Vernon Fire Service
Affordability, Options, and Change

August 6, 2019
Goals

- Welfare and safety of all community members
- Affordability
- Good governance
Timeline

- June 2009 - Fire Service Salaries were $12,646,948
- January 2018 - Matrix Consulting Group was contracted to complete a Standards of Cover Study
- June 2018 - Fire Service Salaries were $19,266,063
- August 2018 - Matrix report finalized
- September 2018 - City Council authorized negotiations with LA County Fire
- October 2018 - LA County Fire extensive survey began negotiations which have continued through the present
- July 2019 - Vernon co-hosted with LA County Fire two separate informational Town Hall meetings for the public
The trend over the last decade has indicated a significant increase in costs. Based on existing Fire Service model, the trend is anticipated to continue and is unsustainable. Options on the table mitigate the costs for Fire Services in the City. Aid in addressing General Fund shortfall, better position the City for long-term sustainability, and Right-Sizing.
Cost of Service

FY 2009/2010 General Fund = $47,913,541
- Other General Fund: $12,646,948
- Total Fire Operating Budget: $35,266,593

FY 2018/2019 General Fund = $59,711,896
- Other General Fund: $19,266,063
- Total Fire Operating Budget: $40,445,833

In FY 2010, Fire Budget consisted of approximately 26% of General Fund Budget.

By FY 2019, Fire Budget consisted of approximately 32% of General Fund Budget.
**Cost of Service**

**FY 2009/2010 Fire Operating Budget = $12,646,948**
- Dept Staffing = 80
- Minimum Daily Staffing = 22

**FY 2018/2019 Fire Operating Budget = $19,266,063**
- Dept Staffing = 68
- Minimum Daily Staffing = 21

General Fund Increase of $11,798,355 since 2010
Fire Budget Increase of $6,619,115 since 2010

Fire Operating Budget accounts for over half of General Fund increase
Additional Costs of Vernon Fire Service – Other Post-Employment Benefits

- Annual Vernon Fire OPEB liability equates to approximately $26,000 per headcount
- With its current 55 active employees, the City’s liability totals approximately $1.4 million per year (for existing Vernon Fire personnel alone)
- The City must also account for costs associated to employees already retired who are eligible for same benefits
Additional Costs of Vernon Fire Service – Other Post-Employment Benefits

• The City established an OPEB Trust with CalPERS in 2017 to pre-fund its OPEB
  • Despite its existing general fund deficit, the City contributes to its OPEB Trust approximately $1.0 million per year, although its annual required payment to fully fund its OPEB costs is $4.2 million
  • Based upon the various programs and services in place, the City is not able to address its annual funding requirement unless the City is able to raise sufficient taxes, reduce costs, or both
  • As of January 1, 2017, the City has an unfunded OPEB liability of $35.4 million
City Revenues

Measure K (April 2013) sunsets end of FY 2023
A Business License Tax Increase was approved by voters for a period of 10 years to generate about $4.5 million in business license tax revenues to the City

Measure L (April 2013)
A Parcel Tax on Commercial Properties was approved by voters to generate about $1.9 million per year in revenue for the City

Measure M (April 2013) amended via Measure R (April 2018) sunsets end of FY 2027
A Utility Users Tax on commercial users of electricity, gas, telecommunications, video, and water services was approved by voters for a period of 10 years at a rate of 6% to generate about $10 million in revenue for the City
City Revenues

FY 2019/2020 LA County Fire Model
Estimate of Total Revenues = $59,184,142*

- General Government
  - Plan Check Fees
  - Grant Revenues
  - Fines/Penalties
  - Building Permits
  - Rents
- Other Taxes
  - Property Taxes
  - Sales and Use Tax
  - Franchises/Agreements

*Estimates using the LA County Fire model and proposed FY 2019/2020 budget numbers as of 6/20/19
Based on thorough analyses, a reduction of minimum staffing will not adversely affect the fire protection system in the City of Vernon.

Recommendations from study:
- Reduction of minimum staffing for each shift from 21 personnel to 17 personnel OR 15 personnel (with the use of a private ambulance transport)
- Closure of Station 78 (on Soto)

Summary of findings:
- Unit utilization - uncommitted time is consistently over 95% for all units
- Call concurrence - Over 80% of the time calls for service are single calls
- Over 76% of the calls in Vernon are for emergency medical calls, auto accidents, and alarm activations
- An additional 11% of Calls for Service are for providing mutual aid to neighboring communities
Right-Sizing Fire Services - Affordability

Consistent with City Administration goals and City Council’s direction, streamlining costs and increasing efficiencies within the Fire Department are priorities

- Data and recommendations outlined in the Matrix study, coupled with growing costs of Vernon Fire made clear that there was a need to evaluate changes to the current fire services model
- Four options will be presented:
  - LA County Fire model
  - Vernon Fire “17” model
  - Vernon Fire “15” model (no paramedic program)
  - Vernon Fire “21” model (status quo)
Right-Sizing Fire Services - Affordability

