



## Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

---

**Date:** June 12, 2019

**To:** Board of Directors

**From:** Paavo Ogren, General Manager

**Subject:** **Addendum to Agenda Item #8(D): Updated link to San Luis Obispo County's "Public Facilities Financing Plan for Unincorporated Area Facilities"**

Below is a link to the Public Facilities Financing Plan for Unincorporated Area Facilities, the link in the original staff letter had expired:

<https://www.slocounty.ca.gov/Departments/Planning-Building/Forms-Documents/Informational/General-Informational-Documents/Public-Facilities/Public-Facilities-Financing-Plan.aspx>



# Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

**Date:** June 12, 2019

**To:** Board of Directors

**From:** Paavo Ogren, General Manager

**Subject:** Addendum to Item 9A – Modification of the Second Amendment to Five Cities Fire Authority Joint Exercise of Powers Agreement.

## Discussion

As the agenda was going through final review before being posted on Friday afternoon, staff discovered the error in the draft amendment. The error could not be confirmed until Monday. Staff therefore submitted the second amendment to the Five Cities Fire Authority (FCFA) Joint Exercise of Powers Agreement as originally drafted. The amount included in the drafted amendment of \$1,062,383 was based off the current formula where Oceano contributed 19% to FCFA. The amounts contributed by the cities of Arroyo Grande and Grover Beach were correct in the drafted amendment and a redline strikeout has been attached to correct Oceano's contributions to \$1,138,148.

	Current Formula	Transitional Formula
Arroyo Grande	\$ 2,728,142	\$ 2,580,955
Grover Beach	1,943,693	2,015,115
Oceano CSD	1,062,383	1,138,148
<b>Total</b>	\$ 5,734,218	\$ 5,734,218

On page 20 of the attached FCFA FY 2019-20 budget the reimbursement from Oceano uses the correct transitional formula of 19.85% for a total of \$1,138,148.

## Financial Considerations

The District's cost of FCFA operations for FY 2019/20 will increase by \$75,765 to \$1,138,148 with the new transitional formula. The budgetary item is addressed as a separate item. The cost of future services for Five Cities Fire and alternatives associated with the County/Cal Fire will be included in future agenda items.

## Attachments:

- Redline of Second Amendment to Five Cities Fire Authority (FCFA) Joint Exercise of Powers Agreement
- FCFA FY 2019/20 Transitional Funding Formula Budget
- City of Grover Beach FCFA Agenda Item – June 3, 2019
- City of Arroyo Grande FCFA Agenda Item – June 11, 2019

**SECOND AMENDMENT TO FIVE CITIES FIRE AUTHORITY  
JOINT EXERCISE OF POWERS AGREEMENT**

This Second Amendment to the Five Cities Fire Authority (“FCFA”) Joint Exercise of Powers Agreement, dated June 7, 2010 (“JPA”) (“Second Amendment”), is made and entered into as of July 1, 2019, by and between the cities of Arroyo Grande and Grover Beach, and the Oceano Community Services District (“Oceano”), which are hereinafter referred to as “Party” and “Parties.”

**WHEREAS**, on June 7, 2010, the Parties entered into a JPA pursuant to Section 6500 et seq. of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, for the purpose of allowing the Parties to share a combined fire department in order to provide efficient and economical fire protection services; and

**WHEREAS**, in or about May of 2018, the Parties executed a Memorandum of Agreement Amending the FCFA JPA (“First Amendment”) in order to provide an opportunity for the Parties to meet and confer for the purpose of considering amendments to the JPA including, but not limited to, modifications to the funding formula contained in Exhibit B of the JPA (“Funding Formula”), the provisions regarding member withdrawal, and future staffing levels beyond Fiscal Year 2018/19; and

**WHEREAS**, the First Amendment required the Parties to agree upon amendments to the JPA by April 1, 2019 or the JPA would terminate as of December 31, 2019; and

**WHEREAS**, in March of 2019, the Parties executed an extension of the First Amendment, which extended the time for the Parties to mutually agree upon JPA Amendments to October 1, 2019; and

**WHEREAS**, the parties have met in good faith and now desire to amend the JPA.

**NOW THEREFORE**, in consideration of the mutual covenants and conditions set forth herein, the Parties agree as follows:

1. **Recitals**. The above recitals are true and correct and incorporated herein.
2. **Strategic Plan**. The Parties agree to fund the following priorities of the five-year Strategic Plan, which was adopted by the FCFA Board of Directors in 2017 for the Fiscal Year 2019/20 budget:

Continued transition to Career Firefighter position with hiring of three (3) full-time positions to be assigned to the Grover Beach fire station.

3. **Fiscal Year 2019/2020**. Each Parties’ contributions for funding the Fiscal Year 2019/20 FCFA Budget shall be:

A. City of Arroyo Grande	\$2,580,955
45.01% _____	

B. City of Grover Beach	\$2,015,115
35.14% _____	
C. Oceano Community Services District	<del>\$1,062,383</del> <u>1,138,148</u>
19.85% _____	

4. **Funding Formula.**

- A. The Funding Formula contained in Exhibit B to the JPA is hereby amended and replaced in its entirety as set forth in Attachment 1 to this Amendment. All references in the JPA to Exhibit B shall now refer to Attachment 1.
- B. For Fiscal Year 2019-20, a transitional formula is used to determine the funding contributions specified in Section 3. This transitional formula modifies component 3 of the Funding Formula related to fire stations to reflect current staffing levels. This transitional formula may be used for the subsequent Fiscal Year 2020-21 as noted in Section 5B.
- C. The Funding Formula will be reviewed by the Jurisdiction every three years in the month of January, commencing 2023.

5. **Ballot Measure.**

- A. Oceano agrees to undertake the legally required procedures to place a special tax on the March 2020 ballot in accordance with Government Code Section 61121. Oceano will seek a special tax amount sufficient to enable Oceano to be able to fund its share of the Funding Formula taking into account the priorities of the Strategic Plan as determined by the Five Cities Fire Authority Board of Directors.
- B. If the March 2020 Oceano ballot measure does not pass and Oceano is unable to fund its share of the Funding Formula, by operation of this Second Amendment and subject to the Wind Down Period (identified below), Oceano will automatically and without further action cease to be a member of the JPA on June 30, 2021. The time between when the County Clerk Recorder concludes that the 2020 Oceano ballot measure has failed and June 30, 2021 will be known as the “Wind Down Period.” Oceano agrees that should it no longer be a member agency of the FCFA, the cities of Arroyo Grande and Grover Beach may continue to operate under the trademark name of Five Cities Fire Authority with no further rights of Oceano to that name. Should the March 2020 ballot measure fail, the funding obligations set forth in Section 3 above for the Fiscal Year 2019/20 FCFA Budget, shall be the same in Fiscal Year 2020/2021.

