

# MERGER ASSISTANCE

## SOUTHERN MARIN AND MILL VALLEY FIRE

SEPTEMBER 2022

**Southern Marin Fire Protection District**  
*Merger Ad Hoc Assistance*

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## EXECUTIVE SUMMARY

Since 2014, the Southern Marin Fire Protection District (SMFPD) and the City of Mill Valley (City) Fire Department (MVFD) have been engaged in sharing fire department resources under the simple mission to:

*Identify and implement programs, processes and partnerships that result in cost savings or cost avoidance for both organizations and all communities served; increase organizational efficiencies; enhance firefighter and citizen safety; and strengthen mission resiliency through improved service.*

This report addresses issues raised in the 2019 Citygate Associates, LLC (Citygate) study regarding the headquarters' services merger pilot program and establishes a case for the SMFPD and the MVFD to officially consolidate their agencies into one agency, rather than ending their existing shared services agreements and returning to independent agencies.

The Fire Services Executive Leadership Team and the International Association of Fire Fighters Local for the two fire departments all find that the studies and evidence to date indicate that both fire departments should be consolidated into one all-risk fire department. Since consolidating the management structures, the joint staff have been able to solve many issues that have plagued these departments for years.

The important overall question for the City of Mill Valley (City) in considering annexing fire services into the SMFPD is if the City can afford to transfer enough property tax rate to the SMFPD at the present value of fire services over the long term, even if it is cost neutral. After that, the assessed valuation growth rate covers increased SMFPD operating costs. In other words, annexation allows the City to end its fire service operations and cap its expenses at the current ratio of property tax. The current research to date shows the City, after annexation, will have more than enough property tax, along with other revenues, to continue to provide services and remain fiscally strong.

To date, the service improvements resulting from sharing services include:

- ◆ Reorganizing paramedic services of the MVFD and the SMFPD resulted in the ability to improve engine company staffing in the City to provide a safer and more effective first responder team.
- ◆ Merging the management resources of both agencies has eliminated unnecessary redundancy and has increased internal and external efficiency, including:
  - One Fire Chief may focus on executive management and community connections

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- Two Deputy Chiefs may focus on field operations and training, and personnel and administration
- There is a dedicated Training Officer for both agencies
- Reduction of six Battalion Chiefs between the two agencies to four Battalion Chiefs
- Improved career succession training and resultant redundancy for the top three chief positions
- Joint promotional exams for the Engineer, Captain, and Battalion Chief positions
- Joint new hire recruitment processes
- Participation in the Marin County Regional Fire Academy
- Joint new hire onboarding processes
- Joint engine specification committees
- Joint Training and Safety Committee
- Joint labor relations meetings

Fire Marshal / Prevention services have enhanced service to residents of Mill Valley by improving the detail of plan review as well as plan review turnaround times, thus improving service and saving money for all involved. Prevention services to the City have improved dramatically since the two agencies consolidated resources.

Sharing resources has provided benefits through the consolidation of business practices, software systems, and office support positions which are the backbone of the organizations. For example, combining software platforms created annual license/support savings. Identification of merged operating costs demonstrates savings that would be realized when a singular consolidated agency is achieved.

However, elected official, payroll, and line firefighter positions are still separated, which adds complexity in managing day-to-day operations. Because of the separation, there are two promotion ladders on which the separate agencies promote their own personnel. In a combined agency, the best suited personnel from both agencies, from entry firefighter to fire chief, would be promoted. There are only limited opportunities for the District Board of Directors and the Mill Valley City Council to discuss joint issues or even have a formal conflict resolution plan. One District representing the unincorporated and City areas would provide the public and cooperating agencies one point of contact and relationship.



**Section 5—Financial Analysis** compares a complete annexation of the MVFD into the SMFPD and terminating all existing shared services agreements between the two agencies. The initial analysis was conducted by Charlie Francis in early 2020 under an agreement with GovInvest Inc. Charlie Francis’s report was reviewed in late 2021 and then updated by the two agency staffs in 2022. Citygate has reviewed the updated 2022 analysis which includes negotiated agreements between the staffs of Mill Valley and SMFPD annexing the MVFD into the SMFPD and finds the analysis structure and results reasonable. Although the existing shared services agreement between MVFD and SMFPD establishes a 60-day notice of termination—given the time involved with and application to LAFCO and moving personnel and any necessary equipment—Citygate assumes in this report that whichever the selection will be made in October 2022 and the start date would be July 1, 2023.

Citygate Associates finds an annexation would be fiscally prudent for both agencies, resulting in an estimate cost savings in FY 23/24 of approximately \$225,000 for Mill Valley over the shared service agreement termination option. Although not reflected in Table 1, Citygate was informed that the City also anticipates insurance annual premium savings of approximately \$175,000 per year from its risk sharing pool due to the transfer of its fire operation through annexation to SMFPD beginning in FY 23/24. This would increase the cost savings for Mill Valley between the two options to almost \$400,000 in the initial annexation year.

Another assumption in this analysis made by MVFD and SMFPD staffs, with which Citygate concurs, is the utilization of a conservative approach to estimating revenues. For example, property tax growth is assumed to be 4 percent through FY 25/26 even though the 10-year average Mill Valley annual property tax growth has been approximately 5.4 percent. This conservatism is due the current housing market trends. Additionally, other revenue estimates, such as mutual aid strike team reimbursements that are contingent on Statewide fire activity, are projected at a flat rate of \$400,000, which is on the low end of the amount received by SMFPD over the past five years.

In 2021, when Citygate conducted its high-level peer review of the initial analysis provided by Charlie Francis, several unanswered fiscal items were identified, such as:

- ◆ Prior pension obligation costs to Mill Valley
- ◆ The post-retirement medical care benefit for Mill Valley personnel
- ◆ Transfer and resultant cost burdens of vacation and sick leave balances for Mill Valley personnel
- ◆ Increased headquarters oversight costs, if any, for the added personnel from Mill Valley
- ◆ Transfer of maintenance and operating costs for Mill Valley fire services at present value

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- ◆ Value of and transfer of the apparatus and facility costs in Mill Valley
- ◆ Leaving Mill Valley as is within the Southern Marin Emergency Medical Paramedic System (SMEMPS), Marin Emergency Radio Authority, and the new vegetation management programs and joint powers authority (JPA).

As of August 2022, based on information provided by the staffs of MVFD and SMFPD, these items have now been fully and fairly addressed and are reflected in Table 1 and Table 2.

The following tables, proofed by Citygate, reflect the updated information provided by Mill Valley and SMFPD staffs comparing the separation and annexation options. The tables compare the operating results from separation or annexation, including expenses, property taxes revenues and direct non-property tax revenues, with applicable expense offsets from a Mill Valley perspective (Table 1) and from an SMFPD perspective (Table 2). Table 1 also reflects the differences in the amount of property tax revenue that would be required under both options.

For FY 23/24, while approximately \$394,000 of additional General Fund property tax revenue would be required under the annexation option, that adjusted amount is approximately \$225,000 less than the additional costs needed under the stand-alone option. The movements in General Fund property tax support/transfer to SMFPD under the annexation option results from the following:

- ◆ The base amount needed to operate fire services under the current shared management agreement.

While Mill Valley recently adjusted its firefighter personnel costs closer to the market, at the point of annexation, there remains a small gap in wages and benefits between Mill Valley and SMFPD. In light of the total benefits of long-term annexation, the agencies have agreed to jointly smooth the leveling of personnel compensation into the SMFPD as both agencies obtain cost efficiencies with the annexation. This sharing is on a 50/50 basis and Mill Valley's share is part of the property tax transfer. The SMFPD funds its 50 percent while property tax appreciation from Mill Valley over the first to third year eliminates the offset.

- ◆ It was determined that Mill Valley should provide an amount to the SMFPD to build a vehicle replacement reserve for applicable equipment post annexation, which is not currently addressed at MV.
- ◆ Other smaller one-time payments addressed issues such as earned leave balances.

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**Table 1—Operating Comparison – MVFD**

<b>Component</b>	<b>Projected FY 23/24 Budget</b>	<b>Stand-Alone Option</b>	<b>Annexation Option</b>
Personnel Expenses	\$7,415,471	\$8,033,471	\$7,944,819
Other Operating Expenses/Capital Replacement	\$873,391	\$873,391	\$901,685
Total Expenses	\$8,288,862	\$8,906,862	\$8,846,504
Total Non-Property Tax Revenues	\$931,580	\$931,580	\$383,900
Overtime Savings	-	-	\$412,000
Health Plan Benefit Savings	-	-	\$5,000
SMFPD Offset	-	-	\$294,845
MVFD Net Costs	\$7,357,282	\$7,975,282	\$7,750,759
Pension/OPEB Costs Retained by MV	\$1,126,496	\$1,126,496	\$1,126,496
Net General Fund (Property Tax) Support (exc. Pension/OPEB Costs)	\$6,230,786	\$6,848,786	\$6,624,263

Assuming the net consolidation/annexation cost of approximately \$6.624 million, the City would need to transfer approximately 27.8 percent of its property tax equivalent rate to SMFPD.

The following table shows that although the estimated FY 23/24 year-end operating surplus for SMFPD under the annexation option is reduced to \$68,411, due to additional costs resulting from more employees, operating expenses, and the wage-and-benefit conversion smoothing period for Mill Valley, the benefits of annexation justify the annexation at Year 1, and the total SMFPD property tax continues to appreciate over time. In addition, the annexation option results in a SMFPD surplus as opposed to an \$87,902 operating deficit estimated under its stand-alone option.



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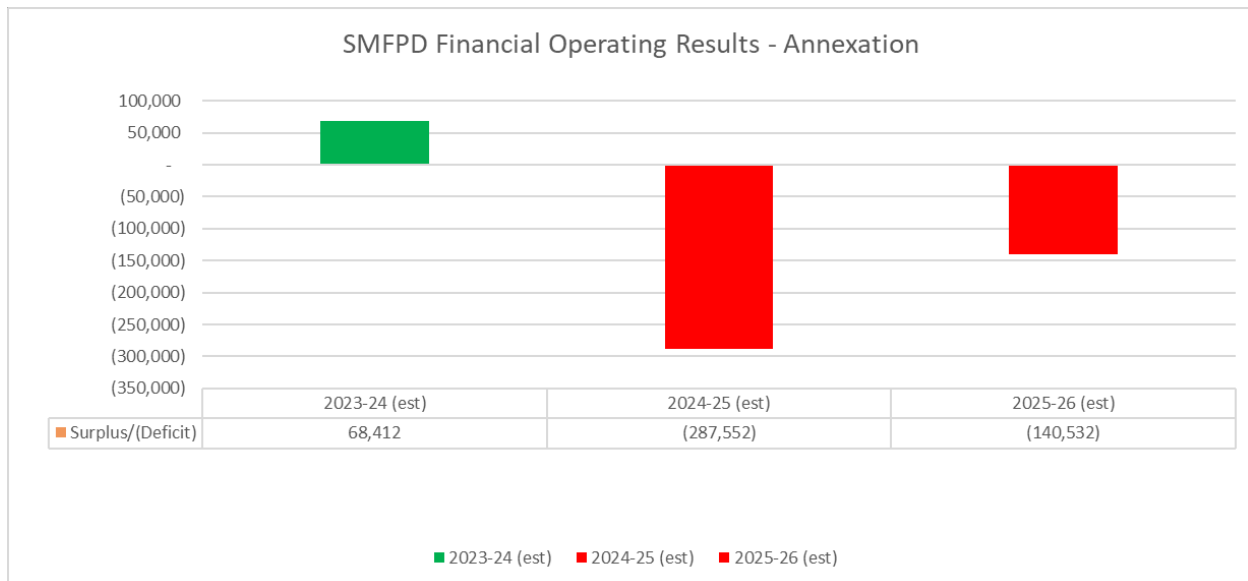
**Table 2—Operating Comparison – SMFD**

Component	Projected FY 23/24 Budget	Stand-Alone Option	Annexation Option
Personnel Expenses	\$19,274,000	\$18,980,075	\$25,347,240
Other Operating Expenses/Capital Replacement	\$6,229,052	\$6,229,052	\$7,130,737
Total Expenses	\$25,503,052	\$25,209,127	\$32,477,977
Total Revenues	\$25,927,462	\$25,121,225	\$32,129,389
Overtime Savings	-	-	\$412,000
Benefit Savings	-	-	\$5,000
SMFPD Operating Surplus/(Deficit) *	\$424,410	\$(87,902)	\$68,411

\* Available to fund unallocated reserves

As previously discussed, SMFPD staff used a conservative approach to project SMFPD financial activity. The following graph shows the year-end budget results from FY 23/24 (assumed annexation year) through FY 25/26.

**Figure 1—SMFPD Financial Operating Results – Annexation**



If Mill Valley property tax revenue growth *alone* exceeded the conservative estimates by 1 percent, year-end operating results would be \$132,106 in FY 23/24, then a negative of (\$154,430) in FY 24/25, and finally \$68,139 in FY 25/26.

These early annexation fiscal swings occur due to how MCERA initially charges the added employees. MCERA’s accounting creates an initial “prepayment” towards the District’s Unfunded

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Actuarial Pension Liability (UAL) for the first year following annexation. Because MCERA's valuations (and therefore employers' and employees' MCERA contribution rates) are based on the demographic data for the year prior, the contribution rates that the District will be paying on the former Mill Valley firefighters will be higher until the next MCERA valuation is released.

As of August 31, 2022, the District has \$1.1M on deposit in a Section 115 Pension Rate Stabilization Program Trust. These funds could certainly be used to stabilize the District's cash flow in the first year following the annexation.

Based on actual property tax appreciation and the MCERA conversion year, there will be small cost swings in the first three years.

Even with these small swings, the benefits gained over the years through operational efficiencies resulting from consolidation will enhance services provided, add redundancy across the agency, and deepen skills in headquarters services.

### ***FINDINGS AND RECOMMENDED NEXT STEPS***

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Over the past six or more years, the two shared services agreements have demonstrated financial and service improvements. It is equally clear that discontinuing combining the two agencies is more costly and less efficient and could result in service degradation if expenses were not increased. Separation from shared services could likely close the door to any future Southern Marin County area fire consolidations.

Given the demonstrated operations value of combining the two agencies into a single agency, along with a positive property tax transfer cost model, annexation will not only solidify the current benefits, but will likely result in additional benefits and opportunities to enhance services, avoid future costs, and increase the efficiency of the dollars the public has entrusted.

Citygate, the Fire Chief, and his staff recommend the following:

**Recommendation #1:** Both the City Council and District Board of Directors should move forward with an application to Marin LAFCO to annex the City of Mill Valley into the Southern Marin Fire Protection District.

**Recommendation #2:** If either governing agency should determine that consolidation/annexation is not in its best interest, that governing body should direct the Fire Chief to begin the separation process from the shared management services contract.

## SECTION 1—THE COMMUNITIES

### 1.1 SOUTHERN MARIN FIRE PROTECTION DISTRICT (SMFPD)

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SMFPD is an independent special district, as defined in California Government Code Title 6 and California Health and Safety Code Division 12—aka the Fire Protection District Law of 1987, established by the Marin County Board of Supervisors in July of 1999. The District was formed by the merger of the Alto-Richardson Fire Protection District and the Tamalpais Fire Protection District. It is governed by seven Board of Directors who are elected to four-year terms.

Currently the District serves the communities of Tamalpais Valley, Almonte, Homestead Valley, Alto, Strawberry, approximately a quarter of the town of Tiburon, and the City of Sausalito. Under contract the District provides fire and Emergency Medical Services (EMS) to Golden Gate National Recreation Area (GGNRA) sites at Fort Baker and the Marin Headlands. The District covers over 20.5 square miles, excluding the GGNRA, a population of approximately 27,000 residents, and over 14,100 homes and commercial properties. The residential population does not include additional impacts due to tourism or populations on the highway network and in the Sausalito Marina. The assessed valuation of the District's boundaries is approximately \$11,378,577,545.

The District's Administrative and Prevention Divisions are located on Liberty Ship Way (LSW) in Sausalito. Emergency Services are delivered from the District's three fire stations: Station 9 in Strawberry, Station 4 in Tamalpais Valley, and Station 1 in Sausalito.

The District has 62 full-time employees and one part-time employee. Headquarters staff include a Fire Chief, one Deputy Fire Chief, two Battalion Chiefs, one Division Chief / Fire Marshal, two and a half Fire Inspectors, a Vegetation Management Specialist, one Human Resources (HR) Manager, one Finance Manager, one Administrative Aide, one payroll assistant, and one Information Technology coordinator. Fire and ambulance company staffing includes nine Fire Captains and 36 firefighters/engineers, 18 of whom are also paramedics.

### 1.2 MILL VALLEY FIRE DEPARTMENT

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The City of Mill Valley (City) is a General Law City and was incorporated in 1901. It operates with a City Council / City Manager form of government. Mill Valley has five elected City Councilmembers who serve four-year terms. The Council annually elects a Mayor and Vice Mayor from their ranks.

The City is primarily a suburban community, with distinctive residential neighborhoods in hilly, wooded terrain in many areas. The City's character represents the many eras of the town's growth from a small mill town to the modern full-service City it is today. The 2010 Census documents 6,534 housing units, the majority of which are single-family dwellings. Of these about 24 percent

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comprise apartments and condominiums. The resident population of approximately 14,000 live in a compact 4.8 square mile area, although they serve as the suburban services center for a larger unincorporated Mill Valley area with an additional population of more than 30,000 residents. The assessed valuation of the City is approximately \$6,435,960,320.

