



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jeffrey L. Clet

SUBJECT: Agreement for Fire and Emergency
Response Services with Santa Clara
County Central Fire Protection
District

DATE: June 22, 2004

Approved

Date

RECOMMENDATION

Adoption of a resolution authorizing the City Manager to negotiate and execute a new and updated fire protection agreement (commonly referred to as the “Zone 1 Agreement”) with the Santa Clara County Central Fire Protection District (Central Fire), for a term beginning July 1, 2004 and ending June 30, 2009 with one-five year option, and providing for total estimated compensation to the City of \$4 million per year.

BACKGROUND

The City and Central Fire entered into a previous “Zone 1 Agreement”, for a twenty-five year term that began on August 16, 1977. Under this current agreement, the City provides full-service fire and emergency response services in specific, identified unincorporated areas that are in the sphere of influence of the City. The City also does fire inspections and fire cause/arson investigation as part of the agreement.

The original agreement was scheduled to expire on August 15, 2002, but was amended to extend through June 30, 2004 to allow the City and Central Fire additional time to negotiate a new long-term agreement that is beneficial to both parties. The agreement has been amended over the years, primarily to reflect changes in the area served, and also to track changes in how County fire service is funded and to clarify the roles of the agencies with respect to inspections and investigations.

The payment to the City has increased from around \$2 million in 1977 to the current payment of over \$4 million per year for services under this agreement. The \$4 million plus payment received by the City is for “full service fire protection”, including fire and emergency response services, is a calculated amount that is essentially the combined taxes for fire service received by Central Fire for all of the County parcels, plus the addition of state “bailout” funds that keep the Central Fire District “whole” after Proposition 13 dramatically reduced property taxes in 1978. In addition, the City receives a small amount of revenue for inspections and fire prevention

service in the form of permit fees from County businesses. The County permit fees are based on the County adopted fire permit fee schedule.

While the number of unincorporated parcels protected by the City has decreased from 17,500 to 14,300 as a result of annexation, an increasing assessed valuation has resulted in the doubling of the contractual payment. These parcels are generally within the urban service area and sphere of influence of the City. It would be quite inefficient for two separate fire jurisdictions to provide services in these areas. As a point of information, Central Fire also has Zone 1 agreements with the cities of Santa Clara and Milpitas, although the number of parcels outside of San Jose is very small.

ANALYSIS

Fire Staff has met with Central Fire to discuss the scope and language for a new agreement, and a new agreement is being finalized. Both parties agree that renewal of the "Zone 1" fire services contract is in their mutual best interest. Both parties also believe that the services provided and the compensation is equitable and this agreement continues to provide improved emergency response services to the community.

The negotiations process for a new agreement with Central Fire has primarily focused on operational aspects of the agreement between the fire departments. The goal has been to develop a fair and equitable new contract that serves the best interests of both parties. It is the desire of both parties to continue a mutually beneficial relationship that provides the best service possible for the community. The services provided under the new agreement, and the basis for the compensation paid to the City for the services, is essentially the same as in the previous twenty-five year agreement.

The agreement that has been drafted for consideration by the Council and the County Board of Supervisors, includes the following key provisions:

1. **Term** -The agreement will be for a five-year term, with an automatic five-year renewal unless either party provides written notice of non-renewal.
2. **Termination** - Voluntary termination of the agreement requires a written 180 day notice by either party.
3. **Dispute Resolution** - Disputes arising under the agreement will be addressed between the parties. The sole remedy for an irreconcilable dispute is termination of the agreement, creating a strong incentive for resolution of any disputes that may arise.
4. **Compensation** - County Fire "passes through" a share of the tax revenue that Central receives for fire service; the share is based on average tax rate in Central's service area, times one one-hundred (.01) of the full cash value excluding non-reimbursed exemptions and redevelopment areas of the area served by CITY in Zone 1. Any modifications to the compensation as a result of State budget actions or changes in the way the State funds or distributes revenues to County agencies, including Fire Districts, will be formally discussed by the parties.

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5. Emergency response fire protection, rescue and EMS services – to the Zone 1 County unincorporated areas will be provided at the same level as provided to the rest of the City.
6. Fire inspection services – will be provided to the occupancies in the Zone 1 area at the same level as provided to the rest of the City.
7. The City will not prosecute – code violations or arson cases in the Zone 1 areas, but will refer these cases to the appropriate County authority. The Fire Department will assist these prosecutions as appropriate.
8. City will have no responsibility or authority – for hazardous materials facility inspections, weed abatement programs and inspections of County owned or leased facilities in the Zone 1 areas.
9. Inspection fees – will remain at the level established in the County Fee Program.
10. Delivery of EMS services – will be consistent with the approved agreement with AMR.

PUBLIC OUTREACH

There has been no public outreach.

COORDINATION

This new Agreement has been coordinated with the City Attorney's Office, the Finance Department and the Budget Office. The Board of Supervisors is scheduled to consider the draft agreement as it June 22, 2004 meeting.

COST IMPLICATIONS

The City currently receives over \$4 million in revenue per year under the agreement and will provide these services to Central Fire with no additional resources over and above current resource levels.

CEQA

Not a project.

Jeffrey L. Clet
Fire Chief

Attachment: Map of Unincorporated Service Areas