6. **Wind Down Period.**

- A. During the Wind Down Period, the Parties shall establish the distribution of assets currently owned and/or in the possession of the JPA, including but not limited to major pieces of apparatus and capital equipment, which will allow Oceano to maintain sufficient apparatus and capital equipment in order to establish an independent fire service and will allow Arroyo Grande and Grover Beach to continue to operate as the FCFA.
- B. During the Wind Down Period, the Parties will establish the obligations of the Parties to pay future obligations that were incurred by the FCFA prior to April 1, 2020, including, but not limited to the following:
- a. Lease payments on Engine 2 and 3; however, the Parties mutually agree and understand that as a result of the dissociation and/or withdrawal of Oceano or any other Party, no Party will be obligated for future payment lease obligations for any Engine that does not remain in the custody, control, and possession of that Jurisdiction.
  - b. Withdrawal and/or dissociation of Oceano or any other Party shall not absolve such Party of liabilities arising out of the participation in the JPA incurred in the ordinary course of business. The Parties mutually agree and understand that as a result of the dissociation and/or withdrawal of Oceano or any other Party, all Parties will remain obligated to pay future FCFA employment related obligations incurred prior to June 30, 2021, including but not limited to pension/PERS, accrued fringe benefits etc.
  - c. During the Wind Down period, the FCFA will perform an unfunded actuarial accrued liability analysis to calculate Oceano or any other dissociating and/or withdrawing Parties' share of unfunded PERS liability, which will be due to the remaining JPA Parties or the City of Arroyo Grande should the JPA be dissolved.
  - d. During the Wind Down Period, the Parties will meet and confer in good faith in regards to the distribution of assets and liabilities as follows:
    - a. A determination as to the distribution of equipment and physical assets by October 1, 2020 (effective June 30, 2021).
    - b. An estimate as to the distribution of debt, employment liability, pension/PERS and other post-employment obligations by February 1, 2021 (effective June 30, 2021).
    - c. An estimate as to the distribution of all other assets by March 1, 2021 (effective June 30, 2021).
  - e. The parties mutually agree and understand that any liability related to unresolved claims or litigation existing prior to June 30, 2021 will remain the obligation of all Parties whether remaining members of the FCFA or not.
  - f. Prior to October 1, 2021, the Parties shall complete a post-dissociation reconciliation of all assets and liabilities incurred prior to June 30, 2021. Any party owing funds shall pay such funds to the other immediately upon

determination. The parties agree to cooperate in completing this post closing reconciliation.

7. **Effect of Amendment.** All other provisions of the JPA shall remain unchanged and in full force and affect. To the extent there is inconsistency between this Amendment and the JPA, the terms of this Amendment shall control, including but not limited to JPA Sections 6.B, 8.B(3), and 17.
8. **Counterparts.** This Amendment may be executed in any number of counterparts and by the Parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.
9. **Severability.** If any part of this Amendment is found to be in conflict with applicable laws, that part will be inoperative, null and void insofar as it is in conflict with any applicable laws, but the remainder of the Amendment will remain in full force and effect.

**IN WITNESS WHEREOF**, the Parties hereto have caused this Amendment to be executed by their proper officers hereunto duly authorized.

CITY OF ARROYO GRANDE

CITY OF GROVER BEACH

\_\_\_\_\_  
Caren Ray Russom, Mayor

\_\_\_\_\_  
Jeff Lee, Mayor

ATTEST:

ATTEST:

\_\_\_\_\_  
Kelly Wetmore, City Clerk

\_\_\_\_\_  
Wendi Sims, City Clerk

APPROVED AS TO FORM:

APPROVED AS TO FORM:

\_\_\_\_\_  
Heather K. Whitham, City Attorney

\_\_\_\_\_  
David Hale, City Attorney

OCEANO COMMUNITY SERVICES DISTRICT

\_\_\_\_\_  
Linda Austin, President

ATTEST:

\_\_\_\_\_  
By:

APPROVED AS TO FORM:

\_\_\_\_\_  
Jeff Minnery, District Counsel

## **ATTACHMENT 1**

### **FUNDING FORMULA**

Should the ballot measure pass, effective July 1, 2020, the Parties shall bear the costs of the Five Cities Fire Authority according to the following formula, to be calculated every three years when the budget is prepared. If the ballot measure fails, the funding will be in accordance with Section 5.B of this Second Amendment.

1. 33.33% of costs shall be assessed among the Parties in proportion to the population of each Jurisdiction as most recently determined by the U.S. Census and any intervening estimates prepared by the California Department of Finance when the Fire Chief prepares each annual budget.
2. 33.33% of costs shall be assessed among the Parties in proportion to the number of annual service calls, calculated on a three-year rolling average in each Jurisdiction as most recently determined when the Fire Chief prepares each annual budget.
3. 33.33% of costs shall be assessed among the Parties in proportion to the number of fire stations located in each Jurisdiction.



# Five Cities Fire Authority

Transitional Funding Formula Budget

Fiscal Year 2019-2020



Five Cities Fire Authority  
140 Traffic Way  
Arroyo Grande, California 93420  
805.473.5490  
[fivocitiesfireauthority.org](http://fivocitiesfireauthority.org)

## **Our Vision**

The Five Cities Fire Authority is committed to serving our communities by providing emergency response, fire prevention and public education. We strive to accomplish this vision by ensuring that we will provide for all Fire Authority needs and professional development through a stable revenue source. We honor the respect we hold within our communities and are committed to maintaining that trust.

## **Our Mission**

The Mission of the Five Cities Fire Authority is to provide the highest level of service possible by mitigating threats to life, property and the environment while meeting the growing needs of our communities.

## **Our Core Values**

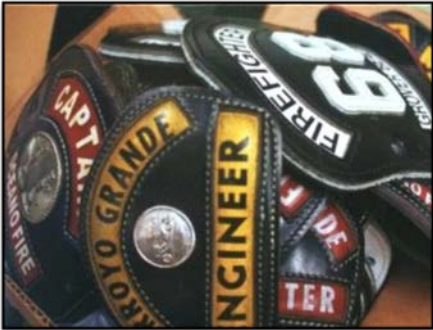
Serve with pride, professionalism and integrity;  
Treat all people with respect and honor;  
Maximize community service through efficient resource management; and  
Strive for constant improvement.



## Table of Contents

<b>Five Cities Fire Authority at a Glance</b> .....	1
<b>Joint Powers Agreement Structure</b> .....	2
<b>Organization Chart</b> .....	3
<b>Fire Chief's Budget Message</b> .....	4
<b>Budget Assumptions - 2019-2020 Fiscal Year</b> .....	5
<b>Accomplishments – 2018-2019 Fiscal Year</b> .....	6
<b>Goals and Objectives – 2019-2020 Fiscal Year</b> .....	7
<b>Budget Summary</b> .....	8
<b>Revenue Detail</b> .....	9
<b>Expenditure Detail</b> .....	10
<b>Cost Allocation</b> .....	12

## Five Cities Fire Authority at a Glance



In 2004, the cities of Arroyo Grande and Grover Beach collaboratively entered an agreement to share one fire chief and training officer. This agreement was expanded over the next several years to include equipment sharing, a consolidation of the reserve firefighter program and the introduction of "boundary drops," meaning that the closest fire resource would be dispatched to a 9-1-1 call without consideration of community boundary. In 2009, the Oceano

Community Services District joined the other communities and on July 9 2010, a complete fire department consolidation took place, resulting in the creation of the Five Cities Fire Authority. The Five Cities Fire Authority was created to increase service levels to citizens and visitors, to ensure consistent and professional training standards, and to increase operational efficiencies. During the formation of the organization, the member communities contributed their existing vehicles and capital equipment.