MVFD was first organized in 1890 as a volunteer force. MVFD's estimated value is 4.5 billion dollars. The City's two fire stations each have one engine staffed with three firefighters. A seventh position is a firefighter/paramedic assigned to a shared ambulance (Medic 4) for a total of seven firefighters on duty. The current fire headquarters staffing consists of a Fire Chief, two Battalion Chiefs, and one Fire Administrative Assistant.

### **1.3 SOUTHERN MARIN EMERGENCY MEDICAL PARAMEDIC SYSTEM (SMEMPS)**

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In 1980, the City joined other fire agencies in the Southern Marin areas to form the Southern Marin Emergency Medical Paramedic System (SMEMPS), with the paramedic rescue unit stationed at the Mill Valley Public Safety Building (Station 7). In 1981, the City entered a functional consolidation through a joint powers act with the Tamalpais Fire Protection District.

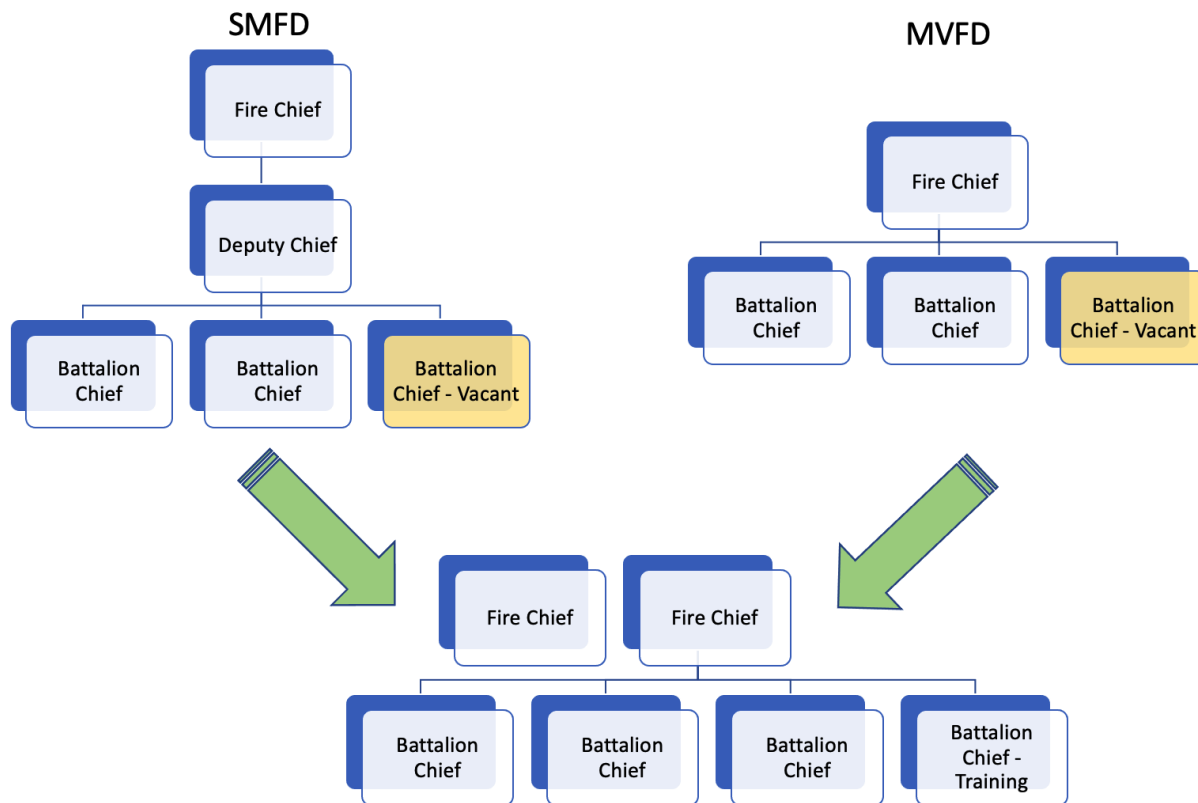
These two agencies, served by a single management team, provide ambulance services to the Southern Marin County area, as well as the Richardson Bay, San Francisco Bay, and Golden Gate National Recreation areas.

## SECTION 2—INTRODUCTION AND BACKGROUND

In October of 2014, the MVFD and SMFPD began a program to test sharing Battalion Chiefs, who provide incident command and perform program management duties. Both agencies had a vacancy in one of their three Battalion Chief positions and before promoting replacement employees into those two positions, the combined operations test program goal was to reduce costs, enhancing skill level at this rank, and increase redundancy during absences. If successful, combining would improve services and emergency outcomes for both agencies.

The initial test was successful and a more formal agreement to continue the test was executed on October 19, 2016, between the two jurisdictions, combining the four Battalion Chief positions into a single command team. The result of this agreement has saved the agencies more than \$500,000 annually. This success prompted the next step; to review the potential value of deeper consolidation.

**Figure 2—Shared Battalion Chief’s Agreement**



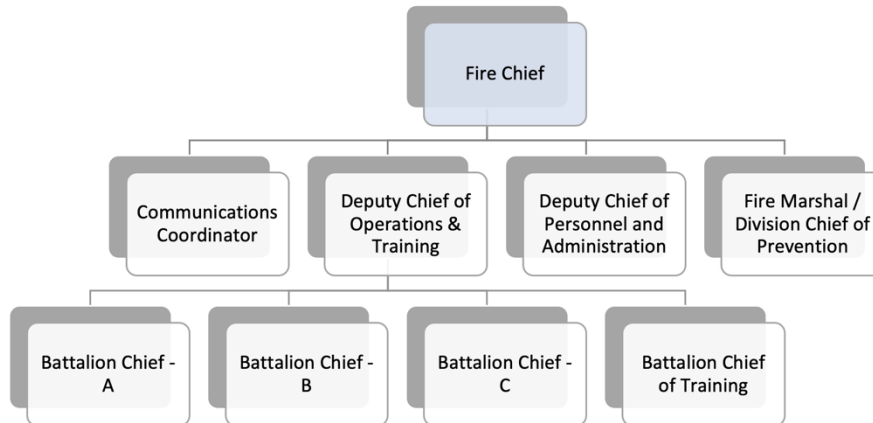
In 2019, the City of Mill Valley and SMFPD contracted with Citygate to conduct a study to assess the value of a shared-management team, which built on the shared Battalion Chief agreement by

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bringing the executive fire department teams and prevention team into a single proposed management structure.

**Figure 3—Combined Management and Command Team – Shared-Services Agreement**



The fully merged organizational structure followed the National Incident Management Model regarding span of control/management, or the number of subordinates under a manager’s direct control, which notes that any supervisor or manager can properly manage between three to seven (five is optimum) resources. Beyond this number of resources, effectiveness and efficiency suffer. The Fire Chief directly manages four resources (personnel and responsibilities), as do the two Deputy Chiefs. The Deputy Chief of Operations and Training directly manages all four Battalion Chiefs, the Deputy Chief of Personnel and Administration directly manages the Finance Manager, Human Resources Manager, the IT Coordinator, and the Administrative Assistant.

Citygate developed the following four recommendations in that report:

- Recommendation #1 – 2019:** Citygate recommends the partner agencies take the next step and trial operate, for two years, a fully shared fire management team using the existing personnel.
- Recommendation #2 – 2019:** The full management sharing program should have Board- and City-Council-adopted performance measures and regular quarterly updates.



**Recommendation #3 – 2019:** If the full management sharing program meets the agencies’ needs after five quarters of operation, the agencies should at that point work to create a permanent, single-employer framework to level any total compensation differences and allow for easier recruitment and retention of managers.

**Recommendation #4 – 2019:** If the next step to fully share management services is not tested, then the agencies should, with due notice to each other, stop the shared Battalion Chief program and restore separate, functional, and regulatory compliant fire management services.

Based on these Citygate recommendations, in January of 2020, the City of Mill Valley and the SMFPD signed an agreement combining the senior management teams of both fire departments into a single team. The understanding at the time was that during the first year of a full administrative merger, opportunities and challenges could be identified that would render a recommendation by the fifth quarter of the agreement whether to formally move to consolidation, or to begin the process of unwinding the shared service agreements and returning to two independent agencies. Having an end point to informal, non-permanent agreements were based on Citygate’s experience that shared services agreements were not viable or sustainable in the long term, especially when founders move on to other agencies or retirement. Properly designed sub-regional partnerships should withstand the changing perceptions of new leaders over time.

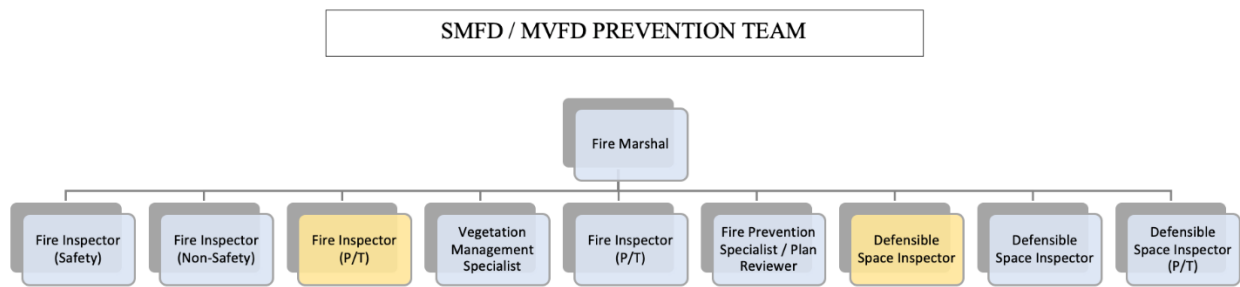
As part of the new agreement, the “Shared Services Agreement,” metrics were identified as an important element. The metrics were agreed to and are critical in factually assessing the value and success of the Shared Services Agreement, and in answering the question of whether the two fire agencies should fully consolidate or operate as independent agencies.

## **2.1 COMBINED FIRE PREVENTION SERVICES**

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The Shared Services Agreement also combined fire prevention and wildfire risk reduction resources into a single team. At the time, the City of Mill Valley did not have a dedicated Fire Marshal; those duties were added to the Fire Chief’s responsibilities. Retired Battalion Chief Scott Barnes managed the MVFD’s vegetation management program, and the on-duty firefighters, who were limited in number and inconsistent in availability, were involved in construction and business inspections of buildings and property each year. As of this Shared Services Agreement, the responsibilities were transferred from MVFD to the SMFPD team.

**Figure 4—SMFPD/MVFD Combined Prevention Team**



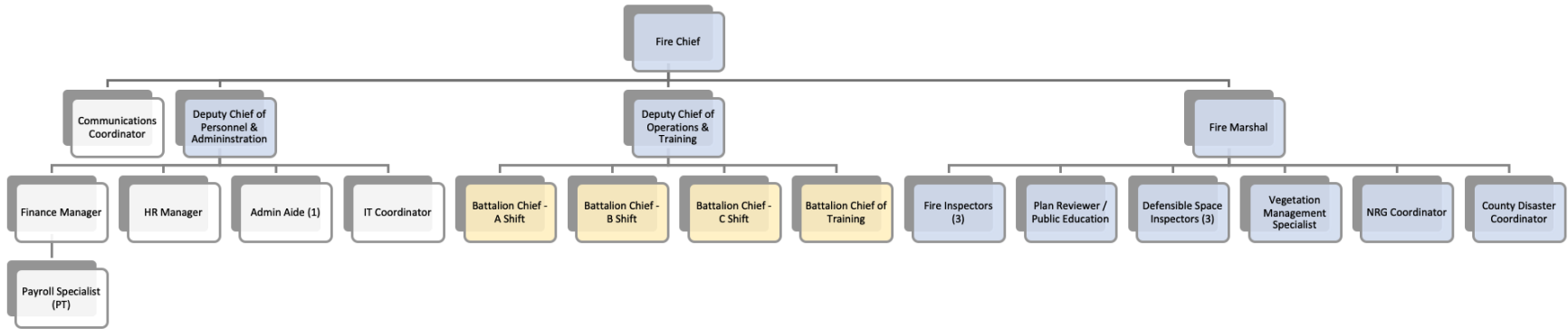
1. Yellow Boxes Indicate Mill Valley Employee, Blue SMFD Employee.
2. Does not reflect MVFD Inspector required in Shared Services Agreement.
3. Does not include coming addition of NRG Coordinator and Regional CERT Coordinator

The SMFPD follows the “All Hazards” approach to preventing and, as needed, responding to the community’s emergent needs. Doing so requires a team of administrative, technical, and sworn specialists supporting the field personnel.

For a smaller agency, providing technical specialty response services is a challenge regarding training, safe operations certification, and command oversight. The SMFPD provides a variety of emergent assistance including EMS; technical rescue, including high/low angle rope, trench and confined space, and water; wilderness and urban search and rescue; hostile environment, including active shooter and structural collapse; hazardous materials; and hostile fire environments, including wildland, urban-interface, vehicle, and structural. These specialty events often involve additional costs for equipment and training, and ultimately increase personal and corporate liabilities to the authority having jurisdiction. SMFPD, in partnership with the MVFD, continues to identify and address this unique set of challenges and adapt its resources to meet and fulfil the greatest needs of the communities it serves.

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**Figure 5—Overall Combined Management and Prevention Team**



## SECTION 3—SHARED-SERVICES RESULTS

### 3.1 TRAINING

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Existing data suggests, and experience validates, that both the SMFPD and the MVFD are better served with a dedicated training officer across the departments. Newly hired employees benefit from the training and experience offered by senior personnel, enabling a level of technical competency. A dedicated training officer is properly equipped and focused to ensure that training mandates are met by federal, state, and local regulators.

Both SMFPD and MVFD offer succession planning opportunities and a staff demographic (age and experience) that ensure the most personally and professionally competent employees are promoted into key leadership positions. Data demonstrates success of the 40-hour training officer who can serve all members of the larger agency equally. Personnel have enjoyed a consistent approach to training across all three fire crew shifts for over a year.

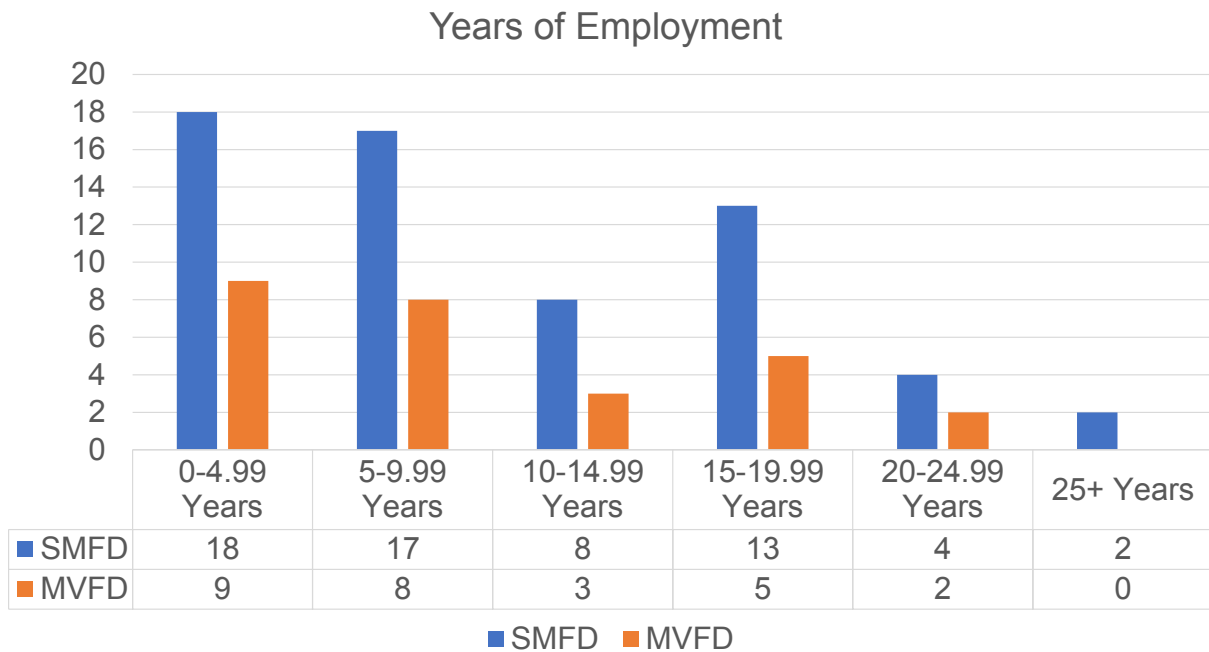
Training in the consolidated program provides significant enhancements to both internal and external stakeholders in five basic areas.

1. **A dedicated training officer:** With a dedicated 40-hour training officer, consistency is ensured across all three shifts with an ever-growing list of federal, state, and local mandates. Standards for training and response are established and all staff are held accountable. Quality assurance oversight reviews for lessons learned at incidents are shared internally with staff, externally with other departments, and with the community as needed.
2. **Expanded opportunities for gaining experience:** With a broadened and diverse service area, opportunities for gaining experience are expanded; all staff have increased opportunities for call volumes and situations that grow firefighter and command chief experience levels. Not every call for service exercises all skills, so it is essential that skills are developed and maintained through rigorous training programs.
3. **Predictable cultural norms:** Predictable cultural norms, created by identifying expectations and assigning accountability from hiring to retirement education and training, provide consistent outcomes. At the root of predictable behaviors is a code of conduct and positive culture that span the merged organization from top to bottom and across junior and senior members alike.
4. **Safer staffing model:** The merged program has created a safer staffing model. Both organizations have been able to reorganize in a manner that creates administrative and operational efficiencies in addition to safer service to residents and firefighters

alike. For instance, the ambulance deployment program was modified in Mill Valley to enhance crew member safety and improve services, such as increased paramedic standby time, to residents with decreased fiscal impacts.

