



OLYMPIC VALLEY PUBLIC SERVICE DISTRICT



EXHIBIT F-2
6 Pages

FIRE DEPARTMENT LONG-TERM MODELING

DATE: March 26, 2024

TO: District Board Members

FROM: Brad Chisholm, Fire Chief; Danielle Mueller, Finance & Administration Manager; Dave Hunt, Interim General Manager; Jessica Asher, Program Manager & Board Secretary

SUBJECT: Fire Department Long-Term Modeling

BACKGROUND: Staff have been analyzing the Fire Department financials to identify viable revenue streams and minimize expenses, aiming to fund current and future demands and opportunities. This initiative is closely tied with the upcoming strategic plan project in which determining how to support the Fire Department will be important. Key areas of focus within the fiscal analysis include meeting anticipated demands resulting from MOU negotiations (competitive wages and benefits), appropriate staffing for the fire department (including the addition of a dedicated Fire Prevention Officer) and ensuring we can sustain our fuels management program. Staff are considering a range of funding sources to achieve these objectives, including but not limited to traditional fundraising, cost recovery, cost sharing, in-kind donations, fee for service, expanding services, tax assessment, and consolidation/annexation. This comprehensive approach ensures a thorough exploration of various funding possibilities, and we remain open to considering other innovative solutions that may arise during our analysis.

At the February meeting of the Board of Directors, the OVFD Professional Firefighters provided public comment regarding their unanimous opinion that a North Tahoe Fire Protection District/OVFD consolidation is the best way for the Department to serve the community and provided their reasoning.

The Board asked that staff make understanding these issues a top priority, recognizing that we do not want to rush any decisions. The Board requested that the Regular March Board meeting include (1) the first draft of relevant financial scenarios; (2) that General Counsel provide information regarding the process for consolidation/annexation and briefly present other revenue options discussed in the financial analysis (such a parcel tax or benefit assessment); and (3) Chief Chisholm provide qualitative components of the analysis such as levels of service changes. These items will inform decisions on how to proceed.

DISCUSSION: The attached slideshow, to be presented by Chief Chisholm, Ms. Mueller, and Mr. Bell during the Board meeting, addresses the requests of the Board. The purpose of the presentation is to present information so the Board may have a better understanding of the status of the Fire Department, potential financial scenarios, and the process to generate revenue or embark on a change of organization.

It is imperative that staff, the Board of Directors, and the community remain unbiased during this analysis. The modeling provided is for information only and will provide background will inform the strategic direction and next steps. Additional studies and analysis will be needed prior to any decisions.



ALTERNATIVES: This report is for information only; no action is requested from the Board.

FISCAL/RESOURCE IMPACTS: Staff, including General Counsel, have spent considerable time on this analysis and presentation, which was initiated several months ago. The impact of this work will have a fiscal impact however, it cannot be easily quantified at this time.

RECOMMENDATION: This report is for information only; no action is requested from the Board.

ATTACHMENTS: Slideshow Presentation *Fire Department Long-Term Modeling*



DATE PREPARED: March 22, 2024

Fire Department Long-Term Modeling

March 26, 2024

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Purpose

- Present information so the Board may have a better understanding, make educated decisions, and eventually give direction.
- Keep an open mind, stay unbiased.
- Catalysts for this effort:
 - Developing Strategic Plan
 - Public Comments (firefighters, community, NT Fire)
 - Expenses are outpacing revenue
 - Opportunity