As time has passed and the communities have increased their calls for emergency services, replacement costs for needed equipment and the need to address appropriate staffing levels have placed an increased financial challenge upon the member communities. A Memorandum of Agreement is currently in place, allowing the communities to re-evaluate the funding allocation methodology and other needed revisions to the original agreement. The Oceano Community Services District is considering a ballot initiative to raise additional funds to cover the cost of a full-time fire department.

**Area Served:** 10 square miles, encompassing the communities of Arroyo Grande, Grover Beach and Oceano

**Population Served:** 37,000

**Number of Stations:** 3

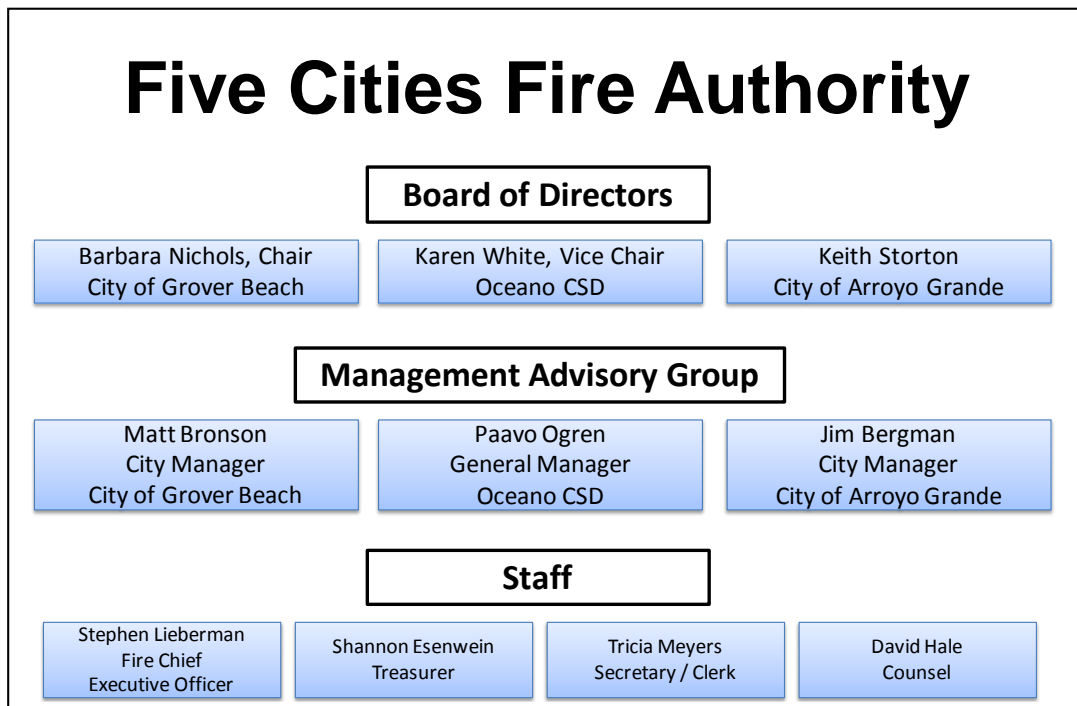
## Joint Powers Agreement Structure

On July 9, 2010 the Five Cities Fire Authority was created. The Authority is administered by the Board of Directors, comprised of one Councilmember or alternate from the City of Arroyo Grande, one Councilmember or alternate from the City of Grover Beach, and one Boardmember or alternate from the Oceano Community Services District. Individuals serving as alternates must be elected officials from the participating communities.

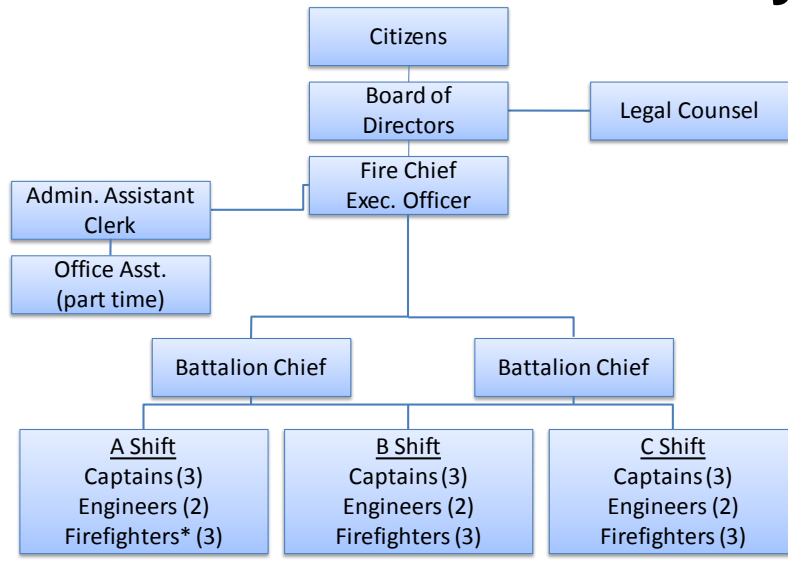


The Fire Chief reports to the Board of Directors and also serves as the Executive Officer for the Five Cities Fire Authority. The Administrative Services Director for the City of Arroyo Grande serves in the capacity of Treasurer to the Authority, and the Administrative Assistant for the Five Cities Fire Authority serves as Secretary/Clerk to the Board.

The Fire Chief may consult with the Executive Team, comprised of the managers from Arroyo Grande, Grover Beach and Oceano in order to discuss matters relevant to the communities or the Authority, and the managers may make recommendations to their boardmembers, based on matters discussed.



# Five Cities Fire Authority

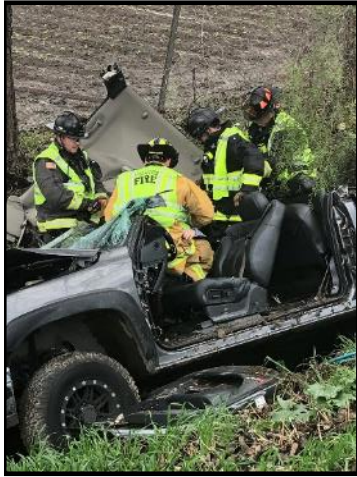


\* Career/Full Time Firefighters

## Total Budgeted Headcount

Full Time	22
Part Time	1
Reserve Firefighters	6
Total	29

## Fire Chief's Budget Message



Honorable members of the Board of Directors, the employees of the Five Cities Fire Authority are pleased to present the draft budget for fiscal years 2019-2020. The budget is based upon a series of assumptions, driven by community expectation, policy direction, operational need and available funding. The foundational assumption that drives the budget, based on our Vision, Mission and Core Values statements continues to be a commitment to provide an exceptional level of service to the communities served by the Five Cities Fire Authority.