The four Fire Service Model options offer comparable professional service, but vary in cost

• Each option promotes the safety and welfare of the Vernon community
  • Utilizing facts and data, a decision to right-size the City’s fire services must be determined
    • Discussion
      • Quality of Service
      • Cost of Service
    • How will the Fire Service decision impact Vernon?
      • Each option must be weighed carefully
Quality of Service
Both the Vernon Fire Department and Los Angeles County Fire utilize nationally recognized standards of coverage modeling for emergency response management.
Quality of Service

Level of Fire Service
A service plan that is designed to efficiently meet the needs of the community without compromising its welfare and safety

Quality of Fire Service
The degree to which a service leads to satisfaction that is measureable (response time, EMS Services, fire suppression, etc.)

With the right-size level of service, quality will not be compromised
LA County Fire has proposed the following staffing model

<table>
<thead>
<tr>
<th>City Station</th>
<th>Unit/Apparatus Type</th>
<th>Post Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>76</td>
<td>Engine</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Truck</td>
<td>4</td>
</tr>
<tr>
<td>77</td>
<td>Engine</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Paramedic Squad</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total Daily On-Duty Staffing</strong></td>
<td></td>
<td><strong>13</strong></td>
</tr>
</tbody>
</table>

Not including Fire Prevention staffing, which includes two Inspectors.
Among statistics considered by LA County Fire to determine adequate staffing levels, equipment needs, and station configuration were:

- Call volume – A total of 4,898 calls for service (emergency & non-emergency) from years 2015-2017
- Call concurrence
- Shared Areas of Coverage – LA County has numerous stations within arm’s reach of City
- Mutual aid agreements
- % of uncommitted time for units
Quality of Service

Comparisons

- **LA County Fire Model**
  - Immediate response resulting from availability of 111 firefighters within a 5 square mile radius of Vernon
  - Power in numbers due to Circles of Coverage
Quality of Service

Comparisons

• Vernon Fire Model
  • Vernon Fire would rely upon automatic and mutual aid for an effective force to augment its initial response from its closest and available fire jurisdictions.
  • The greater distance these units travel (sometimes from Glendale, Arcadia, etc.) impacts the ability to provide safe and reliable emergency response.
Quality of Service

LA County Fire Model

- Initial Response to a Commercial Structure Fire – 5 engines, 2 trucks, 1 paramedic squad and 2 battalion chiefs
- LA County Fire and third Integrated Command – Fire and emergency medical services
- Replacement Vehicles – Funded through the overhead paid annually
- Immediate Dispatch – Closest available LA County Fire units dispatched to simultaneous City incidents
- Constant Staffing – All vacancies will be backfilled by uniformed LA County Fire staff (over 2,000 uniformed personnel)
- Specialized Resources – Urban Search & Research Units and Hazardous Materials Squads
Cost of Service
In consideration of the long-term Citywide goals and the recommendations in the Matrix study, options for the City’s Fire Service include:

<table>
<thead>
<tr>
<th>Fire Service Options</th>
<th>Year 1 Estimates</th>
<th>Year 2 Estimates</th>
<th>Year 3 Estimates</th>
<th>Year 4 Estimates</th>
<th>Year 5 Estimates</th>
<th>Year 6 Estimates</th>
<th>Year 7 Estimates</th>
<th>Year 8 Estimates</th>
<th>Year 9 Estimates</th>
<th>Year 10 Estimates</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA County Fire*</td>
<td>$16.1</td>
<td>$14.9</td>
<td>$15.4</td>
<td>$14.6</td>
<td>$15.1</td>
<td>$15.7</td>
<td>$16.3</td>
<td>$17.0</td>
<td>$17.7</td>
<td>$18.4</td>
<td>$161.2</td>
</tr>
<tr>
<td>Vernon Fire “17” Model*</td>
<td>$16.6</td>
<td>$17.9</td>
<td>$19.0</td>
<td>$20.2</td>
<td>$21.2</td>
<td>$22.3</td>
<td>$23.4</td>
<td>$24.5</td>
<td>$25.8</td>
<td>$27.1</td>
<td>$217.9</td>
</tr>
<tr>
<td>Vernon Fire “15” Model*</td>
<td>$15.6</td>
<td>$16.5</td>
<td>$17.5</td>
<td>$18.6</td>
<td>$19.5</td>
<td>$20.5</td>
<td>$21.5</td>
<td>$22.6</td>
<td>$23.7</td>
<td>$24.9</td>
<td>$200.8</td>
</tr>
<tr>
<td>Vernon Fire “21” (Status Quo)*</td>
<td>$19.8</td>
<td>$21.2</td>
<td>$22.5</td>
<td>$23.9</td>
<td>$25.1</td>
<td>$26.4</td>
<td>$27.7</td>
<td>$29.1</td>
<td>$30.5</td>
<td>$32.0</td>
<td>$258.1</td>
</tr>
</tbody>
</table>

