**

Galt Fire's policy making authority is vested in the Board of Directors, which consists of five members elected at-large. Board members are elected into four-year staggered terms with no term limits. Board members are elected by the residents within the Fire Protection District. Elections are administered by the Sacramento County Department of Voter Registration and Elections. The Board of Directors delegates authority for administration and supervision of the Fire Department to the Fire Chief. Directors are paid \$75 per meeting attended. Board members may elect to purchase health insurance at the rate charged the District. No other compensation or benefits are provided to Board members.

### **Public Meetings**

The Board meets on the fourth Wednesday of each month to conduct normal business. Meetings are conducted using Roberts Rules of Order and are normally scheduled during evening hours to encourage public participation. Additional meetings are scheduled as needed. All regular and special meetings are posted over 72 hours in advance at District facilities and the Administrative Office. The Board has Policies and Procedures which address how meetings are conducted, payment to Board members and public appearances. The public is encouraged to participate in all meetings and encouraged to speak on any item on the agenda or comment on any item during the public comment section. Galt Fire indicates the Board complies with state conflict of interest laws and provisions of the Brown Act. Galt Fire's annual budget is prepared by District staff and adopted by the Galt Fire Board in public hearings.

### **Staff Communication and Availability**

Galt Fire staff is available and accessible to the public at the Galt Fire Administrative Office during stated business hours, by telephone and by email.

### **Electronic Communication with the Public**

Galt Fire is currently developing an internet web site to provide information to the public. Galt

Fire staff indicates they attend community events, meetings of non-profit organizations and County and City government meetings as necessary. One example, was a presentation made by the Fire Chief to the Galt Chamber of Commerce in 2005 which detailed services provided by Galt Fire, staffing levels, and other District information.

## **Impact of the Proposed Reorganization**

### **Evaluation of Above Factors**

Both Districts have elected bodies and conduct District business at regularly scheduled public meetings. Opportunities are provided for residents to participate in CSD business and provide input in the decision-making process. The CSD makes significant efforts to inform and involve its residents, communicating in writing and through electronic measures. The CSD web site has a wealth of information about district programs, staff reports, the comprehensive annual financial report, fire prevention information and more. Staff from both Districts is available during business hours and often attend other meetings that occur in the communities. Both Districts make an effort to be active members of their communities by participating in community events, attending other public meetings and meetings with members of the community on a one-on-one basis. Both also have a presence in their communities by locating stations and offices within the areas served.

One of the issues of most concern to the residents in the two Districts is likely to be a loss of local representation and the ability to continue to provide input and impact the decision-making process related to fire suppression and life safety services in the two areas. A newly-reorganized district would most likely result in a single governing body. The governing body initially would be the current CSD Board of Directors but the eventual Board makeup could change and through change result in a variety of scenarios:

- The CSD could in the near term create electoral divisions of equal population to afford Galt residents the opportunity for representation as well.
- The CSD could petition the State Legislature for special legislation to increase the number of potential CSD directors from five to seven to nine, similar to what Sacramento Metropolitan Fire did several years ago.
- Over time, the makeup of the CSD Board could change as elections could change the makeup of the CSD Board.

The CSD covers the greater geographic area of the two districts (approximately 106 square miles v. 56 square miles), serves the greater population of the two districts (136,000 v. 33,000), and

has the greater financial resources (annual budget of \$69 million v. \$5 million), and a stronger and more extensive organizational structure (general manager, financial and administrative support staff, 141 fire department staff) with which to carry a newly reorganized District into the future.

#### **Appointed Advisory Body Alternative**

An interim measure to insure the continued involvement of Galt Fire residents would be the establishment of an advisory body made up of a number of the current Galt Fire Board members and other local citizens. The membership of the advisory board could be structured so that after some period of time, the members would be appointed by the CSD Board, with alternating terms of office. The advisory body could provide input to the CSD on fire issues as they pertain to the Galt area. At the first election after the reorganization is completed, members of the area now considered within the Galt Fire Protection District would be eligible to run for seats on the CSD Board as well.