The Five Cities Fire Authority has been adapting to best serve the communities given an increasing volume of calls for service, increased development, an aging population, aging equipment, and employee recruitment and retention challenges over the past nine years. The

Board has supported considerable investment in staffing, apparatus, and capital equipment over the course of the past four years. Additionally, an adopted Strategic Plan has identified timing and initial prioritization for the continued transition from a part-time Reserve Firefighter to a career position. The budget assumptions in this document reflect identified and needed investment; every attempt has been made to reduce costs when possible, and to make every effort to recover costs when possible.

Local Government truly falls into a “service-based” business model, meaning that the majority of needed funding is to cover the cost of the dedicated employees who provide a wide array of services to our member communities. Five Cities Fire Authority personnel have completed the needed training to implement a State approved “Expanded Scope of Practice” for emergency medical response. This will allow our personnel to offer an increased level of patient care, while still maintaining a cost-effective posture towards the operating budget.



## **Budget Assumptions**

Listed below are key assumptions applied to the development of the proposed 2019-2020 fiscal budget:

- Maintain professional fire safety, emergency medical, and public assistance services
- Present a 12-month operating budget in coordination with member communities; attempting to maintain funding levels consistent with projected estimate
- Continue transition to career Firefighter position with recruitment of three (3) positions for the Grover Beach station
- Complete remaining phase of Mobile Data Computer (MDC) software integration - \$15,000
- Return Vehicle Maintenance budget to previous (FY 18/19) funding level – \$25,000
- Attorney Fees (labor negotiations and ongoing litigation) - \$50,000
- Radio Equipment / Command Vehicle Retrofit - \$23,000
- Line Item Reductions (Equipment & Vehicle Replacement) – (\$127,700)
- Multi-Family Dwelling Inspection – Revenue Increase – (\$70,000)
- Grover Beach Commercial Cannabis Regulatory Fees – (\$26,250)





## Accomplishments

Listed below is a summary of accomplishments for the 2018-2019 fiscal year:

- Promoted one Battalion Chief and three Career Firefighters
- Administered Weed Abatement and Fourth of July Fireworks Program for all three jurisdictions
- Performed routine business and multi-family dwelling inspections
- Completed cost review of multi-family dwelling inspections and increase inspection fees to recover actual costs (Board Approved)
- Reviewed multiple applications for cannabis-based businesses in Grover Beach
- Responded to several large scale incidents including the Carr, Woolsey and Camp fires
- Completed required training for "Expanded Scope" of practice for emergency medical incidents (increased level of patient care to the community)
- Supported special events including Strawberry Festival, Harvest Festival, Holiday Parades, Season of Hope
- Continued focused public safety awareness, emergency preparedness, and "hands only CPR" training through public education
- Hosted blood drives in conjunction with Doc Burnstein's Ice Cream and Klondike's Pizza



## Goals & Objectives

Listed below is a summary of goals and objectives for fiscal year 2019-2020:

- Keep our communities safe and prepared
- Maintain adequate staffing levels
- Support Board deliberation and member community goals related to Joint Powers Agreement revisions, revenue enhancement measures and potential reorganization
- Update remaining components Master Fee Schedule and utilize third party for enhanced cost recovery
- Pursue grant opportunities for needed equipment
- Partner with FireSafe Council and allied agencies to develop Community Wildland Protection Plan and apply for fuel reduction grants as possible



**FIVE CITIES FIRE AUTHORITY**  
**BUDGET SUMMARY**  
For the Fiscal Year Ending June 30, 2019

**"Strategic Plan" Scenario**

	Actual		Amended Budget	Proposed Budget	Projection		
	2017	2018 Unaudited	2019	2020	2021	2022	2023
Beginning Fund Balance	\$ 232,821	\$ 381,290	\$ 677,440	\$ 350,401	\$ 350,401	\$ 468,401	\$ 586,401
Revenues	4,728,028	5,047,681	5,342,830	5,855,468	6,102,277	6,540,282	6,753,637
Expenditures:							
Salaries & Benefits	3,643,541	4,001,715	4,419,700	4,710,800	5,020,300	5,421,050	5,636,405
Services & Supplies	561,399	518,451	719,400	853,288	779,064	794,645	810,538
Equipment Replacement	602,018	130,168	429,539	190,150	83,683	105,357	87,464
Debt Service	326,876	101,197	101,230	101,230	101,230	101,230	101,230
Total Expenditures	<u>5,133,834</u>	<u>4,751,531</u>	<u>5,669,869</u>	<u>5,855,468</u>	<u>5,984,277</u>	<u>6,422,282</u>	<u>6,635,637</u>
Prior period adjustment							
Other financing sources (uses)	554,275						
Change in Fund Balance	<u>148,469</u>	<u>296,150</u>	<u>(327,039)</u>	<u>0</u>	<u>118,000</u>	<u>118,000</u>	<u>118,000</u>
Ending Fund Balance	<u>\$ 381,290</u>	<u>\$ 677,440</u>	<u>\$ 350,401</u>	<u>\$ 350,401</u>	<u>\$ 468,401</u>	<u>\$ 586,401</u>	<u>\$ 704,401</u>
Designated Reserve	\$ 55,000	\$ -	\$ -	\$ -	\$ 118,000	\$ 236,000	\$ 354,000
Undesignated Fund Balance	326,290	677,440	350,401	350,401	350,401	350,401	350,401
Total Fund Balance	<u>\$ 381,290</u>	<u>\$ 677,440</u>	<u>\$ 350,401</u>	<u>\$ 350,401</u>	<u>\$ 468,401</u>	<u>\$ 586,401</u>	<u>\$ 704,401</u>

FIVE CITIES FIRE AUTHORITY  
 BUDGET  
 For the Fiscal Year Ending June 30, 2019

"Strategic Plan" Scenario

ACT	ACCOUNT NAME	Actual		Amended Budget	Proposed Budget	Variance	Projection		
		2017	2018 Unaudited	2019	2020		2021	2022	2023
	<b>REVENUES</b>								
4301	INTEREST	\$ 3,490	\$ 6,732	\$ 700	\$ 700	\$ -	\$ 700	\$ 700	\$ 700
4422	ARROYO GRANDE FIRE REIMBURSEMENT	2,241,766	2,223,604	2,523,661	2,580,955	57,295	2,736,199	2,934,446	3,030,944
4428	FEMA REVENUE		-			-			
4443	GROVER BEACH FIRE REIMBURSEMENT	1,417,661	1,608,407	1,798,108	2,015,115	217,007	2,134,935	2,287,946	2,362,425
4444	OCEANO FIRE REIMBURSEMENT	779,965	873,719	987,362	1,138,148	150,786	1,205,842	1,292,289	1,334,368
4458	STATE GRANT		-			-			
4491	SAFER GRANT		-			-			
4462	LOCAL GRANT	29,719	11,859			-			
4726	FIRE IMPACT FEES	4,101	4,205	3,000	3,000	-	3,000	3,000	3,000
4729	FIRE-FIRST RESPONDER SUPPORT	22,228	22,712	21,000	21,300	300	21,600	21,900	22,200
4730	STRIKE TEAM REIMBURSEMENT	186,322	243,899			-			
4803	SALES-EQUIPMENT/MATERIALS		12,700			-			
4807	EXPENSE RECOVERY	42,776	39,844	9,000	96,250	87,250			
4816	PROCEEDS FROM DEBT ISSUANCE	554,275				-			
	<b>GRAND TOTAL REVENUES</b>	<b>\$ 5,282,303</b>	<b>\$ 5,047,681</b>	<b>\$ 5,342,830</b>	<b>\$ 5,855,468</b>	<b>\$ 512,638</b>	<b>\$ 6,102,277</b>	<b>\$ 6,540,282</b>	<b>\$ 6,753,637</b>

