

**Ridgecrest City Council
Successor Redevelopment Agency
Financing Authority
Housing Authority
STAFF REPORT**

SUBJECT: A Resolution Approving an Agreement between the City of Ridgecrest and the County of Kern to Provide Fire Protection Services within the City of Ridgecrest

PRESENTED BY: Ronald Strand, City Manager

Background

The City of Ridgecrest (City) currently contracts with the County of Kern (County) to provide Fire Protection Services within the City of Ridgecrest through the Kern County Fire Department (KCFD). KCFD has been providing Fire Protections Services to the City since the early 1970's and is operating under an agreement effective July 1, 2017 through June 30, 2022.

There are two KCFD fire stations located in Ridgecrest with two additional fire stations in the Indian Wells Valley (Randsburg and Inyokern). The Ridgecrest stations are staffed 24/7 each with three personnel – captain, engineer and firefighter. All four stations work together to provide a coordinated fire and emergency medical response within the valley.

- Ridgecrest Station 74 – 139 E. Las Flores Ave.
- Ridgecrest Station 77 – 815 W. Dolphin Ave.
- Inyokern Station 73 – 6919 Monache Mountain Ave.
- Randsburg Station 75 – 26804 Butte Ave.

In FY18/19, the Ridgecrest fire stations handled 2461 calls for service.

Within Ridgecrest 2228 – 90.53%

County area 233 – 9.47%

60% of the calls are medical aid

The Ridgecrest fire stations must respond to two or more residents at a time almost every day. Without additional local funding to continue to fire services, the City will need to close one of the two stations, putting lives at risk almost daily.

When the City began contracting with KCFD in the 1970's the County accepted on our Fire Fund property tax increment to fund the fire services (Fire Fund is approximately 9.3% of the 1% property tax collected within the city). This arrangement was beneficial to both the City and the County at the time. The County received additional funds from the City's Fire Fund allocation to help fund a fire station they had to staff for county residents and the City benefited by being part of a regional fulltime fire department that provided more services with not having to fund its own fire department at a greater cost.

In the 2003-2004 Kern County Grand Jury Report, it was noted that the contract cities, including Ridgecrest, were underpaying for fires services. Fire personnel costs and the reduction in oil property tax revenues led to the structural

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deficit of the County Fire Fund, which still exists today. Subsequently, the County met with the contract cities and established a per capita cost methodology to help fund the gap. In 2007, the City and the County entered into a revised agreement for fire protection services and the City began to make direct payments for the first time to the County to augment the Fire Fund.

Current additional fire service agreement costs for the City – general fund.

FY2017/18	FY2018/19	FY2019/20	FY2020/21	FY2021/22
\$252,564	\$257,868	\$263,283	\$268,812	\$274,457

New Fire Service Agreement Cost Allocation Methodology:

In 2018, the County hired the Center for Public Safety Management (CPSM) to provide a comprehensive operational and administrative analysis of the Kern County Fire Department (KCFD). As part of its key findings, CPSM recommended that the County move to a 100% cost recovery for municipal fire service contracts with the nine contract cities, including the City. The County also estimated it only received an average of 48% of its actual costs through the contract city agreements based on the per capita cost recovery methodology.

In 2019, the Kern County Administrative Office retained The Natelson Dale Group, Inc. (TNDG) to investigate potential revisions to the County’s methodology for allocating costs to the nine incorporated cities (Arvin, Delano, Maricopa, McFarland, Ridgecrest, Shafter, Taft, Tehachapi and Wasco) that contract with KCFD for fire protection services. The intent of the study was to identify a cost allocation approach that would more fully recover the County’s actual costs of providing fire protection facilities, equipment and services to the contract cities.

In June 2020, TNDG presented to the Kern County Board of Supervisors the analysis of the “New Fire Cost Allocation Methodology for Contract Cities.” TNDG’s new study used fire response call volume (FY2018/19) to determine a cost of service to serve cities. **This new methodology proposes an increase in the City’s general fund fire service costs by \$1,212,254 or 542% - phased in over a 6-year period of time (\$274,457 to \$1,486,711).** TNDG’s new cost allocation methodology established the City’s base allocation cost at 90.53% and in the county area at 9.47%. The County added a strategic location discount of 15% making the City’s allocation cost for fire service at 75.53% of actual costs for the two Ridgecrest fire stations.