#### **Electoral Divisions within the Community Services District**

Another alternative would be a state legislative change that would provide for the CSD to be divided into separate electoral divisions. The Galt Fire area could be one of five or more electoral divisions within the expanded CSD. This would insure the continued representation of Galt area residents in the fire services decision making process.



## **9) Government Structure Alternatives**

Municipal Service Reviews require that possible alternatives be identified for the provision of services under review. The MSR must also identify the advantages and disadvantages of each alternative mentioned.

### **Alternative #1**

#### **Reorganization Proposal**

The Galt Fire Protection District and the Elk Grove Community Services District reorganize into a single independent District.

#### **Advantages**

- Consistent with the Cortese-Knox-Hertzberg Local Government Reorganization Act 2000 which indicates the primary purpose of reorganization is the efficient (extension) of government service.
- Consistent with organizational changes that have occurred over the past 20 years in Sacramento County, the consolidation and reorganization of fire districts has been a goal espoused by civic leaders over the past 40 years. Residents of both districts are assured a very high level of service into the future.
- Galt Fire needs will be bolstered by a CSD Fire organization that has more suppression and prevention fire personnel, increased training levels, newer equipment, newer vehicles and more up-to-date facilities and a stronger financial foundation.
- Sacramento Regional Fire/EMS system communication system would still support this.
- Mutual aid system will continue to support the reorganized district.
- This reorganization could be the catalyst for the south county to begin a series of mergers around the EGCSO that could lead to one unified fire service but the feasibility, cost and impacts associated with such an action has not yet been studied and are currently unknown.
- Salaries for Galt staff will be equalized with CSD Fire salaries, thereby fostering the development of one uniform countywide fire salary structure.

- Recruitment and retention of Galt firefighting personnel will improve when salaries and benefits are on par with other agencies in the region.
- Improved staffing for Galt Fire consistent with the CSD Fire methodology which will be the CSD Fire minimum staffing levels and therefore provide for better overall protection to the Galt community.
- Facility financing will improve with the CSD Fire's ability to utilize debt financing in the reorganized district. Facilities will be available more in keeping with the time facilities are needed as growth occurs, rather than limited to when sufficient development fees are available to fund construction of facilities.
- Improved opportunity and career paths for a reorganized Fire District staff.
- Galt Fire residents will have the ability to elect representation to the Elk Grove Community Services District Board of Directors.
- Galt Fire's fiscal challenges will be eliminated and the provision of base level services will be assured, likely enhancing service levels.
- Galt Fire's ability to construct facilities will be greatly improved as the CSD Fire's facilities finance plan could easily be expanded to address the facilities needs in the Galt area by adding an additional zone or zones to address the growth within Galt Fire's boundaries.
- Galt Fire's ability to increase training hours and expand training opportunities will be enhanced as CSD Fire's training and support resources are available to address Galt Fire training needs.
- The Galt Fire Protection District Gann limitation problems can be resolved.
- Pursuant to the Cortese-Knox-Hertzberg Local Government Reform Act of 2000... the "Legislature recognized the critical role of many limited purpose agencies. The legislature also finds that whether governmental services are proposed to be provided by a single purpose agency, several agencies or a multipurpose agency, responsibility should be given to the agency or agencies that can best provide the service."

- CSD Fire resources will no longer be depleted by responding to calls within the Galt Fire boundaries under the existing automatic and mutual aid response agreement. Of particular concern is the disproportionate response by CSD Fire to the Galt Fire District for structural fire incidents as the number of personnel required to effectively and safely respond to these types of incidents is much greater than the number of personnel required for other types of incidents.
- Staff from both organizations are represented by Local 522.
- The number of staff at Galt Fire's Station 46 will be increased for each shift to five firefighter staff, one engine and one medic ambulance. This station covers the northern and eastern boundaries of the District with all part-time positions being converted to full-time equivalent positions.