**FIVE CITIES FIRE AUTHORITY**  
**BUDGET**  
For the Fiscal Year Ending June 30, 2019

"Strategic Plan" Scenario

ACT	ACCOUNT NAME	Actual		Amended Budget	Proposed Budget	Variance	Projection		
		2017	2018 Unaudited				2019	2020	2021
<b>EXPENDITURES</b>									
5101	SALARIES FULL-TIME	1,201,809	1,439,985	2,125,200	2,360,100	234,900	2,483,700	2,776,000	2,861,400
5102	SALARIES PERMANENT PART-TIME	19,492	16,591	46,400	46,400	-	46,400	46,400	46,400
5103	SALARIES TEMPORARY PART-TIME	372,210	366,708	262,800	131,400	(131,400)	131,400	-	-
5105	SALARIES OVERTIME	570,525	516,636	426,900	445,600	18,700	455,400	476,500	487,600
5106	SALARIES - STRIKE TEAM OVERTIME	116,321	184,635	-	-	-	-	-	-
5108	HOLIDAY PAY	71,603	85,973	101,800	106,900	5,100	104,300	111,500	115,400
5109	SICK LEAVE PAY	42,504	49,498	-	-	-	-	-	-
5110	ANNUAL LEAVE BUY BACK	9,327	9,088	7,000	7,000	-	7,000	7,000	7,000
5111	VACATION BUY BACK	43,337	24,558	45,000	45,000	-	45,000	45,000	45,000
5112	SICK LEAVE BUY BACK	927	2,085	4,000	4,000	-	4,000	4,000	4,000
5113	VACATION LEAVE PAY	63,522	73,913	-	-	-	-	-	-
5114	COMPENSATION PAY	42,766	29,840	-	-	-	-	-	-
5115	ANNUAL LEAVE	23,448	27,224	-	-	-	-	-	-
5121	PERS RETIREMENT	425,736	459,345	520,100	571,300	51,200	661,000	718,000	758,100
5122	SOCIAL SECURITY	165,026	183,345	222,300	231,200	8,900	241,100	254,500	261,800
5123	PARS RETIREMENT	5,856	6,414	700	700	-	700	700	700
5126	STATE DISABILITY INS. (SDI)	14,113	16,593	18,800	19,700	900	20,300	21,700	22,500
5127	DEFERRED COMPENSATION	2,707	2,936	3,000	3,000	-	3,600	3,600	3,600
5131	HEALTH INSURANCE	312,332	341,963	424,000	520,900	96,900	580,700	698,400	746,400
5132	DENTAL INSURANCE	18,865	20,890	25,100	28,900	3,800	30,000	33,200	33,200
5133	VISION INSURANCE	4,810	5,398	6,400	7,500	1,100	7,900	9,100	9,100
5134	LIFE INSURANCE	2,092	2,298	2,900	3,300	400	3,400	3,800	3,800
5135	LONG TERM DISABILITY INSURANCE	7,628	8,561	8,800	8,800	-	9,800	9,900	9,900
5136	RETIREES HEALTH INSURANCE	8,239	8,835	8,200	8,200	-	8,200	8,200	8,200
5141	WORKERS COMPENSATION	98,148	113,626	154,500	155,000	500	170,500	187,550	206,305
5142	UNEMPLOYMENT INSURANCE	(402)	4,050	5,000	5,000	-	5,000	5,000	5,000
5143	UNIFORM ALLOWANCE	-	-	-	-	-	-	-	-
5147	EMPLOYEE ASSISTANCE PROGRAM	600	727	800	900	100	900	1,000	1,000
<b>Subtotal Salaries &amp; Benefits</b>		<b>3,643,541</b>	<b>4,001,715</b>	<b>4,419,700</b>	<b>4,710,800</b>	<b>291,100</b>	<b>5,020,300</b>	<b>5,421,050</b>	<b>5,636,405</b>
5201	SUPPLIES - OFFICE	6,948	6,446	7,000	7,140	140	7,283	7,428	7,577
5206	SUPPLIES - EMS	6,586	7,428	15,000	15,300	300	15,606	15,918	16,236
5208	POSTAGE/MAILING	1,930	1,878	1,800	1,836	36	1,873	1,910	1,948
5255	SPECIAL DEPARTMENT SUPPLIES	20,459	21,809	24,000	22,480	(1,520)	24,970	25,469	25,978
5272	PROTECTIVE/SAFETY CLOTHING	71,835	42,144	40,000	52,100	12,100	41,616	42,448	43,297
5273	SMALL TOOLS	2,247	2,558	3,000	3,060	60	3,121	3,184	3,247
5276	UNIFORMS	-	18,797	25,000	30,500	5,500	26,010	26,530	27,061
5301	ADVERTISING	-	-	1,000	1,020	20	1,040	1,061	1,082
5303	CONTRACTUAL SERVICES	122,019	96,817	270,000	357,100	87,100	311,508	317,738	324,093
5306	PRINTING SERVICES	1,809	953	4,000	4,080	80	4,162	4,245	4,330
5315	PRE-EMPLOYMENT PHYSICALS	7,535	6,826	11,000	11,220	220	11,444	11,673	11,907
5316	JOB RECRUITMENT EXPENSE	961	420	2,000	2,040	40	2,081	2,122	2,165
5324	FORENSIC MANDATE SERVICES	30	-	1,800	1,836	36	1,873	1,910	1,948
5325	HAZMAT/SAFETY PROGRAM	13,046	13,141	15,500	15,810	310	16,126	16,449	16,778
5401	UTILITIES	43,244	47,890	45,000	45,900	900	46,818	47,754	48,709
5403	TELECOMMUNICATIONS	22,559	25,051	30,000	30,600	600	31,212	31,836	32,473
5501	CONFERENCE/TRAINING	9,145	7,362	12,000	12,240	240	12,485	12,734	12,989
5512	TRAVEL	4,720	7,470	4,000	4,080	80	4,162	4,245	4,330
5503	MEMBERSHIPS & SUBSCRIPTIONS	2,368	2,108	3,700	3,774	74	3,849	3,926	4,005
5504	PUBLIC RELATIONS	4,050	5,666	5,000	5,100	100	5,202	5,306	5,412
5508	MISC EXPENSE	1,423	1,899	2,500	2,550	50	2,601	2,653	2,706
5553	RENT-BUILDING AND LAND	15,000	15,000	15,000	15,300	300	15,606	15,918	16,236
5555	BANK CHARGES	66	-	300	306	6	312	318	325
5576	LIABILITY INSURANCE-JPA SHARE	13,634	12,775	18,000	18,360	360	18,727	19,102	19,484
5599	WEED ABATEMENT	10,326	6,589	12,000	12,240	240	12,485	12,734	12,989
5601	MAINTENANCE - VEHICLES	94,966	92,590	75,000	100,000	25,000	78,030	79,591	81,182
5602	MAINTENANCE - OFFICE EQUIPMENT	2,988	4,888	3,600	3,672	72	3,745	3,820	3,897
5603	MAINTENANCE - MACH & EQUIP	31,328	20,709	15,000	15,300	300	15,606	15,918	16,236
5604	MAINTENANCE - BUILDINGS	7,170	9,699	8,000	8,160	160	8,323	8,490	8,659
5605	MAINTENANCE - GROUNDS	499	376	1,000	1,020	20	1,040	1,061	1,082