5. **Overcoming low tenure:** The following figure shows approximately 69 percent of the combined Department employees have fewer than 15 years of service, and approximately 31 percent have 15 years or more of service. The greatest number of employees have fewer than five years with the agency.

**Figure 6—Years of Employment – MVFD and SMFPD**

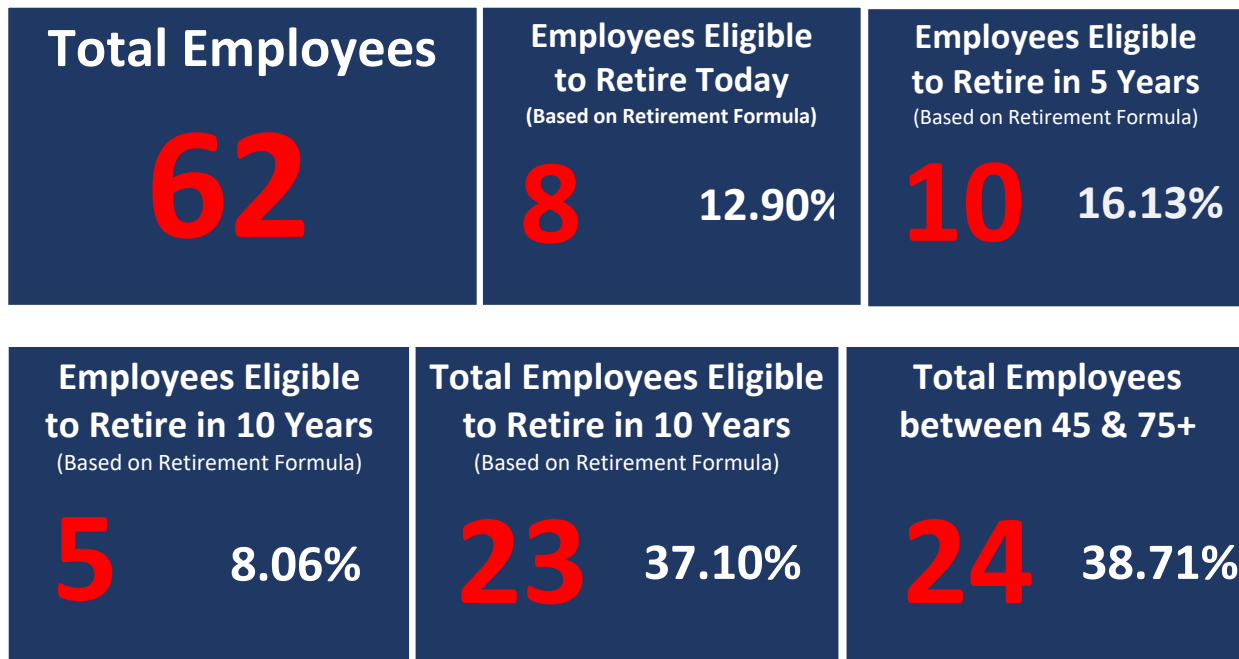
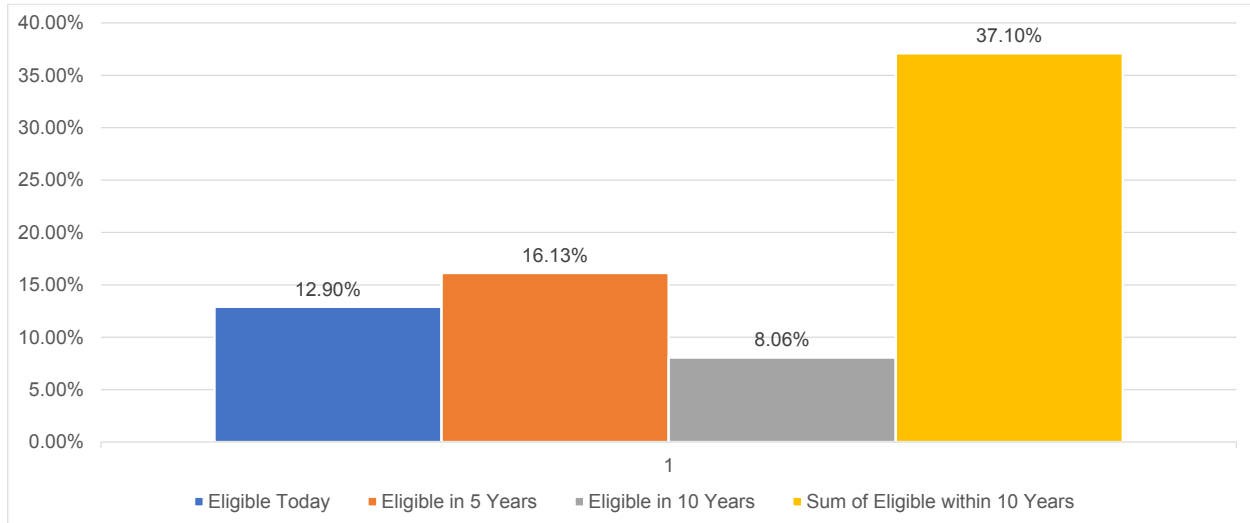


This figure is a valuable tool to monitor the organization to ensure investments in short-tenured employees as we build in the future. The transfer of information from long-term employees to new employees is key to maintaining operational effectiveness and situational awareness.

The next figure shows time to retirement, which is important to monitor for training and career advancement programs to be able to plan education, training, and promotions. Too often, very small agencies, unable to deal with this issue when faced with multiple retirements, are forced into premature promotions or excessive outside hiring, either of which can be detrimental to agency culture.

### 3.1.1 Eligibility for Retirement – SMFPD

**Figure 7—Retirement Eligibility within 10 Years – SMFPD**

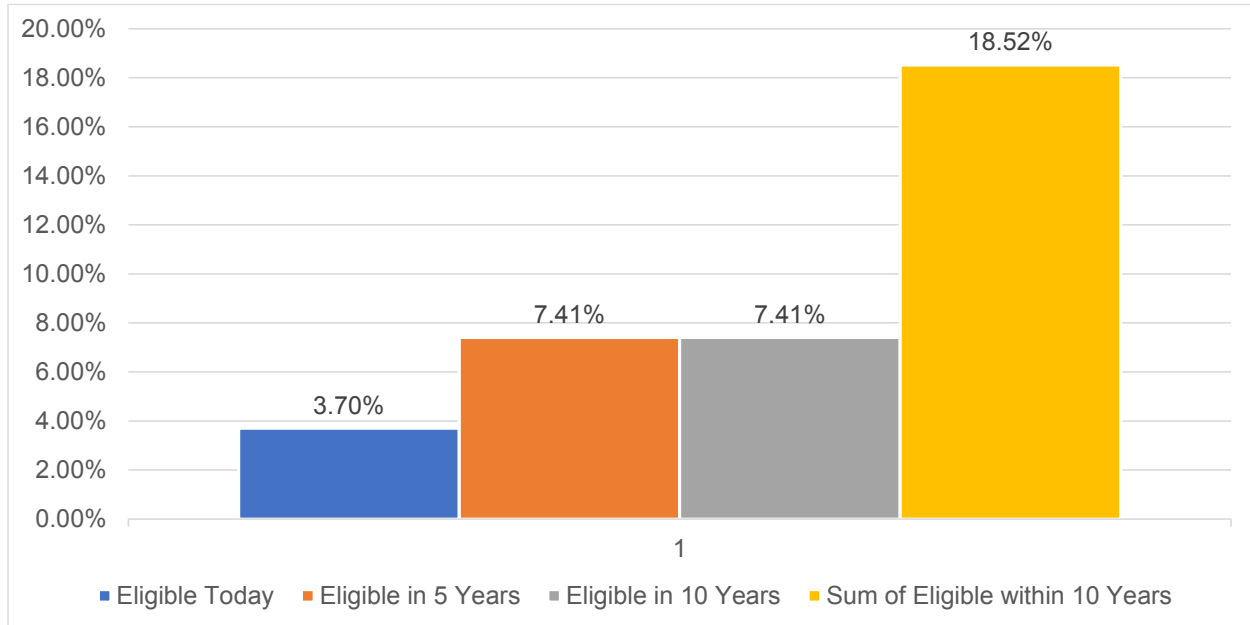


The District currently has eight employees who are eligible for retirement today, with another ten in five years. This represents approximately 29 percent of the District and strongly suggests the District should continue its current efforts to ensure institutional knowledge is being passed to younger members, as well as proactively planning for retirements both in terms of financial resources, as well as impacts of on-boarding and training new employees.



### 3.1.2 Eligibility for Retirement – MVFD

**Figure 8—Retirement Eligibility within 10 Years – MVFD**



<b>Total Employees</b>  <span style="font-size: 2em; color: red;">27</span>	<b>Employees Eligible to Retire Today</b> <small>(Based on Retirement Formula)</small>  <span style="font-size: 2em; color: red;">1</span> <b>3.70%</b>	<b>Employees Eligible to Retire in 5 Years</b> <small>(Based on Retirement Formula)</small>  <span style="font-size: 2em; color: red;">2</span> <b>7.41%</b>
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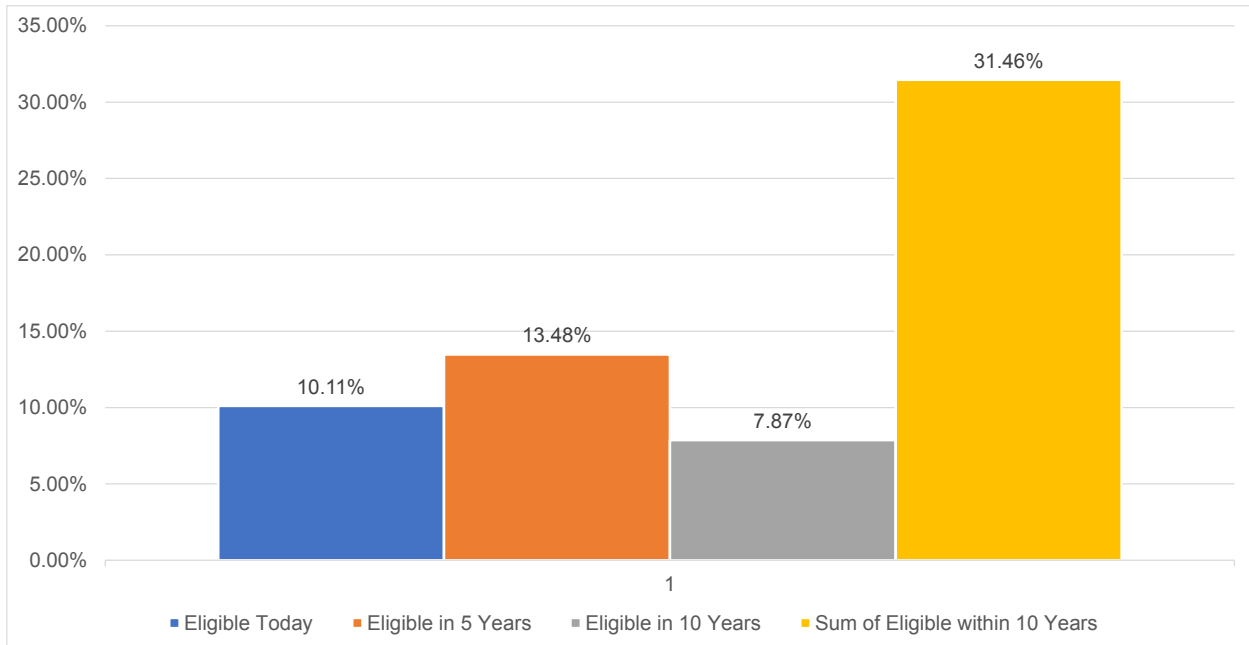
<b>Employees Eligible to Retire in 10 Years</b> <small>(Based on Retirement Formula)</small>  <span style="font-size: 2em; color: red;">2</span> <b>7.41%</b>	<b>Total Employees Eligible to Retire in 10 Years</b> <small>(Based on Retirement Formula)</small>  <span style="font-size: 2em; color: red;">5</span> <b>18.52%</b>	<b>Total Employees between 45 &amp; 75+</b>  <span style="font-size: 2em; color: red;">5</span> <b>18.52%</b>
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Planning to replace key personnel, either by position or by specific knowledge, is very important. To minimize transition strain, reviewing the potential for pre-retirement hiring, training, and succession planning is key. The City currently has one employee who is eligible for retirement today but has two eligible in five years. This represents approximately 11 percent of the

organization. The City also must be proactive in planning for retirements in terms of financial resources as well as the impacts of onboarding and training new employees.

### 3.1.3 Eligibility for Retirement – Combined

**Figure 9—Retirement Eligibility within 10 Years– Combined**



<p><b>Total Employees</b></p> <p style="font-size: 2em; color: red;"><b>89</b></p>	<p><b>Employees Eligible to Retire Today</b> (Based on Retirement Formula)</p> <p style="font-size: 2em; color: red;"><b>9</b></p> <p style="font-size: 1.5em; color: white;"><b>10.11%</b></p>	<p><b>Employees Eligible to Retire in 5 Years</b> (Based on Retirement Formula)</p> <p style="font-size: 2em; color: red;"><b>12</b></p> <p style="font-size: 1.5em; color: white;"><b>13.48%</b></p>
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<p><b>Employees Eligible to Retire in 10 Years</b> (Based on Retirement Formula)</p> <p style="font-size: 2em; color: red;"><b>7</b></p> <p style="font-size: 1.5em; color: white;"><b>7.87%</b></p>	<p><b>Total Employees Eligible to Retire in 10 Years</b> (Based on Retirement Formula)</p> <p style="font-size: 2em; color: red;"><b>28</b></p> <p style="font-size: 1.5em; color: white;"><b>31.46%</b></p>	<p><b>Total Employees between 45 &amp; 75+</b></p> <p style="font-size: 2em; color: red;"><b>29</b></p> <p style="font-size: 1.5em; color: white;"><b>32.58%</b></p>
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MVFD and SMFPD combined currently have nine employees who are eligible for retirement today, with twelve more eligible in five years. This represents approximately 24 percent of the combined workforce. Though the combined department cannot avoid retirement eligibility, the expanded combined personnel pool allows a larger group from which to promote, minimizing the possibility of not having staff prepared to be promoted, thereby lowering risk.

## SECTION 4—COMBINED FIRE PREVENTION SERVICES

The result of merged fire prevention programs has provided substantial value to Mill Valley residents and design and construction professionals. The metrics expose a significant improvement in plan turnaround times, which translates into reduced costs related to construction and permitting. Improved services enhance the quality of life for residents and add value to the local economy.

### 4.1 MVFD PLAN REVIEW METRICS

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Historically, the MVFD Fire Chief reviewed plans for the City, splitting his time between multiple demands and responsibilities. The following metrics were created using reports and data pulled directly from the City of Mill Valley’s permit tracking software regarding the calendar year of 2019 (January 1, 2019, through December 31, 2019).

During 2019, MVFD independently reviewed 166 construction plans, 22 deferred submittals and 94 planning projects, for a total of 282 plan reviews.

When the MVFD Fire Chief conducted all plan reviews, the Department averaged 13.41 days per review, missing the 10-business-day turnaround goal. By 2019, plan reviews were taking an average of approximately 5.8 additional days on top of the 10-business-day turnaround goal, or 15.8 days. Construction reviews and deferred submittals (items submitted after start of construction) were taking an average of approximately one additional day on top of the on top of the 10-business day turnaround timeline goal.

Since the program merger, the SMFPD Fire Prevention Specialist and Construction Fire Inspector perform the plan reviews for the City. SMFPD’s prevention staff began reviewing the City’s plans beginning in March of 2020. The following metrics were created using reports and data pulled directly from the City’s permit tracking software and the City’s emergency reporting software.

- ◆ From March 1, 2020, to December 31, 2020, SMFPD reviewed 154 construction plans, 41 planning projects, 20 vegetation management plans, 44 automatic extinguishing systems, and two fire detection and/or notification systems, totaling 261 technical work document reviews.
- ◆ With SMFPD staff members conducting all plan reviews, SMFPD averaged 8.8 days per plan review.
- ◆ Starting March 1, 2020, planning reviews were taking an average of approximately .73 additional days in addition to the 10-business day turnaround goal, totaling 10.73 days. This is a 5.07-day reduction in the planning review process for Mill Valley (15.8 days -10.73 days).