#### **Disadvantages**

- Galt Fire residents may not initially have the ability to elect representation to the Elk Grove Community Services District Board and participate in any electoral process. Galt's ability to elect "local" representatives to oversee fire service will be diluted in that Galt Fire residents will vote within the same electoral pool as all residents of a reorganized district. Galt's electoral pool, at least initially, will account for approximately 25% of the total votes possible from that pool.
- Although both Fire Districts already work closely together when responding to calls in the southern part of the County, a cultural impact can be expected when two separate organizations are combined into a single organization. The cultural impacts are likely to occur with the implementation of a new organizational hierarchy, as well as changes that may occur with process and procedure. An advantage that will assist with the reorganization is the single labor organization that represents firefighters of both organizations and that CSD Fire management recognizes the need for and has been preparing to lead the organizations through that transitional period.
- An additional Board member cannot be added through the reorganization process. Government Code 61040 states a community services district can only have a five member Board of Directors.

## **Alternative #2 Base Level Services**

The Galt Fire Protection District and the Elk Grove Community Services District continue to operate as independent Districts. No organizational change occurs in either District.

### **Advantages**

- There are no real advantages to maintaining a separate district structure other than dealing with local representation concerns.

### **Disadvantages**

- The residents of both Districts will be disadvantaged because fire station locations/planning will be inhibited in southern Sacramento County as development occurs both within and outside of incorporated areas.
- The residents of Galt Fire will not receive the benefit of the added depth and strength that CSD Fire can offer in relation to fire and life safety training, administrative support, finance, infrastructure planning and financing, disaster preparedness, information technology, personnel services, human resources, and communications and media.
- Administrative synergy can not be realized.
- Galt Fire will continue to face challenges in recruiting and retaining experienced firefighters who may apply to other agencies that offer higher pay scales and more elaborate career ladders.
- Galt Fire operates within significant financial constraints that will not be eliminated until growth and/or changes in per capita income expand sufficiently for Galt Fire to expand its appropriations limit to maintain or increase service levels.
- Galt Fire will continue to be challenged with infrastructure difficulties related to facilities and equipment.

## **OTHER ALTERNATIVES**

### **Alternative #3**

Reorganize Fire protection districts in the southern portion of Sacramento County into a single fire service provider.

#### **Advantages**

- One unified fire district could provide uniform service levels, fire prevention and protection standards and emergency medical services.

#### **Disadvantages**

- Not currently proposed by any district.
- The feasibility, cost and impacts of such a proposal have not been studied and are currently unknown. In the absence of a feasibility study, the efficiency of this alternative as a service delivery model cannot be determined.
- May raise concerns for Sacramento County residents related to local control and ability to provide input in the decision process.
- The political climate may not be right for such an extensive reorganization at this time; the creation of Sacramento Metropolitan Fire occurred over a fifteen year span with multiple reorganizations and numerous issues to resolve.

### **Alternative #4**

All fire protection districts in Sacramento County are reorganized into a single fire protection agency.

#### **Advantages**

- Reduces duplication of various functions present in each separate fire district. Such services include fire prevention, administrative support, logistics centers, and fleet maintenance facilities.
- Consistent with organizational changes proposed over the past 40 years in Sacramento County.
- Results in a single coordinated fire agency for the County.

- Standardization of training, staffing and service levels may be possible if performed by a single agency.

#### **Disadvantages**

- May be an ultimate solution for the future but not currently a proposal under consideration nor is there an organization advocating for or poised to assume such responsibility.
- Organizational and cultural challenges would be significant. Such an action would require extensive planning, political and organizational support to implement.
- The feasibility, cost and impacts of such a proposal have not been studied and are currently unknown. In the absence of a feasibility study, the efficiency of this alternative as a service delivery model cannot be determined.
- Again, the political climate must be perfect for this to occur; the reorganization of Galt Fire and the CSD Fire would not preclude this from happening in the future.

#### **Alternative #5**

City of Galt assumes responsibility for fire suppression and life safety services for area within its boundaries.

#### **Advantages**

- City of Galt assumption of fire service responsibility would bring it closer to being a “full service” city.
- The Galt Fire Protection District Gann limitation problems can be resolved.

