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August 13, 2014 (Agenda)

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 Agenda Item 9

Local Agency Formation Commission
 651 Pine Street, Sixth Floor
 Martinez, CA 94553

Update - Second Round Municipal Service Reviews

Dear Members of the Commission:

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) requires that on or before January 1, 2008, and every five years thereafter, LAFCO, review and update the sphere of influence (SOI) of each local agency, as necessary. As part of the SOI update, LAFCO must prepare a Municipal Service Review (MSR) to determine the range and adequacy of municipal services provided.

In April 2013, Contra Costa LAFCO completed its inaugural MSR cycle covering all 19 cities and 78 special districts. In conjunction with the MSRs, LAFCO updated the SOIs for most agencies. In August 2013, LAFCO initiated its second round MSRs/SOI updates, and completed its water/wastewater MSR in June 2014.

As discussed with the Commission at the 2013 strategic planning session and in conjunction with the FY 2014-15 budget/work plan, next on the list of second round MSRs are fire and emergency medical services (EMS) in FY 2014-15, followed by healthcare services in FY 2015-16.

On June 11, the Commission approved the Request for Proposals (RFP) for the EMS/Fire service MSR. The RFP was released on June 12, was sent to approximately 30 firms, and posted on the Contra Costa LAFCO, CALAFCO and California Special Districts Association websites. In response to the RFP, **no proposals were received**. A number of LAFCOs throughout the State are experiencing challenges with second round MSRs and other LAFCO studies. As a follow-up, LAFCO staff contacted some of the MSR consultants for feedback, and asked the following questions:

1. *Why didn't your firm bid on the MSR?*
2. *What can Contra Costa LAFCO do to make the project more appealing to bidders?*
3. *If Contra Costa LAFCO were to change the order of its second round MSRs and move healthcare before Fire, would you consider bidding on the healthcare MSR?*
4. *Can you offer any suggestions?*

The comments received from the consultants are summarized below:

- **Timing** - Several firms indicated they currently have a full workload and/or are under-staffed (due to the recession), and are unable to take on additional work at this time. Several firms said they would be

able to take on other projects in early 2015. A couple of firms suggested that LAFCO wait until the County has awarded the ambulance contract before embarking on the second round Fire MSR.

- **Scope of Work** – A number of firms expressed concern with the work/cost involved in updating the first round Fire MSR, as it was extensive. Several firms suggested we narrow the scope or approach or “phase” the second round MSR (e.g., operational/fiscal, “problem” or “issue” oriented, sub-regional approach, city/district, high risk vs. low risk areas, etc.).
- **Switching the Order** – The Commission could defer the Fire MSR and move forward with the healthcare MSR. Two firms expressed interest in bidding on the healthcare MSR.

We also followed up with the Fire Chiefs and County EMS Director to solicit feedback on the second round EMS/Fire MSR. The comments received from the Fire and EMS staff are summarized below:

- The first round EMS/Fire MSR was exhaustive, and would be overwhelming to duplicate/update. LAFCO should narrow the focus of the second round MSR (e.g., operations, communications, vehicle maintenance, code enforcement, etc.).
- The second round MSR should focus on paths forward (e.g., consolidation, JPAs, contracts, informal agreements, mutual/auto aid, other sharing opportunities, etc.).
- A phased MSR has merit. Perhaps review of the Ambulance Exclusive Operating Area could be one phase; a second phase could be a review of West Contra Costa County. The issues are distinct among the various regions of the County (Central, East, West).
- In light of the recommendations contained in the recent County EMS Modernization Study, there is potential for a shift in emergency medical services to be more aligned with the healthcare system. Given the potential for integration of these systems, the EMS component could be moved from the Fire MSR to the healthcare MSR, and the Fire MSR could focus exclusively on fire and all hazard services. This suggestion could also be beneficial in terms of narrowing the scope of services and making the Fire MSR more attractive to potential bidders.
- All of Fire and EMS staff expressed a desire to defer the Fire MSR for various reasons, such as competing projects including awarding the countywide ambulance contract in September 2015, ongoing challenges and fluctuations in fire service operations (e.g., station closures), and recent and anticipated changes in leadership. It was also noted that fire service has recently benefitted from a slight increase in property tax revenue, and that another 12 months of increased property tax revenue could have a positive impact for some local agencies.

LAFCO staff also sent an email to the other LAFCOs asking for input and names of MSR consultants; several additional consultants were identified and added to our list.

At this time, we offer the following options for the Commission’s consideration:

1. Re-issue the RFP for the second round Fire MSR with a revised/focused scope of service as determined by the Commission. Consider moving the EMS component to the healthcare MSR.
2. Change the order of MSRs; defer the Fire MSR and direct staff to develop an RFP for the second round healthcare MSR for the Commission’s consideration in September 2014.

RECOMMENDATION

Based on comments received from the consultants and Fire/EMS, staff recommends that the Commission consider including the EMS component in the healthcare MSR and move forward with the healthcare MSR this year, while deferring the fire MSR until Fall 2015 following award of the County’s ambulance contract.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER

c: Fire Chiefs
EMS Director