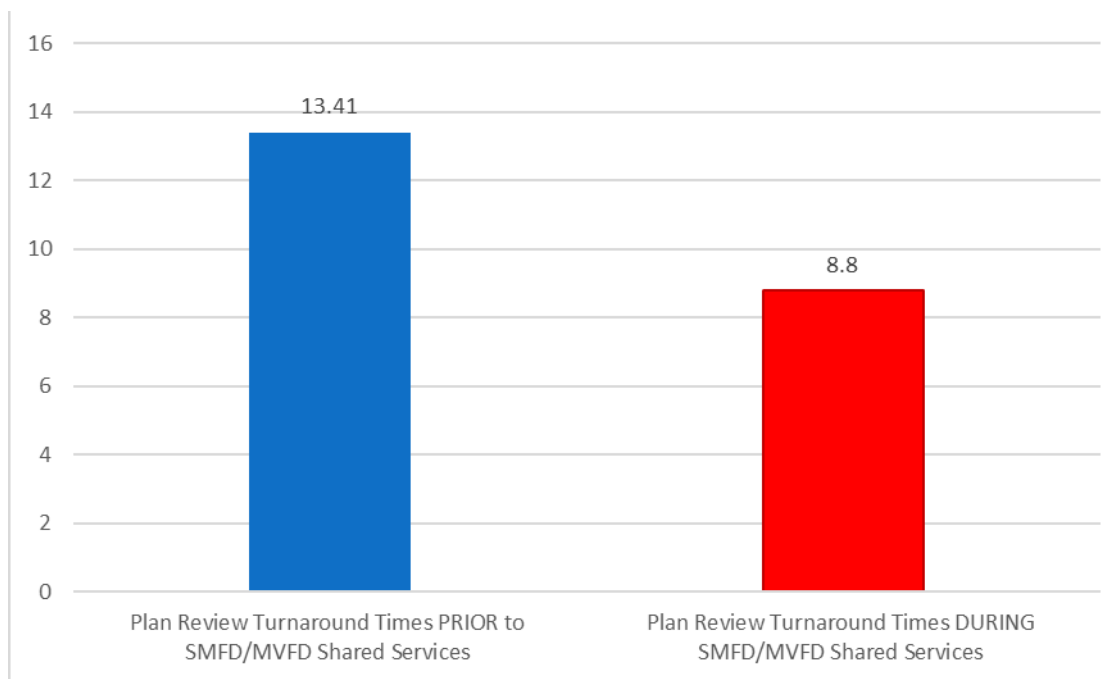
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- ◆ Construction reviews and deferred submittals were taking, on average, approximately 2.5 fewer days (for Mill Valley) to perform plan reviews, making the construction review period roughly 7.47 days per plan review.
- ◆ Unlike when the Fire Chief had to conduct this work, the merged program provides trained, experienced technical staff to work with all types of permits and applicants.

In conclusion, with SMFPD performing the plan reviews for the City of Mill Valley, the plan review turnaround time improved by approximately four and a half days. In addition, the plans, on average, were completed within the 10-business-day review-time goal.

**Figure 10—Plan Review Turnaround Times – MVFD**



#### **4.2 SMFPD PLAN REVIEW METRICS**

During 2019, the then Deputy Fire Marshal performed plan reviews for the first half of the calendar year, with the Fire Prevention Specialist taking over toward the end of May. The following metrics were created using reports and data pulled directly from two different jurisdiction's permit tracking software and the District's emergency reporting software:

- ◆ In the calendar year of 2019, approximately 288 plan reviews were completed, resulting in 259 permits issued by the District.
- ◆ In 2019, SMFPD staff had a plan review turnaround time, on average, of approximately 14.22 days.

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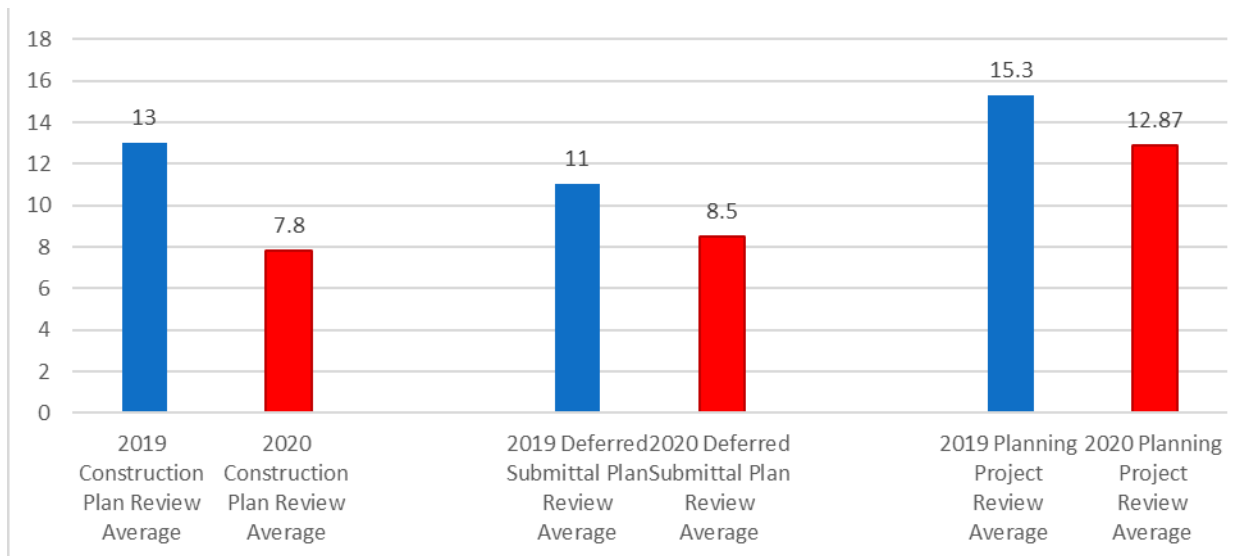
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In the merged operation, the Fire Prevention Specialist and Construction Fire Inspector perform all independent plan reviews and construction inspections for the District and the City of Mill Valley. The following metrics were created using reports and data pulled directly from two different jurisdiction's permit tracking software and the District's emergency reporting systems software.

- ◆ From March 1, 2020, to December 31, 2020, with the addition of Mill Valley's fire prevention responsibilities, SMFPD staff completed a combined total of 633 plan reviews, resulting in 438 issued permits between the District and Mill Valley. 280 of those permits were issued to parcels within the District.
- ◆ The District saw a 69 percent increase of permits issued between 2019 and 2020. There were 120 percent more plan reviews completed by the Fire Prevention Specialist and Construction Fire Inspector in 2020 as compared to 2019.
- ◆ In 2020, with the Shared Services Agreement in place, staff completed SMFPD plan reviews, on average, in 9.42 days, which is within the 10-day turnaround goal.
- ◆ Staff focused on lowering the turnaround times on plan reviews, even with the increase in workload from Mill Valley. On average, staff is now completing construction reviews and deferred submittal reviews nearly five days faster than in 2019. In addition, planning project reviews were reduced by approximately one and a half days in 2020 compared to the previous year.

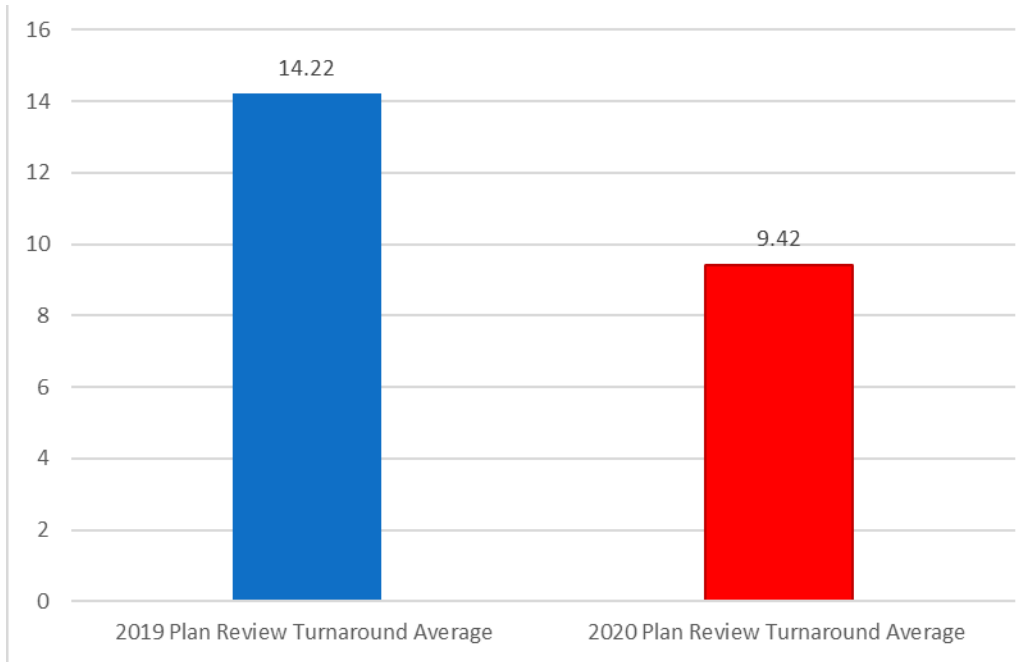
In addition to processing times, MVFD reduced risk to the community by having a trained and dedicated prevention technician responsible for the reviews and construction inspections versus having it as added duty for the MVFD Fire Chief and engine companies.

**Figure 11—Plan Review by Review Type – SMFPD**

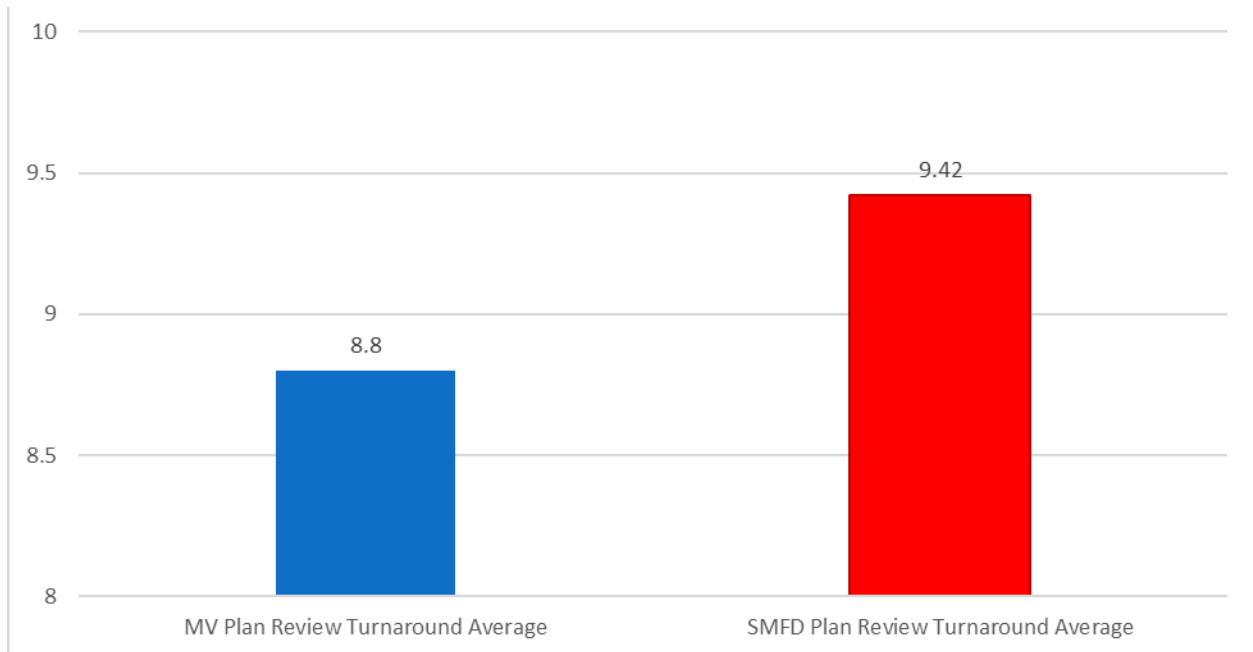




**Figure 12—Plan Review Turnaround Times – SMFPD**



**Figure 13—Plan Review Turnaround Times – Combined**



**4.3 CONSTRUCTION INSPECTIONS – COMPLETION TIME AND QUALITY**

MVFD’s firefighters and captains do not possess the training nor certifications necessary to provide an inspection program that performs at the highest level as they are not trained or certified

as inspectors. Firefighters and captains are challenged to stay up to date with the basic best practices for fire inspections and do not have the State Fire Marshal and NFPA certifications.

At no fault of their own, they are unable to commit to inspection schedules because of their responsibility to respond to incidents whenever they arise. An interview with contractors who have worked with the engine companies performing inspections revealed a 50 percent late inspection rate and a 40 percent cancellation rate. Contractors and homeowners spend hours waiting for firefighters to perform inspections. The firefighters are given a short list of items to verify at the job sites and barely accomplish the inspection's minimum requirements, opening the door for inspection violations to be missed, and thereby increasing community risk.

A thorough fire inspection will not only protect the home and property inspected but the neighboring properties as well through consistent defensible space and the decreased likelihood of home ignition due to fire sprinklers. SMFPD Fire Inspectors remain informed of the hazardous plant species and defensible space requirements needed to keep structures safe during a wildfire event. The new depth of defensible space inspections performed by SMFPD Fire Inspectors in the City will improve the southern Marin communities by decreasing the likelihood of a fire spreading from one jurisdiction to another (conflagration).

#### **4.3.1 Inspection Completion Rates – SMFPD**

- ◆ Six days from inspection request to the date of inspection 96 percent of the time
- ◆ On time or early 94 percent of the time
- ◆ Less than one percent cancellation rate

#### **4.3.2 Inspection Completion Rates – MVFD**

- ◆ Four days from inspection request to the date of inspection 98 percent of the time
- ◆ Late more than 50 percent of the time
- ◆ 40 percent cancellation rate

#### **4.3.3 Inspection Quality – SMFPD**

- ◆ State Fire Marshal certified, annual conference attendee, National Fire Sprinkler Association certified
- ◆ Marin County Fire Prevention Officer member, Northern California Fire Prevention Officer member, PC 832 certified
- ◆ Familiar with all applicable codes and standards. The number of items inspected during an inspection directly correlates to the number of malfunctioning fire protection systems. On average, 43 items are verified per inspection.

#### 4.3.4 Inspection Quality – MVFD

- ◆ Few fire protection system requirements inspected leads to a high likelihood of violations missed.
- ◆ On average, ten items are verified per inspection.

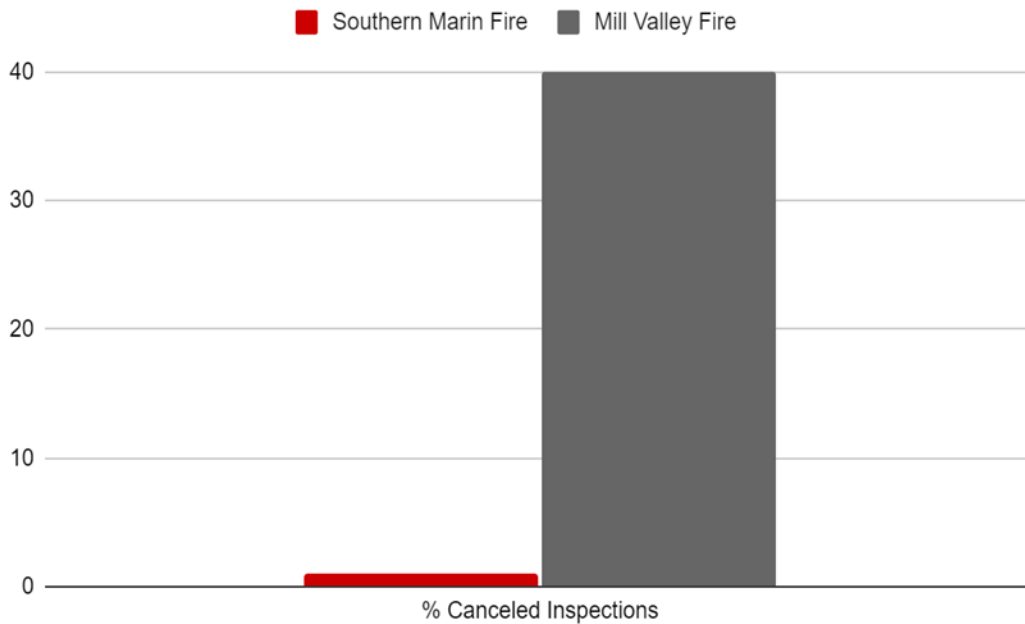
#### 4.3.5 Volume of Inspections – SMFPD

- ◆ 18 inspections per week, on average
- ◆ 936 inspections per year

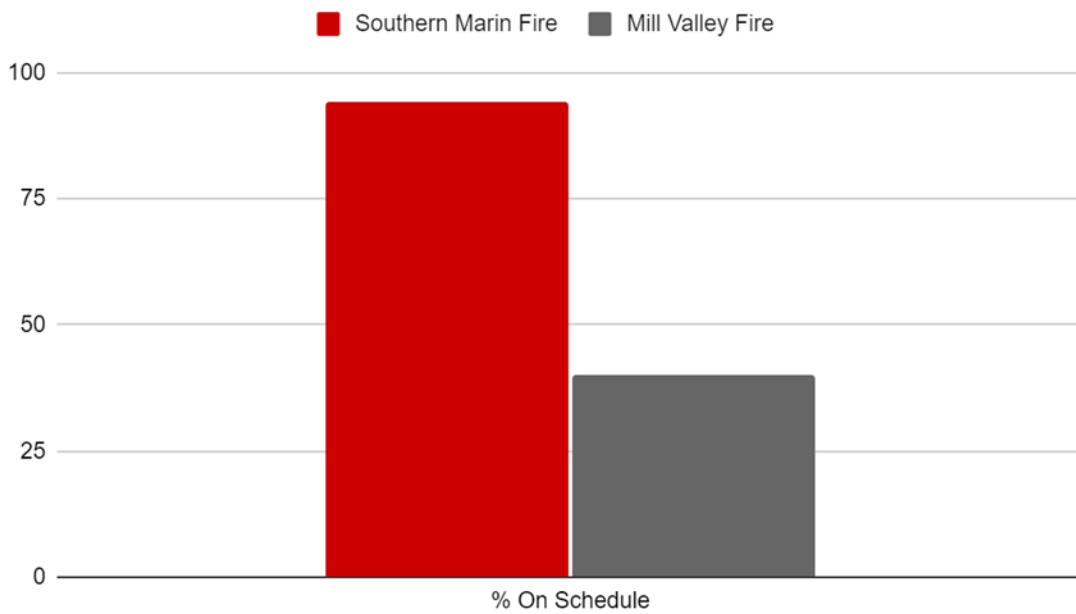
#### 4.3.6 Volume of Inspections – MVFD

- ◆ Eight inspections per week, on average
- ◆ 417 inspections per year

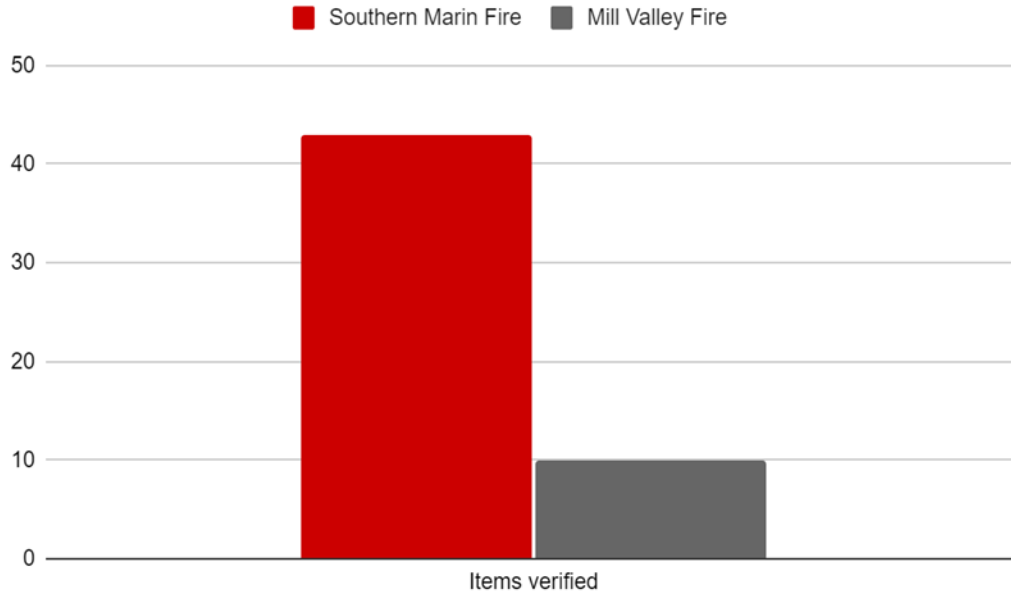
**Figure 14—Cancelled Inspections – SMFPD and MVFD**



**Figure 15—On-Time Inspections – SMFPD and MVFD**



**Figure 16—Depth of Inspections – SMFPD and MVFD**



#### **4.4 VEGETATION MANAGEMENT – QUALITY CONTROL**

Consolidating vegetation management reduces unnecessary costs for the residents and taxpayers of southern Marin and Mill Valley. Having a single point of contact for both districts will improve

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communication by streamlining requests and questions, reduce operating costs for the Department, and allow for larger-scale fuel reduction projects to be accomplished.