#### **Disadvantages**

- City boundaries and Galt Fire boundaries are not the same. The City would detach the area within its boundaries leaving the unincorporated area without service from a Fire District unless the detached area was annexed to another district. This may cause a reduction in service level to the remaining area and would negatively impact service levels. Such an action violates LAFCO policies that require changes in organization not result in negative service levels impacts. This proposal is unlikely to gain approval from LAFCO.

- The City of Galt would be required to insure revenue neutrality for the Galt Fire District that remains. Payments to Galt Fire would be negotiated with the City of Galt to insure the remaining district would have a revenue stream for some period into the future with which to provide services. Generally, such negotiations require payments equal to the amount of revenue that would be lost with such an annexation.
- City of Galt assumption of fire service was originally proposed in 1993 but failed because agreement could not be reached on organizational structure and the likelihood that the unincorporated area of the District would be underserved.
- City has not requested this change with the Galt Fire Protection District or with LAFCo.
- City does not currently provide fire suppression and life safety services and does not have a structure in place to assume those services.
- The identified issues (financial, staffing, training, facilities, etc.) would still remain.

### **Impact of the Proposed Reorganization**

An MSR must identify alternative government structures including the advantages and disadvantages of each of the alternatives. Alternative #1 is the proposed reorganization. The data indicates that there will be an additional cost when Galt Fire staff salaries are brought to a level similar to that of CSD Fire staff. The increased salary cost is offset by reductions in positions (elimination of the vacant fire chief and fire prevention officer positions), reduction of duplicated services and supplies, and increased revenues likely to be realized by equalizing the fee schedules within the new district. These measures coupled with increases in ambulance fee collections from non-capitated payers and increased call volume will likely offset the majority of any increased costs. Residents of the new district will continue to receive high levels of service and in some areas the service levels are likely to increase with the implementation of the new staffing model at the Galt Fire stations.

Alternative #2 would maintain the current organizations with no change in structure. The Districts would continue to support each other through mutual aid but it is likely that at some future time, Galt Fire may have difficulty attracting and retaining staff as it continues to provide services to an increasingly populated service area but with aging facilities, equipment and

apparatus. Many of the management and structural supports that are standard for the CSD are challenging for Galt Fire's more limited resources.

Alternative #3 and Alternative #4 may some day be viable alternatives but such actions will require a considerable amount of ground work to explore the financial, cultural and organizational feasibility of such reorganizations. In the absence of data which identifies and analyzes the impact of more expansive reorganizations, the data clearly suggests Alternative #1 as the more viable alternative for the near future.

Alternative #5 would put the City of Galt in the fire suppression and life safety services business. The City of Galt does not currently provide such services. If Alternative #5 was implemented, negative service impacts could result for the area that would be left without a fire service provider when the city area was detached. The Galt Fire Protection District area is 56 square miles while the City of Galt is only five square miles. Detaching the area only within the City could leave approximately 51 square miles under served. Detachment of the area would violate LAFCO policies which require that governmental reorganizations not result in negative service impacts. This solution does not provide the synergy that would be provided through the proposed reorganization.



# CONCLUSIONS

## Elk Grove Community Services District

### **Resources Available**

CSD Fire currently provides fire suppression and life safety services through the operation of six fire stations, engines, trucks, ambulances and other vehicles and equipment. CSD Fire has a staff of 141 employees which is supplemented by the Administrative Department of the Community Services District. The complement of resources serves residents 24 hours per day, seven days per week and serves an area of approximately 106 square miles. The staffing methodology, fire stations, up-to-date equipment, vehicles and organizational structure allows the District to serve the residents within its boundaries with a high level of service.

### **Service Goals**

The service goal is established by the authority having jurisdiction and provides the minimum standard for career fire departments in terms of its organization, operation and deployment while ensuring a safe, effective and efficient fire and emergency medical response. Each fire agency sets its own performance criteria based upon service demands and fiscal ability. The CSD applies an urban service goal of five minutes or less 80 percent of the time for first responder. The CSD achieves its service goals consistently and with high levels of accomplishments.