**FIVE CITIES FIRE AUTHORITY  
BUDGET**  
For the Fiscal Year Ending June 30, 2019

"Strategic Plan" Scenario

ACT	ACCOUNT NAME	Actual		Amended Budget	Proposed Budget	Variance	Projection		
		2017	2018 Unaudited				2019	2020	2021
5606	MAINTENANCE - RADIO COMMUNICATIONS	6,670	5,201	8,200	8,364	164	8,531	8,702	8,876
5608	GAS & OIL	35,838	33,961	40,000	40,800	800	41,616	42,448	43,297
	<b>Subtotal Services &amp; Supplies</b>	<b>561,399</b>	<b>518,451</b>	<b>719,400</b>	<b>853,288</b>	<b>133,888</b>	<b>779,064</b>	<b>794,645</b>	<b>810,538</b>
5803	LEASE PURCHASE PAYMENTS	326,876	101,197	101,230	101,230	-	101,230	101,230	101,230
	<b>Subtotal Debt Service</b>	<b>326,876</b>	<b>101,197</b>	<b>101,230</b>	<b>101,230</b>	<b>-</b>	<b>101,230</b>	<b>101,230</b>	<b>101,230</b>
6101	DATA PROCESSING EQUIPMENT	10,607	13,748	40,000	18,000	(22,000)	18,760	39,135	19,918
6103	COMPUTER LICENSING SOFTWARE	16,202	24,617	32,500	63,150	30,650	48,603	49,575	50,567
6201	MACHINERY & EQUIPMENT	16,378	31,560	357,039	49,000	(308,039)	16,320	16,646	16,979
6301	VEHICLES	558,831	60,243		60,000	60,000			
	FUTURE VEHICLE REPLACEMENT					-	118,000	118,000	118,000
	<b>Subtotal Equip Replacement</b>	<b>602,018</b>	<b>130,168</b>	<b>429,539</b>	<b>190,150</b>	<b>(239,389)</b>	<b>201,683</b>	<b>223,357</b>	<b>205,464</b>
	<b>GRAND TOTAL EXPENDITURES</b>	<b>\$ 5,133,834</b>	<b>\$ 4,751,531</b>	<b>\$ 5,669,869</b>	<b>\$ 5,855,468</b>	<b>\$ 185,599</b>	<b>\$ 6,102,277</b>	<b>\$ 6,540,282</b>	<b>\$ 6,753,637</b>

**FCFA Cost Allocation**

2019-20 Expenditure budget	5,855,468
less costs recovered through fees/charges	(121,250)
less HazMat costs (allocate directly)	(12,000)
less debt service 2nd engine (allocate directly)	<u>(34,830)</u>
Expenditure budget to allocate to jurisdictions	5,687,388

33.3% of budget to allocate                      \$    1,895,796

Funding Formula:

1) 33% based on proportion of population		%
Arroyo Grande	17,839	46.17%
Grover Beach	13,517	34.98%
OCSD	<u>7,286</u>	18.86%
Total Population	38,642	
Allocation:		
Arroyo Grande	\$    875,198	
Grover Beach	\$    663,140	
OCSD	\$    357,458	

2) 33% based on current staffing levels	
Arroyo Grande	37.5%
Grover Beach	37.5%
OCSD	25.0%
Allocation:	
Arroyo Grande	710,924
Grover Beach	710,924
OCSD	473,949

3) 33% based on proportion of service calls

Arroyo Grande	1,845	52%
Grover Beach	1,145	32%
OCS D	544	15%
<b>Total service calls</b>	<b>3,534</b>	

Allocation:

Arroyo Grande	989,834
Grover Beach	614,108
OCS D	291,854

Haz Mat direct allocation

Arroyo Grande	5,000
Grover Beach	5,000
OCS D	2,000

Debt service - 2nd engine allocation

Arroyo Grande	-
Grover Beach	21,943
OCS D	12,887

**Total Allocation**

<b>Arroyo Grande</b>	<b>2,580,955</b>	<b>Allocation</b>	<b>45.01%</b>
<b>Grover Beach</b>	<b>2,015,115</b>		<b>35.14%</b>
<b>OCS D</b>	<b>1,138,148</b>		<b>19.85%</b>
	<b>5,734,218</b>		





## CITY COUNCIL STAFF REPORT

---

**TO:** Honorable Mayor and City Council                      **DATE:** June 3, 2019

**FROM:** Matthew Bronson, City Manager

**PREPARED BY:** Matthew Bronson, City Manager

**SUBJECT:** Five Cities Fire Authority Joint Powers Authority Agreement Second Amendment

---

### **RECOMMENDATION**

Adopt the Resolution approving the Second Amendment to the Five Cities Fire Authority Joint Exercise of Powers Agreement

---

### **BACKGROUND**

At the March 4, 2019 Council meeting, the City Council received an update on the Five Cities Fire Authority (FCFA) Joint Powers Agreement (JPA) Memorandum of Agreement discussions related to JPA amendments and funding options. Given the challenges of increased costs for fire and emergency services, the FCFA member agencies (Arroyo Grande, Grover Beach, and Oceano) approved a Memorandum of Agreement (MOA) in 2018 that outlined a process for determining changes to the FCFA Joint Powers Agreement including the funding formula. Following the adoption of the MOA, the “Managers Working Group” comprised of the three city/general managers of the member agencies along with the Fire Chief worked diligently in an interest-based approach to develop a new funding formula that supports implementation of the FCFA Strategic Plan in a more equitable manner for the three agencies. The current formula produces a current cost allocation of 47% for Arroyo Grande, 34% for Grover Beach, and 19% for Oceano based on a four-part methodology as follows:

- Number of service calls from the previous year
- Population
- Assessed property value
- Service levels (staffing) at JPA inception

The Managers Working Group developed a revised funding formula that removes the assessed property value component and changes the service level/staffing component to stations. The service calls component was also modified to be a three-year rolling average versus single-year data to smooth out annual discrepancies. This formula is supported by the Managers Working Group as an improvement to the existing formula that leads to a more equitable distribution of costs among member agencies. This revised formula was shared in concept with the Council at the March 4, 2019 meeting and the Council indicated its support for this new formula along with the importance of continuing to provide the necessary funding for responsive fire and emergency medical services.

