



CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and City Council **DATE:** June 17, 2019

FROM: Matthew Bronson, City Manager

PREPARED BY: Matthew Bronson, City Manager

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

RECOMMENDATION

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

BACKGROUND

On June 3, 2019, the Council adopted a Resolution approving a Second Amendment to the Five Cities Fire Authority (FCFA) Joint Exercise of Powers Agreement. This amendment modified the funding formula that determines the contribution amounts for the member agencies including the cities of Arroyo Grande and Grover Beach and the Oceano Community Services District (OCSD). The amendment also included language about an OCSD ballot measure in March 2020 to generate additional funding for fire and emergency medical services and the actions that will occur if the ballot measure does not pass.

Subsequent to the Council's approval of this amendment, the contribution amount specified for OCSD in the amendment was determined to be incorrect. The amount included in the amendment was \$1,062,383 while the correct amount is \$1,138,148 or an additional \$75,765. The Council is asked to adopt a new Resolution shown in Attachment 1 approving a revised Second Amendment to the Joint Exercise of Powers Agreement that reflects this correct amount. The Arroyo Grande City Council approved this revised amendment on June 11, 2019 and the OCSD Board approved it on June 12, 2019.

FISCAL IMPACT

There is no fiscal impact to the City from this action.

ALTERNATIVES

The City Council has the following alternatives to consider:

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

PUBLIC NOTIFICATION

The agenda was posted in accordance with the Brown Act.

ATTACHMENTS

1. Resolution
Exhibit A: Revised Second Amendment to FCFA JPA Agreement

RESOLUTION NO. 19-__

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GROVER BEACH, CALIFORNIA APPROVING A REVISED SECOND AMENDMENT TO THE FIVE CITIES FIRE AUTHORITY JOINT EXERCISE OF POWERS AGREEMENT

WHEREAS, the City of Grover Beach ("City") is a member agency of the Five Cities Fire Authority (FCFA), which was created in 2010 upon approval of a Joint Powers Authority Agreement by the City, City of Arroyo Grande, and the Oceano Community Services District); and

WHEREAS, the City, City of Arroyo Grande, and the Oceano Community Services District wish to approve a Second Amendment to the FCFA Joint Exercise of Powers Agreement;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Grover Beach that the revised Second Amendment to the Five Cities Fire Authority Joint Exercise of Powers Agreement, attached hereto and incorporated herein as Exhibit A, respectively, is hereby approved and the Mayor and City Clerk are authorized to sign the same on behalf of said City

Upon motion by Council Member ____, seconded by Council Member _____, and on the following roll call vote, to wit:

AYES: Council Members –
NOES: Council Members –
ABSENT: Council Members –
ABSTAIN: Council Members –

The foregoing RESOLUTION NO. 19-__ was **PASSED, APPROVED**, and **ADOPTED** at a Regular Meeting of the City Council of the City of Grover Beach, California this 17th day of June, 2019.

****DRAFT****

JEFF LEE, MAYOR

Attest:

WENDI B. SIMS, CITY CLERK

**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	\$1,138,148
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

****DRAFT****

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.