### **Operational Planning and Communication**

The CSD has a comprehensive master plan which details organizational goals, service goals, and implementation strategies to reach those goals. The CSD uses public meetings to discuss issues that impact services and residents of the District. The CSD uses print and electronic media to communicate with residents regularly. CSD staff is available for questions and assistance during business hours. The CSD regularly solicits input and feedback from residents through customer service surveys and during public meetings.

### **Staffing Methodology**

The CSD built its staffing methodology utilizing national fire prevention guidelines and policies to insure that when incidents occur the response is timely.

### **Financial Management**

The CSD financial management practices are recognized by financial professionals through Comprehensive Annual Financial Reporting awards (awarded four consecutive years) and California Government Finance Officer awards for preparation of the annual budget (awarded for

two consecutive years). The CSD adopted investment, financial and budgeting policies which guide the financial management activities of the District. The CSD maintains a reserve of \$12 million. The CSD manages programs within required spending limits.

### **Facility Planning and Financing**

The CSD has an extensive capital improvement plan and facilities financing plan totaling \$56 million. The CSD utilized extensive and significant planning efforts to anticipate and address the service demands that will occur over the next 20 years. The plans coupled with the construction schedule provide for construction of facilities close to the time growth impacts are experienced by the CSD. The CSD regularly reviews and updates its capital improvement plan, facilities financing plan and financing program to accommodate changes in facility costs and changes to development build out assumptions.

### **Administrative Support**

The CSD has an administrative department which provides accounting, financial, information technology, human resource and public information expertise and support.

### **Overall Management**

The CSD is effective in the provision of fire and emergency services utilizing the measurement areas above. The CSD does extensive amounts of program and financial planning for current and future service needs. It operates with budget, financial and investment policies. The CSD budgets and annual financial reports are recognized by the professional organizations that prescribe how such functions should be reported.

Property taxes consistently grew 15 percent for the three-year study period. The CSD is financially healthy with an overall reserve of \$12 million. The CSD provides a high level of service to its residents with per capita expenditures of \$246.67 in 2005/06.

### **Galt Fire Protection District**

#### **Resources Available**

Galt Fire currently provides fire suppression and life safety services through the operation of two fully functional fire stations, one non-functional fire station, engines, trucks, ambulances and other vehicles and equipment. The District serves residents 24 hours per day, seven days per week over an area of approximately 56 square miles.

Galt Fire has a much smaller organizational structure providing services with only 34 full time

equivalent staff. The District has two administrative support positions which are included in that total.

### **Service Goals**

The service goal is established by the authority having jurisdiction and provides the minimum standard for career fire departments in its organization, operation and deployment while ensuring a safe, effective and efficient fire and emergency medical response. Each fire agency sets their own performance criteria based upon service demands and fiscal ability. Galt Fire Protection District applies an urban service goal of six minutes or less 90 percent of the time for first responder. Galt Fire Protection District achieves its service goals consistently and with high levels of accomplishment.

### **Financial Management**

Galt Fire's finances are audited every two years by the Sacramento County Auditor-Controller. The most recent audit available was dated April 25, 2005 and covered the years ending June 30, 2002 and June 30, 2003. The Audit indicates "the financial statements of Galt Fire Protection District (District) have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles."

### **Operational Planning and Financing**

Galt Fire had a five-year Master Plan for the period 1999-2004. Galt Fire indicated the Master Plan had not recently been updated. The Master Plan contains service delivery plans, vehicle replacement plans, equipment replacement plans, and objectives for program improvement. Salaries are the largest annual expenditure for Galt Fire accounting for seventy four percent of the annual budget. Property taxes are the largest revenue source accounting for 62 percent of annual revenues. Fees for service account for 9 percent of Galt Fire revenues. Galt Fire's fees for service are reviewed regularly and are up to date.