**Table 3—Defensible Space Inspections – SMFPD and MVFD**

<b>Agency</b>	<b>2020</b>	<b>2021</b>
MVFD	496	244
SMFPD	1770	92

Efficiencies were found in managing the day-to-day operations, which include, but are not limited to:

- ◆ Planning
- ◆ Defensible space inspections
- ◆ Chipper weeks
- ◆ Chipper requests
- ◆ Roadside clearing
- ◆ Shaded fuel breaks
- ◆ Assisting Firewise USA communities
- ◆ Hazardous tree removal projects
- ◆ Maintaining vegetation along stairs, lanes, and paths
- ◆ Clearing vegetation on evacuation routes

Year to date, SMFPD has successfully removed 103 tons of vegetation over 16.5 miles across 72 streets as part of the Paved Road Project. SMFPD has removed 246 tons of vegetation across 83 streets and notified 2,236 residents about the Chipper Program and has removed 43 tons of vegetation across five sites in two different communities as part of the fuel break program. These numbers will only increase by merging both vegetation programs, ultimately reaching more regions throughout the District, impacting more residents.

Home assessments have played a vital role in educating the public regarding how vegetation can impact their home and property during a wildfire. SMFPD is expected to perform 100 home assessments throughout the District while MVFD is expected to perform 50. This will bring the total number of home assessments for the District to 150 properties. The Home Assessment Program will continue to benefit the community by bringing awareness to residents and will make Southern Marin more wildfire safe.

Marin Wildfire Prevention Authority (MWPA) funding has allowed the SMFPD to hire an additional two Defensible Space Inspectors who will inspect homes in the Wildland-Urban Interface (WUI). These defensible space inspections will ensure homeowners maintain vegetation around their properties and gain compliance from the District's WUI ordinances. While defensible space can help slow or stop the spread of wildfire and protect a home from fire, it is also important to help protect firefighters when they are defending a home.

The Vegetation Management Specialist will work closely with the Defensible Space Inspectors to coordinate Chipper Events on streets receiving inspections. Increasing the number of inspections and removing hazardous vegetation around homes is vital for the upcoming fire season. Educational opportunities will present themselves during inspections that will allow the inspectors to talk to residents about alerting systems, go bags, evacuation information, roadside clearing, and fuel breaks.

Fuel reduction projects, such as shaded fuel breaks and hazardous tree removal projects, play an important role in making the community safer. During a wildfire, these projects can slow or stop the spread. The annual volume of projects that include shaded fuel breaks and hazardous tree removal projects will increase if the agencies merge.

- ◆ SMFPD completed 100 percent of the 16 scheduled projects
- ◆ MVFD has completed 12 percent of the 17 scheduled projects (the remainder of the projects are scheduled to be completed during this fiscal year)
- ◆ Maintenance on previous fuel reduction projects is scheduled on an annual basis
- ◆ The total number of vegetation-related projects will increase to 33 total projects between the two jurisdictions, resulting in roughly 50 percent more fuel-reduction projects for the two areas

#### **4.5 FIRE INSPECTIONS – EXISTING BUILDINGS**

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In 2018, the SMFPD Board approved the use of a dedicated Fire Inspector to provide annual inspections while charging a cost recovery fee from the 2016 Fire Fee Schedule. This was following a State-wide mandate from SB 1205 to annually inspect, document, and report on the completion rates for all school, apartment, and hotel/motel properties. This mandate was intended to assist with the historical challenge that has befallen fire agencies for accurately meeting and exceeding the requirements laid out in the California Fire Code (CFC), Title 19 of the California Code of Regulation (Title 19-CCR), the National Fire Protection Agency (NFPA), and the Health and Safety Code (H&S code).

The complexity behind code review, interpretation, and retention is best handled by industry experts within a Fire Prevention Division. Fire-station-based staff have historically struggled to



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maintain a level of knowledge that would provide the service required to meet the measurable metrics described in this report.

Through fully shared services, the MVFD's inspection requirements would be achieved in a similar fashion to how SMFPD currently handles these annual requirements. In accordance with SB 1205, all inspections could be reported on for the mandated properties. A consolidation would allow for this to be included under one detailed report to the District Board annually.

The following are comparative metrics regarding some aspects of current programs and projections for how the consolidation would likely enhance the level of fire and life safety inspections for MVFD while reducing specific time commitment factors.

All metrics are based on current available data collected in the field. All numbers are rough estimations of time on task and projections of a future consolidation.

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**Table 4—Consolidation – Comparative Metrics**

<b>Current Metrics</b>	<b>MVFD</b>	<b>SMFPD</b>
Total Annually Required Inspections	159+	385+
Additional Businesses that Could Have Annual Inspections	905+	550+
Potential Annual Inspections for All Commercial Properties	1064+	935+
Currently Assigned to Complete These Inspections	Engine Crew Assignments w/ Assigned Hazard Inspections by SMFPD Staff	Occupancy Compliance Inspector w/ Selective Company Inspection Assignments
2021 Year to Date Inspection Totals*	0 Crews, 5 Inspectors	0 Crews, 22 Inspectors
<b>Past Metrics</b>	<b>MVFD</b>	<b>SMFPD</b>
2020 Completed Inspections*	15 Crews, 38 SMFPD Inspectors (53 Total)	0 Crews, 167 Inspectors (167 Total)
2019 Completion/Compliance Percentage for July–Dec. (State Mandated Only)	90% Completion Undetermined Compliance	75% Completion 90% Compliance
SMFPD 2016 Annual Inspections w/ Light Duty Officer (Completed over 12 months)	Not Applicable	Appx. 95% Completion (304 Apartment & 44 Re-Inspections)
<b>Projected Metrics</b>	<b>MVFD</b>	<b>SMFPD</b>
Projection of 3 Year for Annual Inspection Program (Dedicated Fire Inspector)	95% Completion 99% Compliance	95% Completion 99% Compliance

It appears that one dedicated full-time inspector, under a full merger, could potentially complete all state-mandated inspections for the five zones following the consolidation. The additional business inspections could be assigned to additional inspectors and/or engine crews, effectively providing complete coverage annually.

**4.6 FIRE INVESTIGATIONS**

Reviewing the 2020 fire incidents reports for both agencies, it is apparent how consolidation of the two agencies would benefit the City of Mill Valley and the SMFPD. In 2020, SMFPD had a combined thirty-nine calls for fire investigation service: for active fires in residential and commercial structures. Of these active structure fires, SMFPD completed twenty specific fire investigations utilizing the agency’s fire investigators to provide guidance to the Battalion Chiefs, or to send investigators to complete a fire investigation.

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In Mill Valley, there were a total of thirty active structure fires, of which only three fires utilized trained fire investigators from either SMFPD or the Marin County Fire Investigation Team (MCFIT). MVFD does not currently contribute staff to the MCFIT.

The SMFPD currently staffs two fire investigators as added functions to other fire prevention assignments. MVFD currently only utilizes its fire officers (Captains) and Battalion Chiefs to provide initial fire investigation services. If the origin and cause is not determined by MVFD, the duty Battalion Chief will then contact SMFPD and the MCFIT.

In 2020 the MCFIT (which is a joint contracted service between all 17 fire agencies in the County) updated their deployment policy and requirements for personnel contribution to the team. The updated policy follows the Marin County HazMat policy and requires each agency to contribute funding and personnel according to the agency's size and population served, therefore both SMFPD and MVFD contribute two members from each agency for a total of four members.

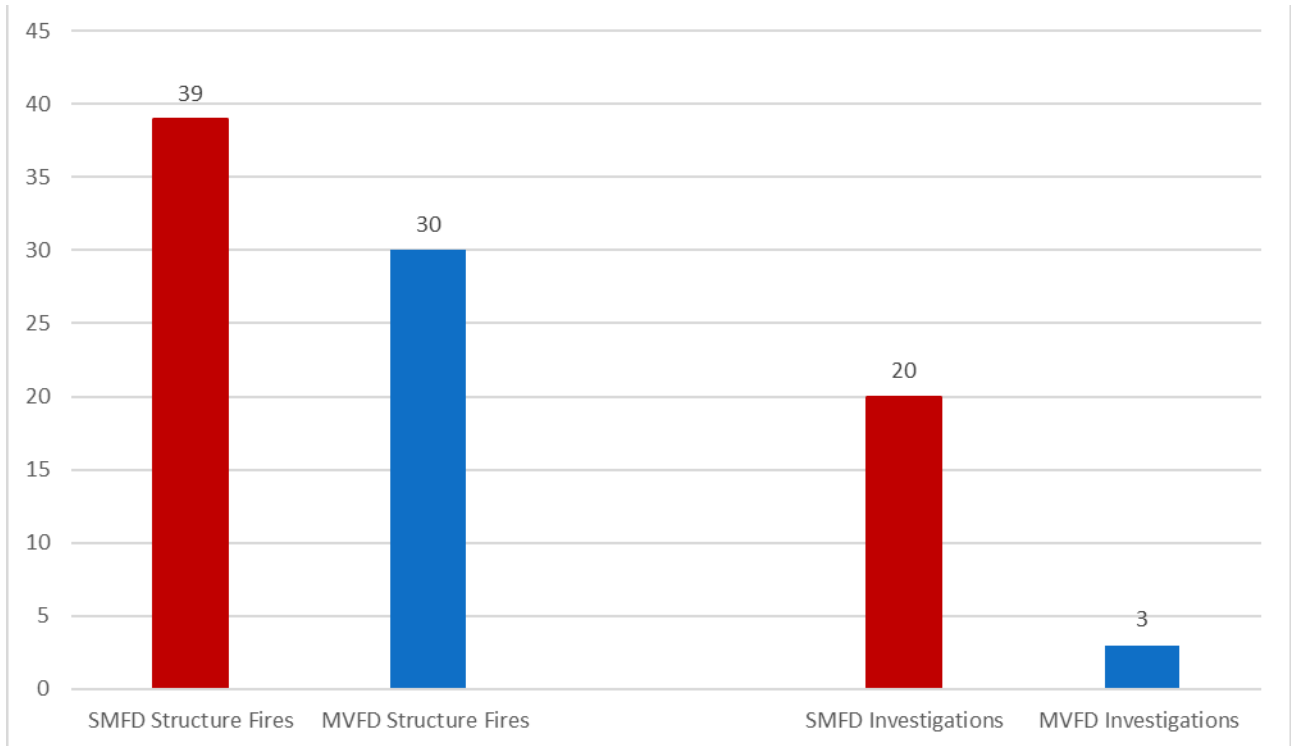
Consolidating the two agencies would allow for a lower combined contribution according to the matrix and reduce the requirement for funding and personnel to the MCFIT. This technical resource is critical in events that result in litigation or prosecution. Having a trained and certified investigator reduces the agency's risk and provides an educational opportunity for the firefighters and community by correctly and accurately identifying the cause of fire and the impacts of outreach and educational programs.

The estimated savings would be one member to the MCFIT and an overall reduced cost to both agencies. Combining these positions would additionally allow for elevated fire investigation coverage for both agencies, with a combined investigation division of three staff members. The larger combined fire investigation team would allow for more depth in fire investigations, a more consistent fire investigation report and peer review, and better training opportunities, including continuous quality improvement (CQI).

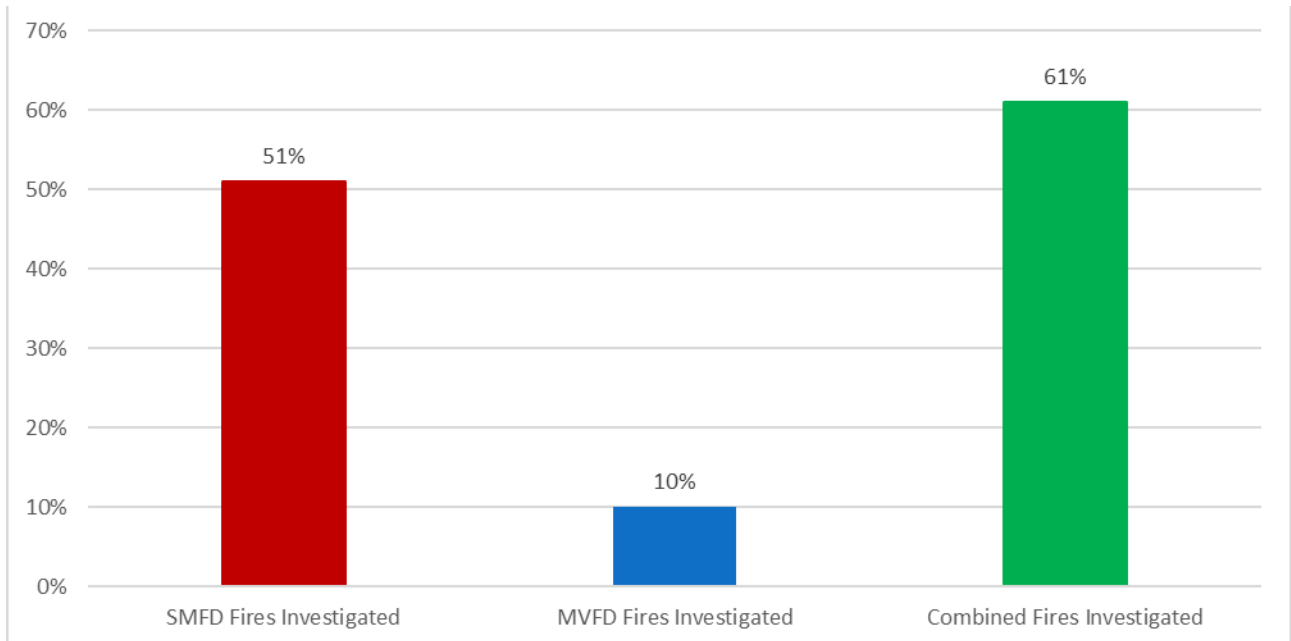
A consolidated approach to fire investigation allows for a higher quantity of fires with specific findings and thus a lower percentage of fires determined to be unknown cause and origin.

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**Figure 17—Structure Fires and Investigations – SMFPD and MVFD**



**Figure 18—Fire Investigation Percentages – SMFPD, MVFD, and Combined**



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**4.7 ADMINISTRATION – TECHNICAL SERVICES**

Shared Services has, and by extension consolidation would, solidify savings that have been achieved by eliminating duplication of software systems requiring annual subscriptions. There are other benefits derived from a regional approach, including having a single set of organizational policies, a single staffing and scheduling program for efficiency and effectiveness, and the value associated with regional reporting.

These cost savings will be annual and ongoing if the systems remain combined. The agencies becoming independent again would increase costs to both agencies.

**Table 5—Consolidation Savings – Software System**

<b>Software System</b>	<b>Cost to MVFD</b>	<b>Cost to SMFPD</b>	<b>New Combined Cost</b>	<b>Savings</b>
Lexipol	\$4,675	\$6,696	\$8,072	\$3,298
Staffing (CrewSense/Telestaff)	\$3,382	\$22,000	\$7,573	\$17,809
ERS	\$5,603	\$8,484	\$13,295	\$792
<b>Total</b>				<b>\$21,900</b>

**4.8 UNIFORMED PERSONNEL CHANGES DUE TO MERGER**

Combining the two agencies through shared services, and recent changes to the SMEMPS ambulance deployment model, have resolved the three-person staffing challenge raised by the Firefighters Union. Consolidation will solidify this achievement, as well as render savings in overtime expenses due to a shared labor pool shared across the two agencies.