The FCFA Board on April 19, 2019 provided direction to support this new formula along with use of a “transitional” formula in determining member contributions in fiscal year 2019-20 as further described below. This new formula is now being brought to the respective governing boards of FCFA member agencies for approval in the form of a second amendment to the JPA Agreement

(Attachment 1). The amendment will be considered by the City of Arroyo Grande on June 11 and the Oceano Community Services District (OCSD) on June 12 followed by approval of the FY 2019-20 FCFA budget by the FCFA Board on June 14.

The following chart illustrates how the funding formula is currently weighted and calculated to allow for community cost allocation along with the proposed changes. While all three communities have a stated goal of consistent station staffing of three personnel daily, the “transitional” model for FY 2019-20 reflects the current staffing levels between the two cities which have three personnel and Oceano which has two personnel. OSCD is placing a measure on the March 2020 ballot to generate additional revenues for fire and emergency medical services and if successful, the revised formula for FCFA contributions would go into effect beginning in FY 2020-21 and the Oceano station would be staffed with three personnel.

<b>Funding Formula Components &amp; Weighting</b>			
	<b><u>Current</u></b>	<b><u>New</u></b>	<b><u>Transitional</u></b>
Population	25.0%	33.3%	<b>33.3%</b>
Calls for Service	25.0%	33.3%	<b>33.3%</b>
Assessed Valuation	25.0%	N/A	<b>N/A</b>
Stations	25.0%	33.3%	<b>33.3% *</b>
<i>Station Staffing - AG*</i>			<b>37.5%</b>
<i>Station Staffing - GB*</i>			<b>37.5%</b>
<i>Station Staffing - OCE*</i>			<b>25.0%</b>

Based on the weighting identified above, the member community contribution percentages are presented in the following table. The “current” percentages reflect the existing formula and the “new” percentages reflect the new formula beginning in FY 2020-21 while the “transitional” formula reflects the formula for FY 2019-20. Grover Beach’s contribution percentage increases to 35% in FY 2019-20 given the transitional staffing component and other factors while decreasing to 33% beginning in FY 2020-21 with the new funding formula.

<b>Community Contribution Percentages</b>			
	<b><u>Current</u></b>	<b><u>New</u></b>	<b><u>Transitional</u></b>
Arroyo Grande	47.0%	43.7%	<b>45.0%</b>
Grover Beach	34.0%	33.3%	<b>35.1%</b>
Oceano	19.0%	23.0%	<b>19.9%</b>

Lastly, the second amendment to the JPA agreement includes language about the OCSD ballot measure in March 2020 and the actions that will occur if the ballot measure does not pass. If the measure does not pass, OCSD will cease to be a member agency of the FCFA on June 30, 2021 following a 16-month “wind down period” identified in the amendment that specifies distribution of assets and payment of liabilities. During this period, the transitional funding formula used in FY 2019-20 would remain in place rather than using the new funding formula included in the amendment. Staff would work with other members of the Managers Working Group to represent the City’s interests during this wind down period. Staff would also engage the Council in discussing future provision of fire and emergency medical services in Grover Beach including the full implementation of the FCFA Strategic Plan for additional staffing and equipment needs as these costs are not currently included in the City’s long-term financial projections.

**FISCAL IMPACT**

The new funding formula would increase the City’s contribution for fire and emergency medical services by \$217,007 in FY 2019-20. This increase is included in the 2019-20 budget pending Council adoption on June 17, 2019. Grover Beach’s contribution for FY 2019-20 is \$2,015,115 which is a \$71,422 increase from what the City’s contribution would be under the current formula and a \$217,007 increase from the FY 2018-19 contribution of \$1,798,108 as shown below:

<b>Community Contribution Amounts</b>					
	<b>Proposed FY 2019-20</b>			<b>FY 2018-2019 Budget</b>	<b>Transitional vs FY 2018-19</b>
	<b>Formula Revision</b>		<b>Transitional</b>		
	<b>Current</b>	<b>Transitional</b>	<b>Variance</b>		
Arroyo Grande	\$2,728,142	\$2,580,955	(\$147,187)	\$2,523,661	\$57,294
Grover Beach	\$1,943,693	\$2,015,115	\$71,422	\$1,798,108	\$217,007
Oceano	<u>\$1,062,383</u>	<u>\$1,138,148</u>	<u>\$75,765</u>	<u>\$987,362</u>	<u>\$150,786</u>
<b>Total</b>	<b>\$5,734,218</b>	<b>\$5,734,218</b>	<b>\$0</b>	<b>\$5,309,131</b>	<b>\$425,087</b>

This is a sizeable but manageable cost increase for the City and will fund the transition of three additional Reserve Firefighters to full-time Firefighters at the Grover Beach station as part of the FCFA Strategic Plan implementation. Over the past two years, the City will have increased its contribution to the FCFA by over \$500,000 to ensure a level of responsive and effective fire and emergency medical services consistent with the Council’s Major City Goal of Public Safety and community expectations expressed in the 2017 community survey.

**ALTERNATIVES**

The City Council has the following alternatives to consider:

1. Adopt the Resolution approving the Second Amendment to the Five Cities Fire Authority Joint Exercise of Powers Agreement; and
2. Do not adopt Resolution approving Second Amendment; and
3. Provide alternative direction to staff.

**PUBLIC NOTIFICATION**

The agenda was posted in accordance with the Brown Act.

**ATTACHMENTS**

1. Second Amendment to FCFA JPA Agreement



## MEMORANDUM

**TO:** CITY COUNCIL

**FROM:** JAMES A. BERGMAN, CITY MANAGER

**SUBJECT:** CONSIDERATION OF FIVE CITIES FIRE AUTHORITY JOINT POWERS AUTHORITY AGREEMENT SECOND AMENDMENT

**DATE:** JUNE 11, 2019

**SUMMARY OF ACTION:**

Consideration of approval of the Second Amendment to the Five Cities Fire Authority Joint Powers Authority Agreement.

**IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:**

The new funding formula would increase the City's contribution for fire and emergency services by \$57,294 in FY 2019-20, which is considered a transition year to allow the Oceano Community Services District (OCSD) to pursue a ballot measure in March of 2020. This increase is included in the 2019-20 budget pending Council adoption on June 11, 2019. The City's contribution for FY 2019-20 is \$2,580,955.

Continued implementation of the Five Cities Fire Authority (FCFA) will result in a modified funding formula that will reduce the overall percentage of the City's allocation but will result in an overall cost increase into the future as the strategic plan is implemented.

**RECOMMENDATION:**

It is recommended the City Council adopt a Resolution approving the Second Amendment to the Five Cities Fire Authority Joint Exercise of Powers Agreement.

**BACKGROUND**

Given the challenges of increased costs for fire and emergency services, the FCFA member agencies (Arroyo Grande, Grover Beach, and Oceano) approved a Memorandum of Agreement (MOA) in 2018 that outlined a process for determining changes to the FCFA Joint Powers Agreement including the funding formula. Following the adoption of the MOA, the "Managers Working Group" comprised of the three city/general managers of the member agencies along with the Fire Chief worked diligently in an interest-based approach to develop a new funding formula that supports implementation of the FCFA Strategic Plan in a more equitable manner for the three agencies.