### **District Reserves**

Galt Fire recognized the need to provide financial reserves and budgeted contributions to reserves in FY 2004/05 and FY 2005/06. Galt Fire currently has a reserve of approximately \$138,000. This represents 1 percent of the annual budget. By way of comparison, the CSD reserve of \$12 million is 17 percent of the annual operating budget. Reserves are funds usually

set aside for some type of emergency expenditure or unanticipated funding requirement. Use of Reserves is often over and above the adoption of an annual budget.

### **Use of Rollover Funds (Year End Fund Balance)**

Of some concern is Galt Fire's heavy reliance on current year savings to fund future year base level service. Although this can be a common practice for local government agencies, it is of particular concern that the 2005/06 budget relies so heavily upon rollover funds for current year operations. Approximately 26 percent of budgeted revenues could be attributed to rollover funds. Rollover funds often occur when budgeted expenditures are not made in a given fiscal year and a savings results. Rollover funds can also occur when actual revenues received in a fiscal year are higher than budgeted levels.

### **Spending Limits**

In addition, Galt Fire's FY 2005/06 budget indicates Galt Fire exceeded its spending limit by \$265,000. The spending limit as prescribed by Article XIIIb of the California Constitution also prescribes the actions an agency must take when this occurs. Galt Fire should explore the impact of this requirement on future service levels. Galt Fire's vehicles have an average age of 11 years and the ability to replace the vehicles or fund the purchase of new vehicles to serve growth areas will be difficult to meet within current financial resources.

### **Facilities Planning and Financing**

Galt Fire does not currently have a comprehensive and formal capital improvement plan although it does recognize it will need facilities to serve growth within District boundaries. Galt Fire established a development impact fee program in 2005 in the unincorporated area of the District but has not yet fully implemented the program.

### **Administrative Support**

Galt Fire has two administrative support positions that provide payroll, accounting, financial support, and clerical support. Galt Fire contracts for professional accounting, legal and geographic information support. Financial transaction processing and property tax billing and collection services are provided to Galt Fire by Sacramento County.

### **Overall District Management**

Galt Fire does not have an extensive organizational structure which provides challenges for performing master planning and program updates. Galt Fire developed a Five Year Master Plan that expired in 2004. The Master Plan contained objectives for programs, staffing, equipment

and vehicle replacement. Galt Fire uses development impact fees for facility financing. Operationally, the District relies heavily upon property taxes to fund activities. Property tax growth has been steady during the study period with property tax increasing from \$2.1 million in FY 2002/03 to \$3.0 million in FY 2005/06. The District utilizes and manages the operational and facility financing tools available and keeps the programs up to date. Generally, the District provides a good level of service as measured by the indicators mentioned above and uses financial and program management tools to provide services. The District's per capita expenditure was \$148.25 for FY 2005/06.

### **Impact of the Proposed Reorganization**

Municipal Service Reviews are intended to provide data and information upon which Local Agency Formation Commissions can make determinations about current service levels and impacts of proposed government organizational changes. MSRs examine data related to growth and population projections, infrastructure needs or deficiencies, financing constraints and opportunities, opportunities for rate restructuring, cost avoidance and shared facilities. MSRs examine local accountability, evaluate management efficiencies and identify and examine government structure alternatives.

This MSR documents base level services in the above nine areas as required. The MSR evaluates the impact of the proposed reorganization of the Elk Grove Community Services District and the Galt Fire Protection District in the context of the same areas. The proposed reorganization is likely to result in impacts in the following areas:

#### **Staffing**

If the reorganization occurs, the CSD staffing plan would be implemented at the Galt stations. This would improve the service level in Galt significantly. The impact of this would require the addition of one additional full-time firefighter position and the conversion of six part-time positions to full-time. The net increased cost of adding this staffing is \$384,309 as detailed previously. However, it is anticipated this increase will be offset by anticipated year-end fund balance in the first year of a reorganized District.

#### **Training levels**

Two positive training impacts could be realized if the reorganization were to occur. Galt Fire staff could attend training off-site more easily and absences supported by the remaining CSD

Fire resources. The number of hours trained and the types of training received by Galt Fire staff could be expanded as a result. In addition, CSD Fire has a newly constructed fire training facility that would be available for use by current Galt fire staff.