Combining the two employee labor groups will decrease annual overtime expenses. The City staffing pattern, when combined with the District, will allow 121 “days” of capacity to the “system” for the combined district, resulting in an annual savings of \$199,610 in District overtime expenses. The combined workforce will lend itself to greater options and efficiencies in staffing day to day operations as well as specialty needs. The larger workforce will have more opportunities for diverse assignments and projects, as well as greater promotional opportunities that could lead to greater job satisfaction and increased employee retention. The increase in the workforce, the opportunities, and the size of the SMFPD, along with the unique geographical area and the challenges it presents will establish the SMFPD as a “destination” department and will lead to decreased employee turnover.

A reduction in the number of employees within the City of Mill Valley will increase the capacity of existing City departments and staff, such as Human Resources, Finance, Legal, and the City

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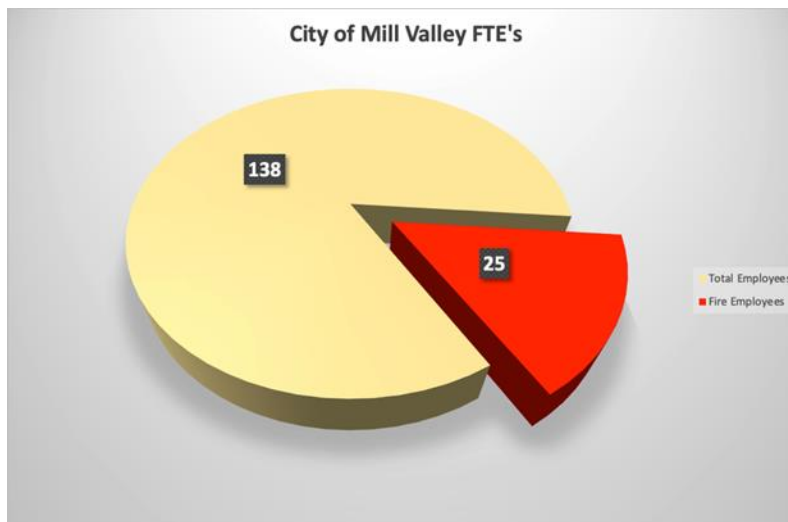
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Manager's Office. These City resources will logically experience a reduction in demand, thereby creating additional bandwidth for other City issues.

Currently under the Shared Services Agreement, the Fire Chief manages the two independent fire agencies, each with its own governance structure, internal policies, procedures, and resources. This suggests duplication and an opportunity to increase efficiency.

The City and the SMFPD each have their own Human Resources staff, policies, procedures, and HR systems, as well as their own Finance Departments, policy, procedures, and financial systems. From a practical standpoint, the two agencies operate as a single functional team, but navigate two different organizational systems and use different resources for the same needs, resulting in a significant increase in workload on staff.

**Figure 19—Full-Time Employees – MVFD**



An increased capacity of the departments and employees within the City could lead to greater efficiencies, improved internal and external customer service, and increased job satisfaction.

Although the additional 27 employees to the SMFPD would have a human resources impact on the District, staff believes they have the capacity to absorb them. In addition, the creation of one firefighter labor group operating from a single Memorandum of Understanding (MOU) would increase efficiencies. The time and effort to negotiate one MOU is the same regardless of the employee group size. Navigating one finance system, one HR and personnel system, and one set of organizational policies reduces the time and energy for the Fire Chief and his support staff.

**4.9 GOVERNANCE IMPROVEMENTS IN A MERGER**

Currently the Fire Chief and his staff report to two separate governing boards for policy direction. Reporting to a single governing board for policy direction increases efficiency and reduces duplication.

**Table 6—Current Reporting/Meeting Structure**

Jurisdiction	City of Sausalito	SMFPD Board	City of Mill Valley
Policy	0	12	6
Information	8	12	4
Quarterly Report	4	4	4
<b>Total</b>	<b>12</b>	<b>28</b>	<b>14</b>

**Table 7—Proposed Reporting/Meeting Structure**

Jurisdiction	City of Sausalito	SMFPD Board	City of Mill Valley
Policy	0	12	0
Information	2	12	2
Quarterly Report	4	4	4
<b>Total</b>	<b>6</b>	<b>28</b>	<b>6</b>

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## SECTION 5—FINANCIAL ANALYSIS

### 5.1 FINANCIAL ANALYSIS OF THE CONSOLIDATION

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This financial analysis compares a complete annexation of the MVFD into the SMFPD and terminating all existing shared services agreements between the two agencies. The initial analysis was conducted by Charlie Francis in early 2020 under an agreement with GovInvest Inc. Charlie Francis's report was reviewed in late 2021 and then updated by the two agency staffs in 2022. Citygate has reviewed the updated 2022 analysis which includes negotiated agreements between the staffs of Mill Valley and SMFPD annexing the MVFD into the SMFPD and finds the analysis structure and results reasonable. Although the existing shared services agreement between MVFD and SMFPD establishes a 60-day notice of termination—given the time involved with and application to LAFCO and moving personnel and any necessary equipment—Citygate assumes in this report that whichever the selection will be made in October 2022 and the start date would be July 1, 2023.

The analysis assumes a conservative approach regarding revenue estimates. For example, property tax growth is assumed to be 4 percent through FY 25/26 even though the 10-year average Mill Valley annual property tax growth has been approximately 5.4 percent. This conservatism is due the current housing market trends. Additionally, other revenue estimates, such as mutual aid strike team reimbursements that are contingent on Statewide fire activity, are projected at a flat rate of \$400,000, which is on the low end of the amount received by SMFPD over the past five years. Citygate believes this conservative approach is also prudent, given the total revenue shifting of risk from Mill Valley to SMFPD, even though SMFPD has sufficient reserves, due to an effective reserve policy, to address a future year slight revenue downturn.

Based on the analysis conducted by Charlie Francis in early 2021, as updated by MVFD and SMFPD staffs, moving forward with the annexation would be fiscally prudent for both agencies, resulting in an estimate cost savings in FY 23/24 of approximately \$225,000 for Mill Valley over the shared service agreement termination option. Although not reflected in Table 1, Citygate was informed that the City also anticipates insurance annual premium savings of approximately \$175,000 per year from its risk sharing pool due to the transfer of its fire operation through annexation to SMFPD beginning in FY 23/24. This would increase the cost savings for Mill Valley between the two options to almost \$400,000 in the initial annexation year.

The following tables, proofed by Citygate, reflect the updated information provided by Mill Valley and SMFPD staffs comparing the separation and annexation options. The tables compare the operating results from separation or annexation, including expenses, property taxes revenues and direct non-property tax revenues, with applicable expense offsets from a Mill Valley perspective (Table 1) and from an SMFPD perspective (Table 2). Table 1 also reflects the differences in the amount of property tax revenue that would be required under both options.



**Southern Marin Fire Protection District**

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For FY 23/24, while approximately \$394,000 of additional General Fund property tax revenue would be required under the annexation option, that adjusted amount is approximately \$225,000 less than the additional costs needed under the stand-alone option. The movements in General Fund property tax support/transfer to SMFPD under the annexation option results from the following:

- ◆ The base amount needed to operate fire services under the current shared management agreement.

While Mill Valley recently adjusted its firefighter personnel costs closer to the market, at the point of annexation, there remains a small gap in wages and benefits between Mill Valley and SMFPD. In light of the total benefits of long-term annexation, the agencies have agreed to jointly smooth the leveling of personnel compensation into the SMFPD as both agencies obtain cost efficiencies with the annexation. This sharing is on a 50/50 basis and Mill Valley’s share is part of the property tax transfer. The SMFPD funds its 50 percent while property tax appreciation from Mill Valley over the first to third year eliminates the offset.

- ◆ It was determined that Mill Valley should provide an amount to the SMFPD to build a vehicle replacement reserve for applicable equipment post annexation, which is not currently addressed at MV.
- ◆ Other smaller one-time payments addressed issues such as earned leave balances.

**Table 8—Operating Comparison – MVFD**

Component	Projected FY 23/24 Budget	Stand-Alone Option	Annexation Option
Personnel Expenses	\$7,415,471	\$8,033,471	\$7,944,819
Other Operating Expenses/Capital Replacement	\$873,391	\$873,391	\$901,685
<b>Total Expenses</b>	<b>\$8,288,862</b>	<b>\$8,906,862</b>	<b>\$8,846,504</b>
Total Non-Property Tax Revenues	\$931,580	\$931,580	\$383,900
Overtime Savings	-	-	\$412,000
Health Plan Benefit Savings	-	-	\$5,000
SMFPD Offset	-	-	\$294,845
<b>MVFD Net Costs</b>	<b>\$7,357,282</b>	<b>\$7,975,282</b>	<b>\$7,750,759</b>
Pension/OPEB costs retained by MV	\$1,126,496	\$1,126,496	\$1,126,496
<b>Net General Fund (property tax) Support (exc Pension/OPEB costs)</b>	<b>\$6,230,786</b>	<b>\$6,848,786</b>	<b>\$6,624,263</b>

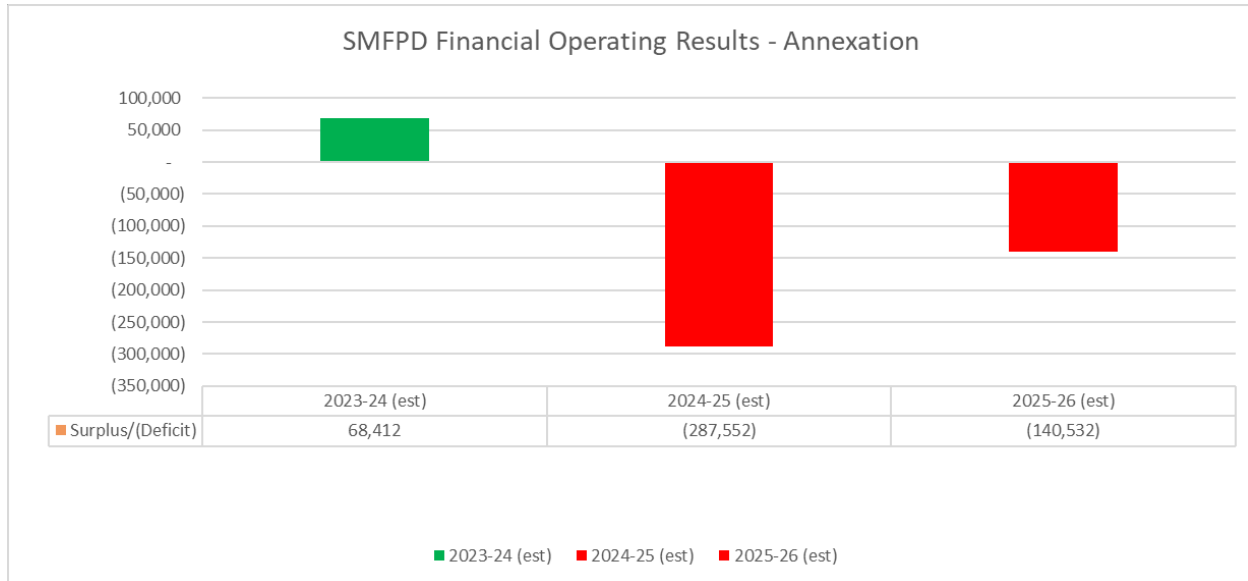
**Southern Marin Fire Protection District**  
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**Table 9—Operating Comparison – SMFD**

Component	Projected FY 23/24 Budget	Stand-Alone Option	Annexation Option
Personnel Expenses	\$19,274,000	18,980,075	\$25,347,240
Other Operating Expenses/Capital Replacement	\$6,229,052	\$6,229,052	\$7,130,737
Total Expenses	\$25,503,052	\$25,209,127	\$32,477,977
Total Revenues	\$25,927,462	\$25,121,225	\$32,129,389
Overtime Savings	-	-	\$412,000
Benefit Savings	-	-	\$5,000
SMFPD Operating Surplus/(Deficit) *	\$424,410	\$(87,902)	\$68,411

As previously discussed, SMFPD staff used a conservative approach to project SMFPD financial activity. The following graph shows the year-end budget results from FY 23/24 (assumed annexation year) through FY 25/26.

**Figure 20—SMFPD Financial Operating Results – Annexation**



If Mill Valley property tax revenue growth *alone* exceeded the conservative estimates by 1 percent, year-end operating results would be \$132,106 in FY 23/24, then a negative of (\$154,430) in FY 24/25, and finally \$68,139 in FY 25/26.

These early annexation fiscal swings occur due to how MCERA initially charges the added employees. MCERA's accounting creates an initial "prepayment" towards the District's Unfunded Actuarial Pension Liability (UAL) for the first year following annexation. Because MCERA's valuations (and therefore employers' and employees' MCERA contribution rates) are based on the demographic data for the year prior, the contribution rates that the District will be paying on the former Mill Valley firefighters will be higher until the next MCERA valuation is released.

The District's 2023 UAL payment (according to [MCERA's study](#) conducted for the purpose of this annexation) is anticipated to be \$778,609. In order to make this flat dollar payment over the fiscal year, an amortization rate of 10.83 percent is included in the District's contribution rate for all safety employees. With the onboarding of 27 new firefighters, the 10.83 percent amortization will still be built into the rate for their tier but, at this rate, the \$778,609 will be exceeded by approximately \$422,000. The District should be prepared for an increase in retirement costs during the first year of annexation, but costs should level out in subsequent years. The initial overpayment could also reduce rates in subsequent years, but the exact amount is unknown.

Based on actual property tax appreciation and the MCERA conversion year, there will be small cost swings in the first three years.

Even with these small swings, the benefits gained over the years through operational efficiencies resulting from consolidation will enhance services provided, add redundancy across the agency, and deepen skills in headquarters services.

## **5.2 ONGOING REVIEW OF THE OPTIONS**

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### **5.2.1 Mill Valley Fire Department (MVFD)**

The MVFD estimated FY 23/24 budget is approximately \$8.3 million, consisting of approximately \$7.4 million in personnel-related costs, supporting 27 full-time equivalents (FTEs) and approximately \$873,000 of non-personnel-related costs. Costs are funded through a combination of direct revenues, including distributions from S MEMPS, fire inspection fees, and strike team reimbursements totaling \$932,000 and approximately \$7.4 million of general fund revenues, such as property and sales taxes from the City. Since this review focuses on potential annexation of the MVFD service area into the SMFPD, only direct MVFD revenues and City property tax revenues were included in the analysis. The amounts for the current MVFD operations are included in the earlier service provision financial options table.

The MVFD and the SMFPD currently have a service provision sharing agreement for administrative services which was established in 2014. As a result of this agreement, MVFD reimburses SMFPD for two Battalion Chiefs, either directly in City employees, or through reimbursement. However, the City does not reimburse the District for Fire Marshal costs.

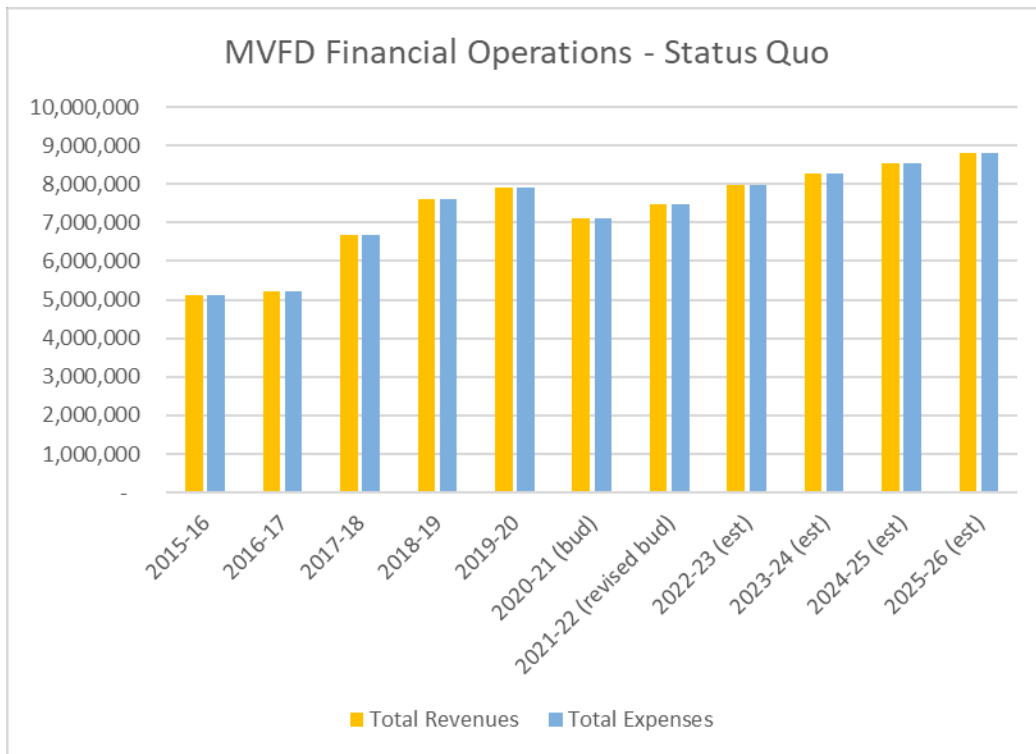
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It is estimated that FY 23/24 MVFD general fund operations will make up approximately 19.3 percent of the FY 23/24 Mill Valley general fund budget. Assuming 100 percent of the approximately \$7.4 million funding gap for MVFD operations comes from property tax revenues, approximately 31 percent of Mill Valley general fund property tax revenues will be used to support MVFD operations.