*Estimates provided by Finance and Fire Department staff are as of 7/18/19 and exclude OPEB costs.
Cost of Service

Per Year Cost Estimates (in $ Millions)

- LA County Fire
- Vernon Fire "15" Model
- Vernon Fire "17" Model
- Vernon Fire "21" Model (status quo)
## Cost of Service

<table>
<thead>
<tr>
<th>LA County Fire Model Estimated Cost Breakdown</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Fee for Services (assumes 4% increase for years 2-5)</td>
<td>$12,929,325</td>
<td>$13,446,816</td>
<td>$13,984,689</td>
<td>$14,544,076</td>
<td>$15,125,840</td>
</tr>
<tr>
<td>Conversion Costs (36 equal monthly payments) - Incorporates credit of $460,546</td>
<td>$1,090,790</td>
<td>$1,090,790</td>
<td>$1,090,790</td>
<td>$1,090,790</td>
<td>$1,090,790</td>
</tr>
<tr>
<td>Annexation Processing Fees (one-time fee)</td>
<td>$8,800</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LAFCO Municipal Services Review Consultant Cost (MSR)</td>
<td>$75,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplemental Uniform/Equipment Costs (one-time fee)</td>
<td>$35,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vacation, Holiday, Sick Days Payouts (36 equal monthly payments)</td>
<td>$288,778</td>
<td>$288,778</td>
<td>$288,778</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vacation, Holiday, Sick Day Payouts upon transfer (as per MOU)</td>
<td>$1,600,516</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous Costs (shared capital expenses, repairs, etc.)</td>
<td>$50,000</td>
<td>$40,000</td>
<td>$30,000</td>
<td>$20,000</td>
<td>$10,000</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>$16,078,209</strong></td>
<td><strong>$14,866,384</strong></td>
<td><strong>$15,394,257</strong></td>
<td><strong>$14,564,076</strong></td>
<td><strong>$15,135,840</strong></td>
</tr>
</tbody>
</table>
If Vernon utilizes its existing model, the City will spend approximately $258 million over the next 10 years, but savings may be realized through right-sizing Fire Services.

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<th>Year 10 Estimates</th>
<th>Totals</th>
</tr>
</thead>
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<tr>
<td>LA County Fire Model Savings*</td>
<td>$3.7</td>
<td>$6.4</td>
<td>$7.1</td>
<td>$9.3</td>
<td>$10.0</td>
<td>$10.7</td>
<td>$11.4</td>
<td>$12.1</td>
<td>$12.8</td>
<td>$13.6</td>
<td>$97.2</td>
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<tr>
<td>Vernon Fire “17” Model Savings*</td>
<td>$3.2</td>
<td>$3.3</td>
<td>$3.5</td>
<td>$3.7</td>
<td>$3.9</td>
<td>$4.1</td>
<td>$4.3</td>
<td>$4.6</td>
<td>$4.7</td>
<td>$4.9</td>
<td>$40.2</td>
</tr>
<tr>
<td>Vernon Fire “15” Model Savings*</td>
<td>$4.2</td>
<td>$4.7</td>
<td>$5.0</td>
<td>$5.3</td>
<td>$5.6</td>
<td>$5.9</td>
<td>$6.2</td>
<td>$6.5</td>
<td>$6.8</td>
<td>$7.1</td>
<td>$57.3</td>
</tr>
</tbody>
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*Estimates provided by Finance and Fire Department staff are as of 7/18/19 and exclude OPEB costs.
Right-Sizing Fire Services

Summary
## Comparisons

<table>
<thead>
<tr>
<th>Fire Service Options</th>
<th>High Quality Services</th>
<th>CUPA In-House</th>
<th>Fire Inspectors In-House</th>
<th>Specialized Services (USAR, Hazmat)</th>
<th>Mutual Aid Access</th>
<th>Layered Circles of Coverage in 5-Mile Radius</th>
<th>Cost Savings</th>
<th>Bureaucratic Layering</th>
<th>Robust EOC Training Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA County Fire Model</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Vernon Fire “17” Model</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vernon Fire “15” Model</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vernon Fire “21” (Status Quo)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
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</tr>
</tbody>
</table>
Takeaways

Quality of Service

• Reduction of staffing, equipment, and stations will not adversely affect the City’s fire protection system

Cost of Service

• Reduction of staffing, equipment, and stations will alleviate fiscal impacts on the City

“Right-Sizing” Fire Service

• Bridge the gap between existing model and recommended model
Conclusion

New Mode of Operating in Vernon

• The ability to be transformative is key
• Era of transparency
• City is not unlimited in cash resources – ATM is running out
• Bold and difficult decisions required to lead Vernon into a viable, stable future
Conclusion

Recommendation:

• LA County Fire Model

The Decision to Right-Size Fire Service

• Alternatives:
  • Vernon Fire “17” Model
  • Vernon Fire “15” model (no paramedic program)
  • Vernon Fire “21” model (status quo)
Q & A Session