### **Operational Financing**

The budgets indicate the Districts function at two ends of a financial spectrum. CSD Fire provides service with a budget of \$33.5 million while Galt Fire operates with a budget of \$4.9 million. Galt Fire is experiencing difficulties staying within the spending limits imposed by Article XIIIb of the California Constitution, (Gann Limit). If the reorganization does not proceed, Galt must examine its ability to continue to fund services at levels required to serve residents of the district. The calculation guidelines that prescribe how Galt must compute its Gann limit and the impact that has on its ability to budget at appropriate levels should be visited by the District's Board. If the reorganization were to occur, the problem is resolved. The CSD provides services within a current Gann limit of \$86.2 million with an operating budget of \$69 million. The combined Gann Limit of approximately \$90 million would easily accommodate a combined annual budget total of \$74 million.

### **Facility financing**

Galt Fire has made efforts to provide facility financing by adopting a development impact fee and works with the City of Galt and its development impact fee program. As discussed earlier, development impact fees are collected at the time of building permit issuance. As growth occurs, fees are collected and continue to accumulate until sufficient money is available to construct facilities. Currently the City of Galt has collected approximately \$800,000 in its impact fee program. Galt Fire only adopted a fee program in April 2005 and has not fully implemented the program. The CSD has an extensive capital improvement program and is updating and consolidating its development impact fee programs into a single District-wide program with geographic zones that are consistent with the development impacts anticipated to occur in the zones. The CSD development impact fee program and capital improvement program could be expanded to accommodate the area within the Galt District.

### **Mutual aid**

The automatic and mutual aid system that exists within Sacramento County currently allows the two districts to provide support outside the geographic boundaries of specific districts. In evaluating the impacts of the proposed project, it was assumed that this system of cooperation and coordination would continue as it exists today. The data demonstrated the two districts already offer significant levels of support but neither receives compensation for these services.

If the reorganization were to occur, any concern about the level of support is resolved.

### **Local accountability and governance**

One of the issues of most concern to the residents in the two Districts is likely to be a loss of local representation and governance. Concerns are likely related to the ability to continue to provide input and impact decisions related to fire suppression and life safety services in the two areas. A newly reorganized district would result a single governing body.

Other scenarios include:

- The CSD could in the near term create electoral divisions of equal population to afford Galt residents the opportunity for representation as well.
- The CSD could petition the State Legislature for special legislation to increase the number of potential CSD directors from five to seven to nine similar to what Sacramento Metropolitan Fire did several years ago.

For the moment, a single governing body would, at least initially, likely be the current governing body of the Elk Grove Community Services District. The CSD covers the greater geographic area of the two Districts (approximately 106 square miles v. 56 square miles), serves the greater population of the two districts (136,000 v. 33,000), has the greater financial resources (annual budget of \$69 million v. \$5 million), has an experienced general manager, and an extensive financial and administrative support structure that could effectively plan and implement the reorganization of the two Districts into a single District.

An appointed advisory body, the establishment of districts within the new District and/or the eventual candidacy of Galt residents for CSD Board seats could insure that Galt residents continue to have representation in the governing structure of any new district.

The question of reorganization of the two Districts is one to be resolved by the District governing boards and the residents of the Districts. Impacts can be anticipated in the areas of staffing, training, operational financing, and facility financing. Additional salary and benefit costs may be anticipated if the Districts reorganize but much of that additional cost can be offset through the reduction of vacant positions, savings in services and supplies through the elimination of duplication, and increased revenue collections.

Finally, the data reviewed and presented in the MSR did not present issues or considerations that could not be accommodated or overcome should the Districts choose to proceed to the

Sacramento Local Agency Formation Commission for consideration of a reorganization proposal. The organizational and financial impacts of reorganizing the Galt Fire Protection District and the Elk Grove Community Services District are manageable. The governing bodies must determine if they wish to pursue such reorganization and proceed with an application to the Sacramento Local Agency Formation Commission.