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Significant History



<p>1985-2000 With impending construction of RSC/Everline; public services needed to modernize</p>	<ul style="list-style-type: none"> • 1985: Water District and Fire Department merge. Each brought separate tax funds • 1988: R@SC construction begins; Fire Station at 1810 Olympic Valley Rd. completed, original building converted to District Admin. • 1989: Greene Report Standards of Cover (understand obligations & ability to meet)
<p>2000-2005 Recruitment, retention, training, participation (OES, etc.) very robust. Exceptional service to the community with relatively little dependency on Mutual Aid.</p>	<ul style="list-style-type: none"> • 1999: Village construction begins • 2000: BOD approved increase to 3-0 staffing; 75th percentile • 2002: Administrative staff started managing Fire Department budget • 2004: Fire Station and Admin Building at 305 Olympic Valley Road was completed • 2005: With the help of a FEMA grant, Fire Department increased staffing from 3-0 to 4-0, providing an ALS non-transport service model
<p>2005-Current Business model gradually becomes less sustainable; keeping up with industry standards and trends is more challenging</p>	<ul style="list-style-type: none"> • 2020: Fully phased from a combination fire department to a career fire department • 2021: Fuels Management program initiated (Board approves CWPP; contracted with RPF)

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Current Challenges Staffing

- Recruitment and Retention
- Scheduled staffing vs. Minimum staffing
- Vacation, Classes, Sick, Leave
- Demographics
 - Staff Age (20-30: **1**; 30-40: **2**; 40-45: **1**; 45-50: **3**; 50-55: **2**; 55+: **2**)
 - Reside (Commute / Availability) - 1 employee in District
 - Promotion / Succession Planning

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Current Challenges Relevance

2023 Call Volume



- 678 calls in 2023. EMS = 71% in district (no ambulance - good / bad)
- Palisades Tahoe ALS Ski Patrol (38% call to all PT property)
- Received mutual aid 420 times (NTF 395; TRK: 25); provided mutual aid 155
- Overlapping calls (2023: 31 double, 11 triple)

Dependent on neighboring agencies

- Operations: Auto/Mutual Aid; Event Coverage; District Coverage; Specialty (Haz-Mat, Dive Team); Vehicle Mechanic; Public Information Officer
- Local/Regional Fire Associations: Training; Prevention/Fire Prevention Officer; Chief Officer; Radio/Communications

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Current Challenges Readiness

OVFD members carry a very significant load vs. similar neighboring/industry positions/job descriptions

↓

Decreases knowledge, skills and abilities (KSAs) and response readiness

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Increases liability (prevention - code interpretation and enforcement, fleet maintenance etc.)

Staff availability and budget affect training quality: theoretical vs. actual

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Current Environment Industry/Regional Dynamics

- Annexation
- Tax measures (Wildfire Prevention v. Operations)
- Regional Incorporation
- External Resource Cooperation (Operations, Administration, Prevention)

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Next Steps

What is the Community's Appetite for change?
Community: Residents, Commercial Entities and Visitors who inform the Board who direct management (General Manager, Fire Chief) and staff.

What work do we need to do to inform the decision?

- Financial Analysis to determine viability
- Highly Reliable Organization / Standards of Cover

} Inform Strategic Plan

How can we continue to innovate:
Staffing, Services, Funding, Branding, Proactivity, Independence

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Stay Open Minded

This is not a complete list 😊

TAX MEASURE

- Increased revenue
- Support Fuels Management
- Hire necessary staff - FPO
- Help reduce line staff's obligation to perform major ancillary roles
- Keep community tax funding in OV
- Maintain more local control
- Identity, History, Culture

ANNEXATION

- Depth in staffing
- ICS to industry standards
- Expansion of services
- Economies of Scale
- Support: Fleet/Facilities; PIO; Training; Prevention/Forester; EMS; IT; Safety; etc.
- Training opportunities
- Personal and Professional Opportunity
- Common Policies
- Mandates; Standards; Best Practices
- Diversity

- Funds earmarked for new services
- Revenue unknown
- Sunset clause / annual increase unknown
- What happens after sunset clause
- Public opinion
- In conflict with annexation

- One station, one community
- Identity / History / Legacy
- District familiarization
- Community interaction
- Tax revenue to a regional budget
- Less local control
- Change in level/type of service

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Financial & Operational Objectives

- Identify additional Revenue Sources to fund annually increasing gap between operating expenses and property tax revenue and create a Financial Plan that sustainably funds the Fire Dept.
- Expand staffing to maintain / improve the Fire Department's Levels of Service (e.g., hire Fire Prevention Officer).
- Secure funding for Fuels Management Program.
- Identify, include, and prioritize strategies in forthcoming Five-Year Strategic Plan.