Funding for costs including apparatus/equipment replacement, fire-related access improvements, and special services, such as vegetation management, are currently funded in the Equipment Replacement, Capital Improvement, and Municipal Services Tax funds. Although the Equipment Replacement and Capital Improvement funds are routine funds, the Municipal Services Tax fund was created in 2018 to address vegetation management within MVFD’s jurisdiction.

The following figure reflects MVFD costs for the past five years, the current estimated annual costs, and projected costs through FY 25/26, assuming historical trends and the assumptions previously discussed. The information reflects a status quo scenario. Annual growth assumptions for projected revenues and expenditures are four and three percent, respectively.

**Figure 21—Financial Operations Status Quo – MVFD**



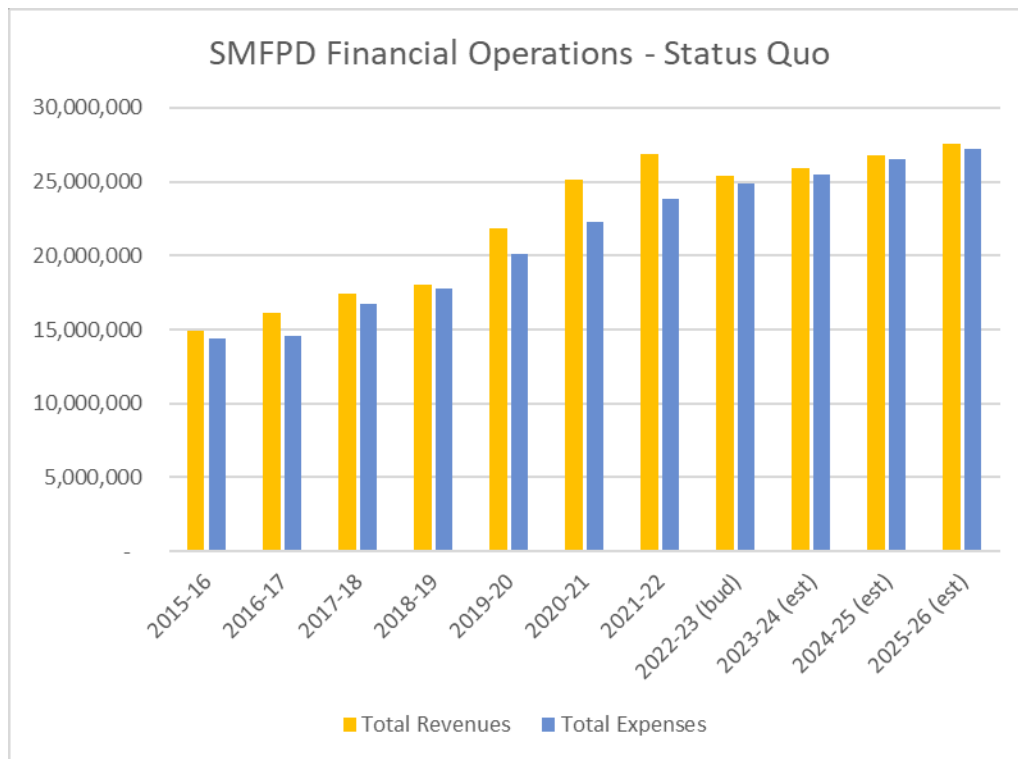
**5.2.2 South Marin Fire Protection District (SMFPD)**

The estimated SMFPD FY 23/24 budget totals approximately \$25.5 million, consisting of approximately \$19.3 million in personnel-related costs, supporting 62 full-time equivalents (FTEs)

and approximately \$6.2 million of non-personnel-related costs. Costs will be funded through revenues estimated at \$25.9 million, including approximately \$16.5 million in property tax revenues. There is presently an anticipated year end operating surplus of approximately \$424,000.

The following figure reflects SMFPD costs/revenues for the past five years, the current estimated annual costs/revenues, and projected costs/revenues through FY 25/26, assuming historical trends and the assumptions previously discussed. This figure reflects a status quo scenario. Annual growth assumptions for projected revenues and expenditures are four percent for revenues and expenditure growth rates of three, five, and four percent for FY 23/24, FY 24/25, and FY 25/26 respectively.

**Figure 22—Financial Operations Status Quo – SMFPD**



**5.3 SERVICE PROVISION FINANCIAL OPTIONS REVIEW**

**5.3.1 Return to Stand Alone (Separate) Fire Departments**

MVFD and SMFPD currently have a fire services administration sharing agreement that would be dissolved under this option. To maintain existing service levels once the agreement is dissolved, the City would have to hire a third Battalion Chief, one Fire Marshal/Inspector and a part-time Administrative Assistant. It is estimated that this would cost Mill Valley approximately \$831,000 in FY 23/24 if the shared services agreement was dissolved. Under the current shared services agreement, it is estimated that the City would pay SMFPD approximately \$806,000 for these

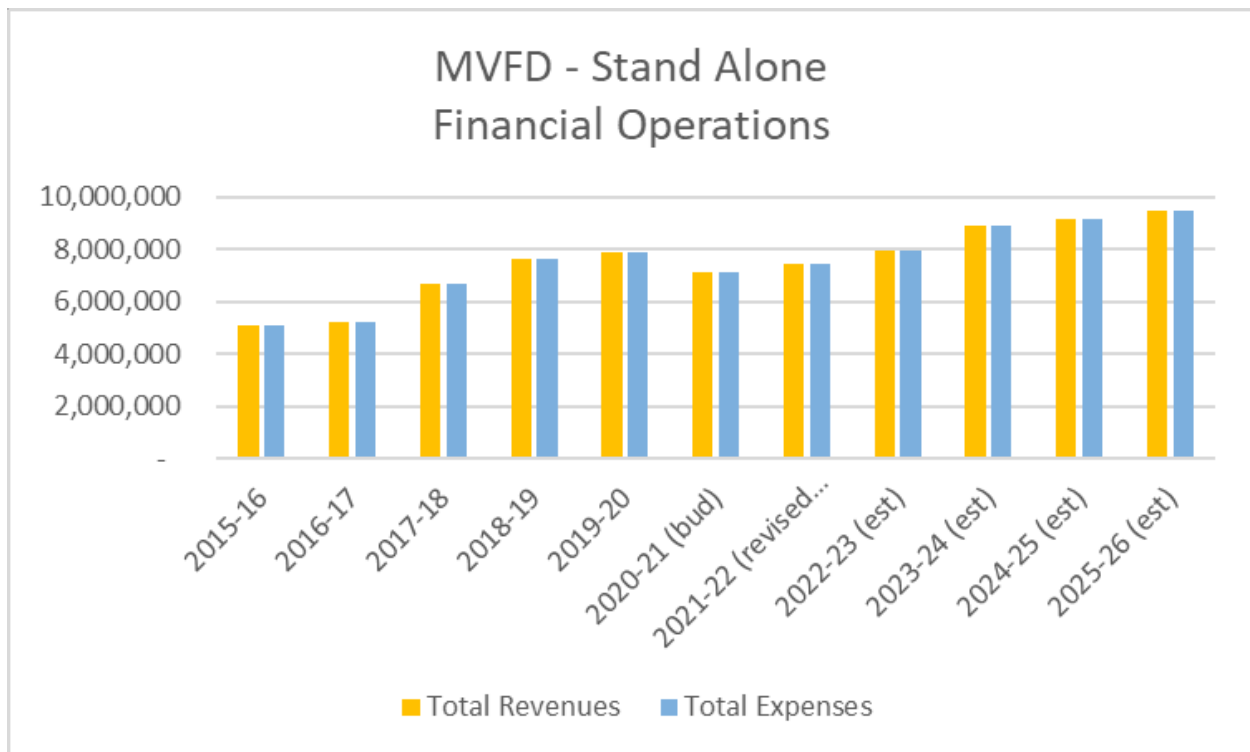
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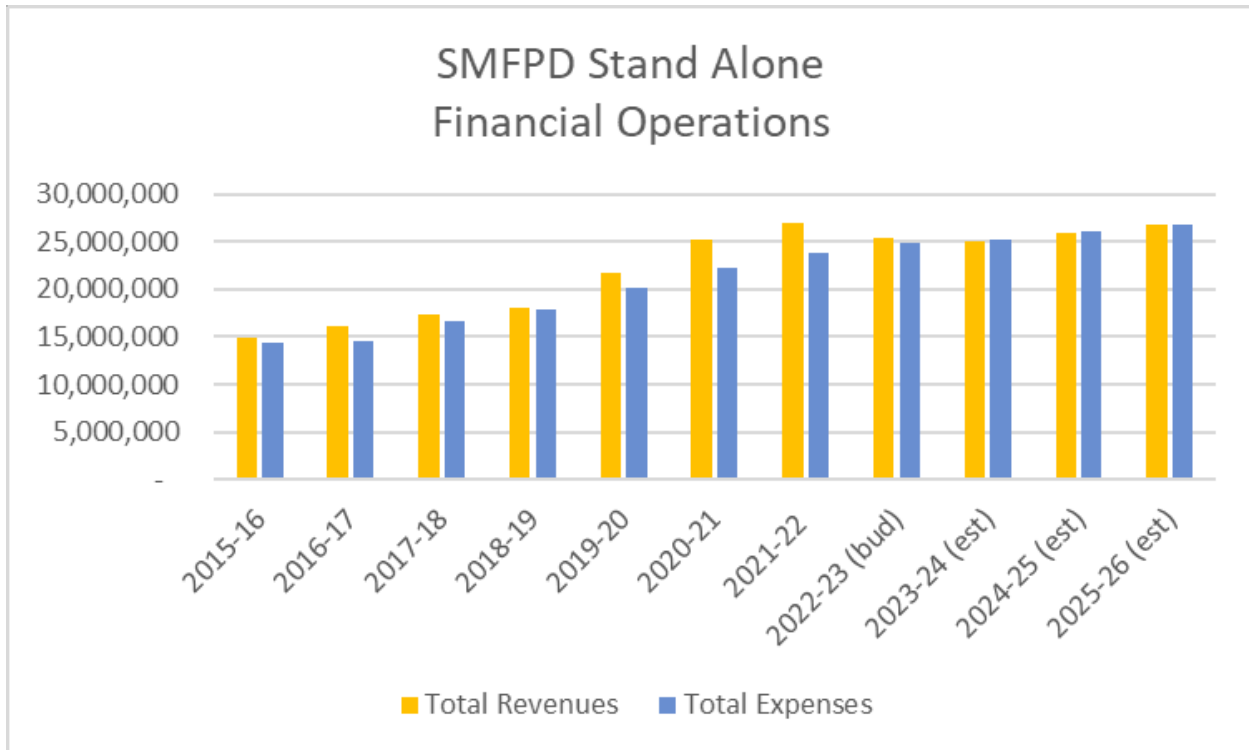
services in FY 23/24, which would be lost revenue to SMFPD if the shared services agreement was dissolved. This results in increased cost to MVFD and a loss of revenue to SMFPD. This excludes any incremental startup costs, such as uniforms and equipment. This would require an additional allocation of City property taxes based on the funding allocation assumption previously discussed.

The following figures reflect the “Stand Alone” option assuming the same annual growth rate assumptions for revenues and expenditures previously discussed.

**Figure 23—Financial Operations – MVFD – Stand Alone**



**Figure 24—Financial Operations – SMFPD– Stand Alone**



### 5.3.2 Annexation of MVFD into the SMFPD

In year one, consolidation/annexation will also result in small additional net costs as actual costs and revenues are booked. The following discussion is based on assumptions developed from updated information provided by MVFD and SMFPD staffs resulting from recently completed merger negotiations with the impacted employees’ bargaining units.

#### *Annexation Assumptions*

##### **Expenses**

1. All MVFD sworn fire personnel would be transferred to SMFPD at their current rank and equivalent pay step, except for the firefighter classification which will be one step below equivalent SMFPD classification.
2. Benefit items will occur as follows:
  - a. Mill Valley will retain the costs associated with the CalPERS Unfunded Actually Accrued Liability (UAAL) for the applicable MVFD employees
  - b. Deferred compensation will be adjusted per eligibility of OPEB benefits
  - c. MVFD will transfer from CalPERS to MCERA

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3. MVFD employees will have the option of enrolling in the Kaiser Silver Health Plan or SMFPD Kaiser Low Health Plan to maintain the existing CalPERS coverage.
4. Vacation balances will be either cashed out or transferred to SMFPD at the employee's option. If a balance transfer is selected, credit of 94 percent of each accrued hour will be provided.
5. Sick balance will be transferred at 94 percent of each accrued hour. Mill Valley will pay SMFPD 30 percent of the book value of applicable sick hours.
6. Per a separate capital equipment negotiated agreement, transfer of fire related facilities and equipment will be determined and will include a one-time transfer from Mill Valley to SMFPD of \$1,237,747 representing the current depreciated value of the transferred apparatus. Based on an internal review of the MVFD employee activity conducted by City staff, it is estimated that overtime savings of approximately \$412,000 would be realized from minimum staffing efficiencies in a larger, merged workforce in FY 23/24, the assumed year of the annexation.
7. SMFPD estimates that approximately \$42,000 will be required to address necessary support overhead, such as accounting staff, IT staff, vehicle and facilities maintenance staff, payroll and accounts payable staff, etc., and is included in the cost analysis.
8. Through negotiations, MVFD and SMFPD each agreed to make a (FY 23/24) contribution in the amount of \$294,845 to address the estimated net funding gap resulting from the annexation option. This occurs due to the smoothing of City employment cost to the District. Out of fairness to both parties, this gap payment incurs in future years but caps in FY 25/26 at approximately \$569,000. Per the agreement, MVFD's share would be paid through the property tax transfer and would increase as the annexed property tax revenues increase.

After the first year, SMFPD would continue to absorb any funding gap resulting from the annexation. SMFPD secured and unsecured property tax revenues have grown at an annual average rate of 5.8 percent over the last five years; however, SMFPD staff assumed a conservative 4 percent growth rate in its analysis, which Citygate believes is prudent given the downside risk being transferred to SMFPD. However, SMFPD has established an effective reserve policy and has accumulated sufficient reserves which should address anticipated shortfalls.

If post annexation property tax revenues grew at an annual rate of 5 percent as opposed to 4 percent as reflected in the analysis, any operating deficits would be eliminated by FY 25/26. JPA memberships for the two separate agencies, such as



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the SMEMPS and the Marin Emergency Radio Authority, will remain as is after the annexation.

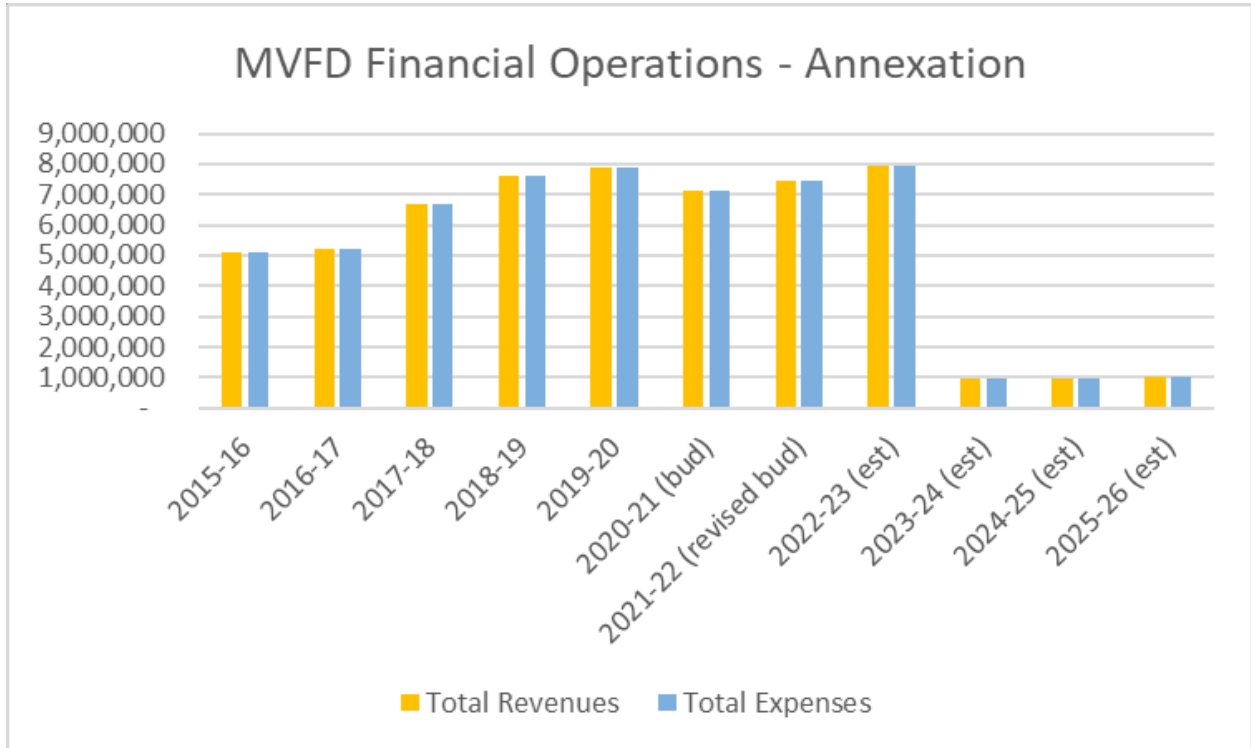
9. The City will retain responsibility for vegetation management operations supported by the Municipal Service Tax.