At the March 12, 2019 Council meeting, the City Council received an update on the Five Cities Fire Authority (FCFA) Joint Powers Agreement (JPA) Memorandum of Agreement related to JPA amendments and funding options. Direction from the Council was:

**CITY COUNCIL  
CONSIDERATION OF FIVE CITIES FIRE AUTHORITY JOINT POWERS AUTHORITY  
AGREEMENT SECOND AMENDMENT  
JUNE 11, 2019  
PAGE 2**

Council comments ensued in support of the six month extension, and that amendments to the JPA should include: 1) Determine to which stage the City can responsibly fund the Strategic Plan (priority of items that can be funded); 2) Continue to refine the funding formula; 3) Require Oceano to do their due diligence in placing a measure on the March 2020 ballot to fund their portion of the formula; 4) Ensure that Oceano seeks sufficient funds in its ballot measure to cover future priorities of the Strategic Plan; 5) a provision that Oceano will withdraw if the ballot measure is unsuccessful and is unable to provide its share of necessary funding based on the new formula; 6) clarification of the effective date of the new funding formula; 7) include a contingency plan for the remaining agencies of the JPA if Oceano withdraws, which includes the distribution of assets and liabilities; 8) Include a provision to amend Section 17a for a wind down of 8 months that would begin once the outcome of the measure is known; 9) that a set date/year be established for the JPA to be reviewed; and 10) that the amendment be brought back to the Council no later than September 1, 2019. Additional comments included ensuring that work continues concurrently on having a backup plan and costs in place should the measure fail and Oceano withdraws from the JPA, and ensuring that worker's compensation and PERS liabilities are addressed in the discussion of the funding formula.

**Discussion**

Key components of the Second Amendment to the Five Cities Fire Authority are discussed below:

Section 2 Strategic Plan – This section commits the three parties to continue implementing the hiring of three (3) full-time positions to be assigned to the Grover Beach fire station during Fiscal Year 2019-20.

Section 3 Fiscal Year 2019/2020 – This section expressly states the amount each partner agency will fund the Five Cities Fire Authority during FY 2019-20. Arroyo Grande will increase its contribution by \$57,294 from FY 2018-19.

Section 4 Funding Formula - A new funding formula is included as Attachment 1 to the Second Amendment to the JPA.

The current formula produces a current cost allocation of 47% for Arroyo Grande, 34% for Grover Beach, and 19% for Oceano based on a four-part methodology as follows:

- Number of service calls from the previous year
- Population
- Assessed property value
- Service levels (staffing) at JPA inception

The revised funding formula as included in Attachment 1 removes the assessed property value component and changes the service level/staffing component to the number of stations in each jurisdiction. The service calls component was also modified to be a three-year rolling average versus single-year data to smooth out annual discrepancies. This formula is supported by the Managers Working Group as an improvement to the existing formula that leads to a more equitable distribution of costs among member agencies.

On April 19, 2019, the FCFA Board provided direction to support this new formula along with use of a “transitional” formula in determining member contributions in Fiscal Year 2019-20 as further described below. This new formula is now being brought to the respective governing boards of

**CITY COUNCIL  
 CONSIDERATION OF FIVE CITIES FIRE AUTHORITY JOINT POWERS AUTHORITY  
 AGREEMENT SECOND AMENDMENT  
 JUNE 11, 2019  
 PAGE 3**

FCFA member agencies. The amendment was considered and adopted by the City of Grover Beach on June 3, 2019 and will be considered by the Oceano Community Services District (OCSD) on June 12<sup>th</sup> followed by consideration of the FY 2019-20 FCFA Budget by the FCFA Board on June 14<sup>th</sup>.

The following chart illustrates how the funding formula is currently weighted and calculated to allow for community cost allocation along with the proposed changes. While all three communities have a stated goal of consistent station staffing of three personnel daily, the “transitional” model for FY 2019-20 reflects the current staffing levels between the two cities which have three personnel and Oceano which has two personnel per shift. OSCD is placing a measure on the March 2020 ballot to generate additional revenues for fire and emergency medical services and if successful, the revised formula for FCFA contributions would go into effect beginning in FY 2020-21 and the Oceano station would be staffed with three personnel per shift.

<b>Funding Formula Components &amp; Weighting</b>			
	<b><u>Current</u></b>	<b><u>New</u></b>	<b><u>Transitional</u></b>
Population	25.0%	33.3%	<b>33.3%</b>
Calls for Service	25.0%	33.3%	<b>33.3%</b>
Assessed Valuation	25.0%	N/A	<b>N/A</b>
Stations	25.0%	33.3%	<b>33.3% *</b>
<i>Station Staffing - AG*</i>			<b>37.5%</b>
<i>Station Staffing - GB*</i>			<b>37.5%</b>
<i>Station Staffing - OCE*</i>			<b>25.0%</b>

<b>Community Contribution Percentages</b>			
	<b><u>Current</u></b>	<b><u>New</u></b>	<b><u>Transitional</u></b>
Arroyo Grande	47.0%	43.7%	<b>45.0%</b>
Grover Beach	34.0%	33.3%	<b>35.1%</b>
Oceano	19.0%	23.0%	<b>19.9%</b>

Based on the weighting identified above, the member community contribution percentages are presented in the following table. The “current” percentages reflect the existing formula and the “new” percentages reflect the new formula beginning in FY 2020-21 while the “transitional” formula reflects the formula for FY 2019-20.

Section 5 Ballot Measure - The Second Amendment to the JPA Agreement includes language about the OCSD ballot measure in March 2020 and the actions that will occur if the ballot measure does not pass. If the measure does not pass, OCSD will cease to be a member agency of the FCFA on June 30, 2021 following a 16-month “wind down period” identified in the amendment.

Section 6 Wind Down Period - This section specifies a 16-month time period for the distribution of assets and payment of liabilities if the OCSD ballot measure does not pass. During this period,

**CITY COUNCIL  
CONSIDERATION OF FIVE CITIES FIRE AUTHORITY JOINT POWERS AUTHORITY  
AGREEMENT SECOND AMENDMENT  
JUNE 11, 2019  
PAGE 4**

the transitional funding formula used in FY 2019-20 would remain in place rather than using the new funding formula included in the amendment. Staff would work with other members of the Managers Working Group to represent the City's interests during this wind down period. Staff would also engage the Council in discussing the future provision of fire and emergency services in Arroyo Grande during this time.

**ALTERNATIVES:**

The following alternatives are provided for the Council consideration:

1. Adopt a Resolution approving the Second Amendment to the Five Cities Fire Authority Joint Exercise of Powers Agreement;
2. Do not adopt a Resolution approving the Second Amendment; or
3. Provide alternative direction to staff.

**ADVANTAGES:**

Approving the Second Amendment to the Five Cities Fire Authority Joint Exercise of Powers Agreement will continue the partnership to provide fire and emergency services to the City of Arroyo Grande.

**DISADVANTAGES:**

There are no disadvantages identified.

**ENVIRONMENTAL REVIEW:**

No environmental review is required for this item at this time.

**PUBLIC NOTIFICATION AND COMMENTS:**

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.