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History of Tax Revenue

Year	Total AV Revenue	% of Total to FD
2005	2,328,779	73%
2006	2,570,457	75%
2007	3,125,665	64%
2008	3,290,518	63%
2009	3,351,197	69%
2010	3,225,523	78%
2011	2,874,088	85%
2012	2,799,511	87%
2013	2,882,549	90%
2014	2,903,880	90%
2015	3,015,928	89%
2016	3,258,009	84%
2017	3,342,349	94%
2018	3,448,583	98%
2019	3,567,968	96%
2020	3,639,876	99%
2021	3,767,585	97%
2022	3,942,259	97%
2023	4,338,997	94%
2024	4,557,000	96%
2025	4,692,339	96%

Annotations:

- Everline reassessed due to Condo conversion (2007)
- Real Estate downturn (2008)
- Placer County reassessed all properties (lower) (2010)
- Admin 1/3 allocation to Fire Department (2017)

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Financial Scenarios to Identify Potential Solutions to Meet Revenue Requirements

- Existing Conditions
 - FY 2024-25 Budget
 - MOU 7/1/24 – Estimate ranges of Wage Increases (e.g., 3%, 5%, 7.5%, 10%)
 - New Fire Prevention Officer position
 - Contributions to Fuels Management Program
- Contributions from Water & Sewer Rates
- Charge Fees for Service to Non-Residents
- ASCWD Service Contract – Existing (e.g., no ASCWD Parcel Tax)
- ASCWD Service Contract – ASCWD Parcel Tax
- Ambulance Services

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Scenario #1 – Fiscal Year 2024-2025

Continuing operations without interruptions to our level of service

Assumptions Considered in Modeling

- MOU negotiations are underway
 - Salary survey is not complete, model shows increases of 3%, 5%, 7.5% and 10%
 - Model considers other inflationary increases to operations
 - Capital budget has been updated with FY2024-25 projects and rates
- New Fire Prevention Officer – Miscellaneous PEPRA Employee. Approximately \$175,000/year with wages and benefits.
- \$50,000 annual contribution of Fire Department funds to Fuels Management Projects

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Scenario #1 Fiscal Year 2024-2025

Pay Increase	New Staff	Fuels Management Contribution	% of Property Tax to FD	CRP Funding Level	Meeting Financial Reserves Target?	Deficit in Year 1
3%			96%	\$300,000	YES	
5%			96%	\$300,000	YES	
7.50%			96%	\$300,000	YES	
10%			96%	\$300,000	YES	
3%	Fire Prevention Officer	\$50,000	96%	\$300,000	YES	
5%	Fire Prevention Officer	\$50,000	96%	\$300,000	NO	\$50,000
7.50%	Fire Prevention Officer	\$50,000	96%	\$300,000	NO	\$90,000
10%	Fire Prevention Officer	\$50,000	96%	\$300,000	NO	\$160,000
3%	Fire Prevention Officer	\$30,000	96%	\$300,000	NO	\$60,000
5%	Fire Prevention Officer	\$30,000	96%	\$300,000	NO	\$100,000
7.50%	Fire Prevention Officer	\$50,000	96%	\$300,000	NO	\$140,000
10%	Fire Prevention Officer	\$50,000	96%	\$300,000	NO	\$210,000
3%		\$50,000	96%	\$300,000	YES	
5%		\$50,000	96%	\$300,000	YES	
7.50%		\$50,000	96%	\$300,000	YES	
10%		\$50,000	96%	\$300,000	YES	

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Scenario #2 Water/Sewer Contributions

- Possibility of Water and Sewer rates contributing to the Fire Department. Wildfires can severely damage utility infrastructure. This contribution protects water and sewer District assets.
- A few neighboring Districts currently practice this method

Water Distribution System Damage

Service lines, hydrants, and plumbing were damaged and leaking (a,b,c,e). Some hydrants were left open, fire-fighting equipment was left behind (f). Water meters to properties with destroyed structures were removed (d).