### **Revenues**

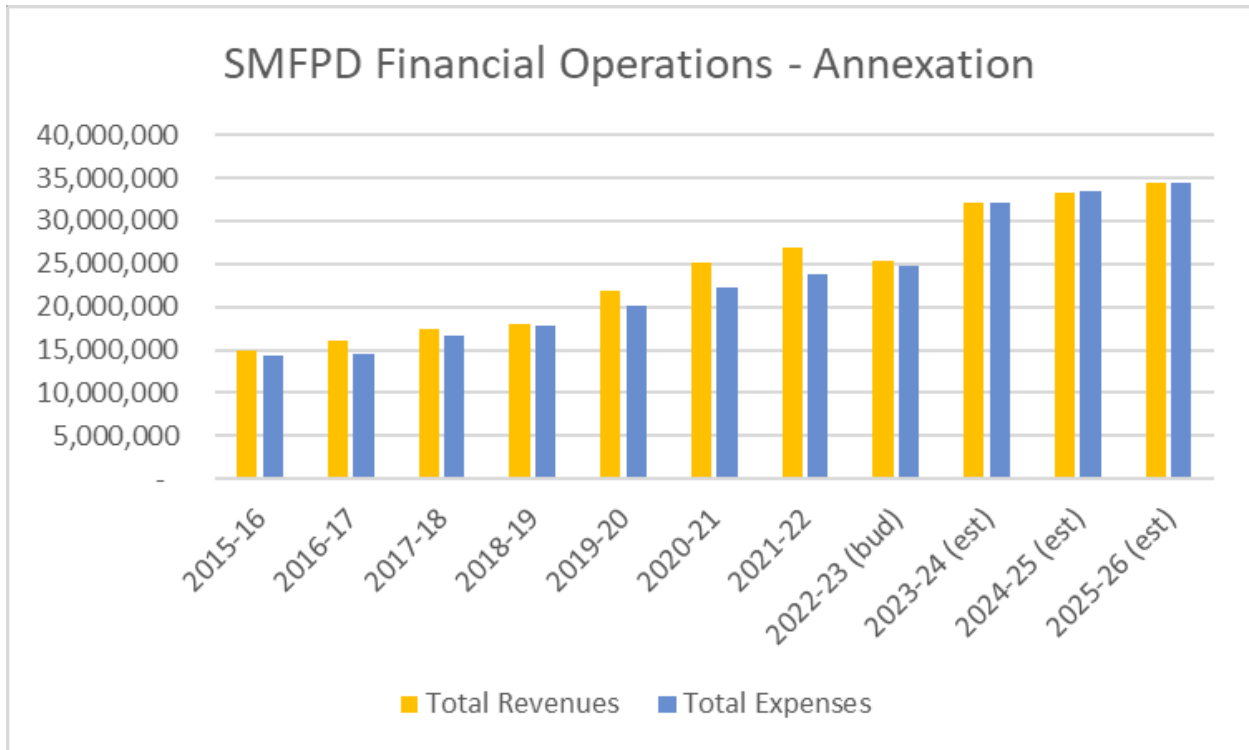
1. Authority to collect general fire-related direct revenues previously discussed will be transferred from MVFD to SMFPD, currently estimated at approximately \$383,900 for FY 23/24.
2. A formal application to LAFCO to annex the MVFD into SMFPD will be initiated to transfer appropriate property tax rate to SMFPD to address any funding gap between the costs related to the transfer of the MVFD operations and the direct revenues previously discussed. It is assumed that only the portion of the City general property tax rate would be impacted by consolidation/annexation and not any of the property tax over-ride rate or other property tax-related revenues, such as property transfer taxes and property tax in lieu of vehicle licensing fee (VLF). City property tax revenue associated with its general rate is estimated to be approximately \$23.8 million for FY 23/24. Assuming the net consolidation/annexation cost of approximately \$6.624 million, the City would need to transfer approximately 27.8 percent of its property tax equivalent rate to SMFPD.
3. The annexation of the City parcels into the SMFPD will not be subject to the additional parcel taxes imposed by Fire District Measure U. This measure was approved by SMFPD voters in 2018. Revenue from this measure is dedicated to fire and EMS services within the District, with a maximum tax amount for single-family improved parcels of \$200 per parcel. The measure contains an automatic annual escalator of 5 percent, but since its inception, the District has taken action to decline the automatic annual increase.
4. After annexation, both Mill Valley and SMFPD will continue to collect revenues from Measure C, which was passed by the voters in March 2020. These revenues are dedicated funds as prescribed in the ordinance and are used exclusively for reducing the risks associated with the threats from wildland fire. Measure C generates approximately \$20M annually, which is distributed regionally and locally as prescribed in the ordinance.

The following figures reflect the “annexation” option assuming the same annual growth rate assumptions for revenues and expenditures previously discussed

**Figure 25—Financial Operations – MVFD – Annexation**



**Figure 26—Financial Operations – SMFPD – Annexation**



As is the case with any annexation, fiscal variances will occur over the first few years until stability is achieved. Citygate believes, based on review of current fiscal information provided by MVFD and SMFPD staff, neither Mill Valley nor SMFPD will be negatively impacted by exercising the annexation option.

## SECTION 6—GOVERNANCE UNDER THE MERGER

In a full merger analysis, the question of policy governance (elected officials) must be addressed. For a city and a fire district, the more typical form of merger is for a district to annex the city's area into the district solely for the provision of fire services. In effect, the city council transfers most fire service decisions to the district. To do so by a contract is less permanent as the employees are transferred to district employment, but a future council could cancel the contract, leaving the district with a surplus of employees and, over the years, some of those would be promoted and, no longer being junior, would not be subject to layoff. Such a merger by contract leaves too many loose ends.

The City is a General Law city and was incorporated in 1900. It operates with a City Council / City Manager form of government. The City has five elected City Councilmembers who serve four-year terms and annually elect from among their ranks a Mayor and Vice Mayor.

The SMFPD is an independent special district, as defined in California Government Code Title 6 and California Health and Safety Code Division 12—the Fire Protection District Law of 1987, established by the Marin County Board of Supervisors in July of 1999. The District was formed by the merger of the Alto-Richardson Fire Protection District and the Tamalpais Fire Protection District. It is governed by seven elected Board of Directors who are staggered in four-year terms.

### 6.1 THE ROLE OF LAFCO

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According to Marin County's LAFCo:

*Local Agency Formation Commissions (LAFCOs) were established in 1963 by the California Legislature with the initial tasks of approving or disapproving proposals for the incorporation of new cities and creation of new special district in all 58 counties. Their purposes are:*

*Marin LAFCo is a subdivision of the State of California and currently responsible for directly administering the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH). This legislation marked a comprehensive rewrite of pre-existing LAFCo law dating back to 1963 and marked by substantively expanding LAFCOs' planning responsibilities. Examples include now regularly preparing studies – titled municipal service reviews – to independently evaluate the availability, need, and performance of local governmental services relative to current and future community needs and ahead of updating local agencies' spheres of influence every five years. CKH also expanded LAFCo's regulatory powers to now oversee outside service extensions as well as the authority to directly initiate certain government reorganizations, such as forming, consolidating, or dissolving special districts. CKH also reaffirmed and expanded LAFCo's underlying directive*

*to balance orderly development with efficient governmental services with the sometimes-competing interests of discouraging urban sprawl and preserving open space and prime agricultural lands. (Government Code Section 56000 et seq.)*

## **6.2 MILL VALLEY AND SMFPD GOVERNANCE**

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The communities of the City and the SMFPD can have a mechanism to ensure constituents of both jurisdictions have equal means for fair and equitable representation in a consolidation/annexation.

There are typically several governance models local government agencies assess:

1. Contract for services
2. Creation of Joint Powers Agreement
3. Merger (consolidation or annexation)

This issue was also raised during the discussions that led to the annexation of fire and emergency medical services from the City of Sausalito into the SMFPD in 2012. In its analysis regarding governance, Citygate wrote:

“The second alternative for ‘combining’ or sharing fire service resources is the creation of a fire district or expansion of an existing district to encompass both agency boundaries. Any form of merger requires review and approval by LAFCo. The basic LAFCo requirements and process serve as background to this alternative described below:

“The LAFCo law sets four methods of combining district jurisdictions. They are:

- ◆ Annexation, which may or may not include a dissolution
- ◆ Consolidation
- ◆ Merger
- ◆ Formation of a subsidiary district”<sup>1</sup>

“Because we are dealing with a City, the only viable option is annexation of the City into the District without dissolution of the District. A consolidation is not available because only districts can consolidate with districts and cities with cities (LAFCo law 56030). A district cannot consolidate with a city. . . . Dissolution and formation of a new replacement district will not work because upon dissolution, the corporate powers of the district cease to exist (LAFCo law section 57450). The successor to the dissolved district winds up its affairs (LAFCo law section 57453). There is no authority to transfer its taxing powers to

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<sup>1</sup> “Sausalito and Southern Marin Fire Protection District Fire Phase 1 Briefing,” Citygate Associates, p. 18.

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the successor new replacement district except for the payment of long-term obligations (LAFCo law section 57458). . . . A merger is not available. A merger occurs when a district of limited powers is subsumed by the boundaries of a city. The entire boundaries of the district must be within the city (LAFCo law section 57104). It results in the termination of the existence of the district (LAFCo law section 56056). . . . The formation of a subsidiary district is not available. A subsidiary district is a district, which is governed by a city council (LAFCo law section 56078). To be a subsidiary district, at least 70 percent of the land area must be within the boundaries of the city and at least 70 percent of the registered voters must be within the city (LAFCo law section 57105).”<sup>2</sup>

“The option, therefore, for permanent shared fire services is the annexation of the City to the SMFPD. Under the Fire Protection Law of 1987, a fire protection district may include incorporated territory (Health and Safety Code section 13810).”<sup>3</sup>

“In this type of merger there would be one fire service provider and the governing body would be people elected by the voters across the entire new District, including the City. The District’s sources of revenue from Mill Valley would be set at the time of merger.”<sup>4</sup>

This transfer of revenue from the City is very important to understand for two reasons. First, the City gives up revenue, but second, only for the cost of fire services at the time of the merger. In other words, the City transfers fire services to the District at the present value, forever. There can be no increase asked by the District from the City. If in the decades ahead, the District wants to increase revenues it must ask the voters in the District, not just the City. Thus, the City freezes its cost of fire services forever.

Elected official representation is a question that has been discussed by the Joint Shared Service Committee. The City has expressed its need to ensure Mill Valley residents are fairly represented in an expanded fire district.

When the City of Sausalito annexed its fire and emergency medical services into the SMFPD, the Board of Directors was expanded to seven from five. The two new positions were filled initially by two Sausalito residents, thereby addressing the concern of fair representation. Subsequent elections remained at-large.

With respect to an annexation of the MVFD and emergency medical services into the SMFPD and City representation on the SMFPD Board of Directors, City representation on the Board of Directors can be facilitated by way of three options. However, three elements must be assessed: 1) what mechanisms are available to ensure City representation on the SMFPD Board of Directors

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<sup>2</sup> “Sausalito,” p. 18.

<sup>3</sup> “Sausalito,” p. 19.

<sup>4</sup> “Sausalito,” p. 25–26.

should the City be annexed by the SMFPD, 2) are future elections at-large or by Districts per the CVRA, and 3) will potential future consolidations influence this topic?

1. The Board can elect to expand temporarily or permanently due to impacts from the City annexing its fire and emergency medical services into the District.
2. Individual Board members can voluntarily elect to step down prior to an election and be replaced by an equally pre-determined number of representatives from the City.
3. At the next election cycle, Board Director vacancies would expand eligibility to the residents of the newly annexed City (at-large elections).

Historically, when the City of Sausalito annexed its fire and emergency medical services into the SMFPD in 2012, the Board of Directors was expanded from five to seven to allow the immediate representation of two Sausalito residents on the SMFPD Board of Directors. Though not specifically required to maintain two Sausalito residents on the Board, since the annexation the Board elections have resulted in maintaining a minimum of two Sausalito residents as Board Directors, with three being the most it has had.

The question of how the post annexation District Board of Directors has been negotiated between the City and District. As the Southern Marin Fire Protection District is now governed by a seven-member Board of Directors who are elected every four years at large, the SMFPD Board of Directors does not desire to expand *or* contract the number of Board Directors. The next election in which residents of the City of Mill Valley will be eligible to submit their application for Board of Director positions at large occurs in November 2024. Given this, the City and District staffs and merger subcommittee members have reached agreement that a “governance bridge” between the approved date of annexation and the November 2024 election is beneficial and needed.

The bridge will be to create an Advisory Board consisting of two Mill Valley residents or council members. The Advisory Board will be a subcommittee to the SMFPD Board of Directors and will include two City Council members and two Board of Directors. This committee will meet monthly to discuss City of Mill Valley fire-department-related services and programs and will continue until District Directors are sworn in after the 2024 general election.

### **6.3 MEASURE C**

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In March 2020, the voters in Marin County passed Measure C, resulting in the creation of a Joint Powers Agreement, the Marin Wildfire Prevention Authority (MWPA). The ordinance detailed the governing structure of the organization, including a Governing Board, Operations Committee, Technical Advisory Committee, and a Citizen Oversight Committee. Each member agency is authorized to provide a prescribed level of representation on each of the committees/boards.

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The Governing Board includes a councilmember or board member from the governing member agency. The Operations Committee consists of a selected Fire Chief or City/Town Manager from the member agency, and the Technical Advisory Committee typically consists of a Fire Marshal or prevention subject matter expert from the member agency.

The Measure C ordinance also details the prescriptive method for fund allocation of Measure C revenues. There are five operational areas that subdivide the County and are the basis for regional fund allocations. The ordinance details that twenty percent of funds collected are distributed directly to the member agency for their defensible space inspection program. Twenty percent of funds collected are also distributed directly to the member agency for local mitigation projects as defined by the member agency. Sixty percent of the revenues collected, minus 10 percent for administrative overhead, is allocated across the five operational areas based on a formula prescribed in the ordinance.

Annexation of the MVFD by the SMFPD raises questions regarding representation and fund management, including:

1. With respect to Measure C representation, because of annexation, does the City retain a voting seat on the Governing Board and Operations Committee? If so, how?
2. Does the City retain the funds distributed by Measure C and direct the District in how those funds are to be spent?

Currently under Measure C, Councilmember Sashi McEntee represents the City on the Governing Board. City Manager Alan Piombo represents the City on the Operations Committee, though he partners with Fire Chief Chris Tubbs. Fire Marshal Fred Hilliard represents the City on the Technical Advisory Committee.

For the District, Board Director Cathryn Hilliard represents the SMFPD on the Governing Board. Fire Chief Chris Tubbs represents the District on the Operations Committee, and Fire Marshal Fred Hilliard represents the District on the Technical Advisory Committee.

The Measure C Ordinance details the process and allocation of member representation but is silent about what occurs when two agencies consolidate. This question will likely need to be resolved in consultation with the MWPA Governing Board and legal counsel. Options likely include:

1. The City could petition the members of the MWPA Governing Board to retain their formal member status. There is no language in the adopted ordinance that would preclude this option.
2. The City, in the annexation agreement, could include language detailing a process wherein if the City gives up its membership status on the MWPA Governing Board, the City may establish a joint City and SMFPD committee that would provide a



mechanism for the City to prioritize risk reduction projects and the allocation of City Measure C funds.

3. The City could forfeit its current representation on the Governing Board and direct the SMFPD to represent the City and its risk reduction interests under the Measure C Ordinance.

### **6.3.1 Measure C Options – Fund Allocation Management**

The City currently receives its allocations for defensible space inspections and local mitigation projects directly from the MWPA annually. With annexation of fire and emergency medical services, the City could elect to do the following:

1. If the City maintains its member agency status on the MWPA Governing Board, the City could maintain the current direct receipt of said Measure C allocations and direct the spending priorities of those funds. The District would continue to manage those funds, programs, and services as directed by the City. This is how it is currently managed.
2. If the City does not retain its member agency status with the MWPA, the City allocations would directly deposit with the SMFPD and the District would represent the City on the Governing Board, Operations Committee and Technical advisory Committee. The District would also be responsible for the spending of those funds.
  - In this scenario the City may wish to draft annexation language that maintains the City’s ability to identify its annual apportionment, direct the spending of those funds, and receive annual reports.

### **6.4 MILL VALLEY MUNICIPAL SERVICE TAX PROGRAMS (MST)**

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The City currently collects tax dollars to fund the MST that include improving the condition of City streets and storm drains, reduction of fire hazards, and shortening emergency response times. The MST currently generates approximately \$1.7 million annually. These are restricted funds.

The City has historically allocated \$300,000 annually for City services that reduce the risks associated with wildfire. Typically, these have included chipper day programs, fuel break projects, and occasionally, tree removal projects.

Assuming the City will continue this program, annexation of fire services raises questions related to the current MST and its management of risk reduction services and projects. Currently, the SMFPD is managing those projects. These responsibilities were passed to SMFPD Vegetation Management Specialist Jesse Figoni by MVFD Battalion Chief Scott Barnes during the shared services transition and in consultation with the City Manager.

## Southern Marin Fire Protection District

### Merger Ad Hoc Assistance

If annexation were to be approved, there is no mechanism for the District to collect the MST funds, so the City would need to retain this responsibility. The number of MST dollars allocated to vegetation management projects and services is determined by the City in consultation with the Fire Chief and Finance Director.

The Fire Chief recommends this program and its current program management process *not* change. The City would continue to collect the MST funds, and in partnership with the District Fire Chief, would determine how much funding is available annually, and on what projects and services those funds would be spent.

**Figure 27—Annual Funding for Vegetation Management**