Proposed additional fire service agreement costs for the City – general fund (phased in over 6-years).

Existing	FY2022/23	FY2023/24	FY2024/25	FY2025/26	FY2026/27	FY2027/28
\$274,457	\$415,183	\$583,232	\$773,795	\$987,454	\$1,224,783	\$1,486,711

(City’s annual Fire Fund property tax revenue is currently \$2,118,371)

The proposed agreement is similar to the current FY2017/22 agreement in regards to services rendered and staffing levels. The agreement contains an annual 2% increase (previous agreement was 2.1%) and includes a mechanism to account for increases in Fire Fund revenues toward the City’s annual payment.

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Consultant Review of New Cost Methodology and Fire Services

The contract cities, including Ridgecrest, hired Citygate Associates (Citygate) to review and better understand the County's proposed new cost allocation methodology and fire services. Citygate specializes in fire service studies.

Citygate's key findings:

1. The County's Fire Fund is in structural deficit (not enough revenue to cover expenditures). Additional revenue received from the contract cities based on the new cost allocation methodology will not close the funding gap.
2. There is a demand for fire services both inside and outside of the cities, and the cities and unincorporated areas are completely dependent on each other for the provision of fire services.
3. Because of this interdependency and the relative isolation of each city, no single or combination of data measures is appropriate to establish a fair cost of fire services to the cities. The cost of a fire station service area needs to consider the value proposition of protecting an entire area, not just the populated hub (city).
4. Based on the consumption measures evaluated in this review, along with a factor for shared service interdependence, a 60/40 percent city/County cost share for a single city fire station and a 70/30 percent city/County cost share for a city with two stations is the most appropriate cost share ratio in Citygate's opinion. This recommendation reduces the city incident quantity ratio based on fire crew use outside the city and reflects the wider shared area risks. Each party in the County system has enough risk and consumption to warrant a cost share formula based on more than just consumption. As stated earlier, no single measure tells the whole story.
5. Cities needing only a one- or two-station fire department cannot afford the headquarters staff and support systems for regulatory fire services oversight and compliance (no cost savings to establish our own fire department).

Discussion:

For several years, the City has been receiving fire protection services from KCFD at a very reasonable cost, but, over time, with the reduction in oil revenue and increased personnel costs, the County's Fire Fund went into a structural deficit. To address this the County established a new cost allocation methodology to recover full costs for providing fire service to the contract cities. The contract cities offered other alternatives (county-wide fire assessment/fire district) to the County to ease the overall financial impact on the contract cities, but the County declined to pursue.

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The \$1.2M increase cost for fire protection services is significant and cannot be absorbed in our current budget structure. Even though the increase is phased in over the next 6-years, without additional locally controlled funding, significant reductions in critical services such as police, fire and/or road maintenance will have to be considered.

In an effort to provide the City options, the proposed fire service agreement allows for the City to request a decrease in fire services from two stations to one station (Section 5(E)) to reduce costs - subject to approval by the Fire Chief. Reducing to one fire station would have a significant effect on the fire department's ability to respond in a timely manner with sufficient personnel to effectively fight fires and to respond to lifesaving medical emergencies within our community. The department could only respond to one incident at a time causing a delayed response to a life threatening incident or fire.

Recommendations:

Staff recommends the City Council to adopt a Resolution approving the agreement between the City of Ridgecrest and the County of Kern to provide fire protection services within the City of Ridgecrest.

Staff further recommends that during the FY23 budget preparation, City Council and staff discuss ways to address the increasing fire service costs.

Exhibit A – Proposed Fire Service Agreement FY23/28

Exhibit B – TNDG Analysis of the New Fire Cost Allocation Methodology for Contract Cities

Exhibit C – Current Fire Service Agreement FY17/22

FISCAL IMPACT:

ACTION REQUESTED: Adopt the Resolution.

CITY MANAGER'S RECOMMENDATION: Action as requested.

Submitted by: Strand

Action Date: February 2, 2022