<https://phys.org/news/2023-01-lessons-colorado-costliest-wildfire.html>

NOTHING HAS BEEN VETTED. Needs to go through a nexus study/rate setting process before implementation. Earliest would be FY2026.

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Scenario #3 Fee for Services

Charge fee for out-of-district emergency service calls

Assumptions (conservative)

- Administered by 3rd party
- OVFD averages 600 annual calls, 50% are visitors
- \$300/visitor call
- 300 visitors x \$300/call = \$90,000
- \$90,000 x 20% admin fee from 3rd party = \$18,000
- \$90,000 x 50% estimated recovery from 3rd party = \$45,000
- Net **\$27,000** to the Fire Department

This revenue has not been incorporated into the modeling. Information only at this point

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Scenario #4 and #5 ASCWD Service Contract

Assumptions

- Will need to add three new Battalion Chiefs
 - CalPERS Safety Classic member. Approximately \$230,000/year each with wages and benefits.
- Will need to add three new Firefighter/Paramedic.
 - CalPERS Safety PEPRA member. Approximately \$139,000/year each with wages and benefits.
- Staffing goes to 6/5
- New capital assumptions include a Battalion Chief car plus Misc improvements @ ASCWD station: Approximately \$25,000/year contribution

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Scenario #4 and #5 ASCWD Service Contract

Results

- Additional wages: \$783,000
- Additional benefits: \$329,000
- Additional PERS: \$172,000
- Total additional staffing needs: \$1,284,000

- Additional operating expenses: \$26,000
- Additional capital contribution: \$25,000
- Annual Revenue Requirement: **\$1,335,000**

Property tax assumed from ASCWD: \$762,000

Deficit = \$573,000. Additional ASCWD funding would be needed (tax measure)

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Scenario #6 Ambulance Services

- Ambulance study was completed by AP Triton in October 2022
- Estimated \$220,000 in revenue to OVFD
- Estimated \$210,000 in annual operating and capital expenses
 - Excludes labor costs as no additional staff is considered (keep 5/4 staff)
- At time of study, ambulance service had OV community support, did not have regional support
- This revenue has not been incorporated into the modeling, information only at this point

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Potential Revenue Not Included in Analyses

**Revenue that is not guaranteed year over year
and is not included in budget setting**

- Strike Teams
- TOT Funds
- Grants (Operations, Capital, Fuels -CAL FIRE, SAFER, DHS AFG)
- Truckee-Tahoe Airport Regional Funding
- Cost Sharing with Liberty Energy Fuels Program
- Extend useful life of assets in Capital Replacement Plan (CRP)
- Fundraisers
- In-Kind Donations

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Additional Revenue Generation Measures

- Parcel Tax (Special Tax)
 - 2/3 Voter approval
 - Drafting, submission to voters, outreach, education
 - Election
- Benefit Assessment
 - Benefit assessment for fire suppression
 - May charge for parcels for special benefit (not general benefits)
 - Engineer's Report required to justify charge and distinguish between special and general benefits
 - Notice and protest hearing under Prop 218

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Changes of Organization

- Consolidation, Annexation, Changes of Organization
 - MSR/Sphere of Influence
 - Resolution/Petition (CEQA)
 - Tax Sharing Agreement
 - LAFCo review
 - Protest Proceedings
 - Election
- Alternative: JPA Agreement (Gov. Code, § 6500 et seq.)
- Alternative: Fire Protection Contract (Gov. Code, § 56134.)

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Regional Context

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Conclusions

- Modeling provided today is information only
- Priority is completing new MOU which begins July 1, 2024
- Direction to think about – parcel tax, annexation, or something else?
- How will these scenarios fit into our strategic plan?

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