

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
February 1, 2005

To: Board of Supervisors

From: Department of Economic Development And Intergovernmental Affairs

Subject: Appropriation Adjustment Request No. 25-051 Reallocating \$392,978 in Contingency Appropriations to General Fund Non-Departmental Appropriations To Provide A Subsidy To Sacramento Metropolitan Fire District For Structural Fire Protection At McClellan Park

Contact: Paul J. Hahn, Assistant to the County Executive For Economic Development And Intergovernmental Affairs, 874-5889

Overview:

Jurisdictional responsibility for fire protection and emergency response (fire protection) for the former McClellan Air Force Base (AFB) (now marketed as McClellan Park) ceded to Sacramento County from the United States Air Force on October 1, 2000. Prior to initiating annexation proceedings, Sacramento Metropolitan Fire District's (SMFD) sought a commitment of revenues from Sacramento County to address the financial impact of absorbing the former AFB into the District. In February and March of 2001, the Board approved a phased financing plan and executed a contract with SMFD for fire protection services for the McClellan Airport and McClellan Park properties. The second phase of the Board approved financing plan included annexing the former AFB parcel into SMFD boundaries in tandem with the execution of a tax-sharing agreement between the County and SMFD. Prior to the current fiscal year, the County has been financing this obligation with asset transfers. Annexation of McClellan Park by SMFD will commit between \$1.3 million and \$1.6 million in annual county revenue to SMFD for the foreseeable future. In Fiscal Year 2004-2005, \$392,978 will be required to fund fire protection services for McClellan Park.

Recommendations:

1. Approve the attached Fiscal Year 2004-05 Appropriation Adjustment Request (AAR) No. 25-051 increasing General Fund Non-Departmental appropriations by \$392,978 and reducing General Fund Contingencies by the same amount.
2. Conceptually approve a Fiscal Year 2005-06 appropriation requirement of \$1,381,091.00 in County General Fund resources to fund fire protection for McClellan Park property pursuant to the annexation of McClellan Park into SMFD boundaries and execution of a tax sharing agreement with SMFD.

Measures/Evaluation:

Since McClellan AFB was announced for closure in 1995, the County has successfully transitioned the property to new economically productive uses. Fundamental to transforming the Base was the transfer of responsibility for municipal services like sheriff, fire, garbage removal, water, sewer, storm drainage and street cleaning/maintenance to the ultimate providers. The annexation of McClellan into SMFD will complete the last transition of services.

Fiscal Impact:

Early financing of fire protection services for McClellan Park was accomplished by the transfer of County real property assets to SMFD, valued at \$2,750,000. The value of the assets established a credit line which was used by the County in lieu of payments to SMFD. Within the current fiscal year, the credit line will be completely drawn-down and the County will be required to provide a \$392,978 cash payment to SMFD from the General Fund.

BACKGROUND:

With the August 2000 State Lands Commission approval of the United States Air Force application for retrocession of federal jurisdiction over the former McClellan AFB, responsibility for police and fire protection for the former AFB ceded to the County of Sacramento. The Air Force application was originally placed on the April 20th Lands Commission Agenda for action. At that meeting, the Lands Commission deferred action on the item to allow American River Fire District and the County to resolve District funding concerns (Sacramento County and American River have since merged to form SMFD).

Subsequent research by department staff and LAFCO staff resulted in the recognition that the main base portion of McClellan (excluding Capehart Housing and the Sacramento River Dock) does not lie within the sphere of influence or district boundary of any fire district. However, prior to the Air Force acquisition of the real property comprising McClellan, there were two small parcels that were previously within two separate Fire Protection Districts, since absorbed by SMFD. One of the parcels includes some improved land including facilities 475, 411, 646, 473, 431, 444 and 445. The other parcel includes an extensive area of undeveloped land around the Airfield as well as the Coast Guard hangars, some of the small 1,000 series hangars and some residential buildings currently targeted for demolition and new commercial development. Although, with retrocession those two parcels would revert to SMFD, they represent a small percentage of the developed area of the former AFB.

During the spring and summer, the County worked to reach mutual agreement with SMFD on a funding commitment to address its concerns about the service impacts of absorbing McClellan real property into the District. Based on the County commitment to address the Districts funding concerns the District withdrew its opposition to the October 1st effective date for retrocession of McClellan Air Force Base.

In the fall of 2000, with the loss of Air Force provided fire protection at McClellan on the horizon, and commercial leasing activity underway, the County turned its attention to developing a strategy for fire protection at McClellan Park recognizing the following factors:

- Neither Sacramento City Fire Department or the SMFD was willing to apply for annexation of McClellan Park into its District due to the lack of adequate tax base;
- Given the existing facilities, circulation and population of the former AFB, SMFD service standards would require one firefighter crew and associated equipment to provide protection consistent with the balance of the District. McClellan Park property could not be protected with existing SMFD resources or out of existing facilities;

- The Coast Guard specifications for remaining at the McClellan Airport included extensive and costly aircraft rescue and fire fighting (ARFF) protection; and
- To sustain long-term viability of a Coast Guard Air Station at McClellan, the cost of occupancy of the Airport must be minimized for the Coast Guard.

The County and SMFD spent months negotiating and conferring on the most effective, equitable and efficient options for addressing the requirements and resolving the District's issues with regard to the funding and service impacts of absorbing McClellan. In February 2001, based on the County Board of Supervisor's commitment to support SMFD by providing facilities at McClellan and addressing long-term funding concerns including real property asset transfers and other tax sharing until the tax base was sufficient, the District agreed to contract with the County to provide ARFF and structural fire protection services to McClellan. An operational model with cross utilization of two crews operating out of the Airport fire station funded with a mixture of Coast Guard revenue, future taxes, and real property asset transfers was approved by the County and SMFD in March 2001.

The contract, which was renewed in November of 2004, implemented an operational model that cross-utilizes SMFD fire/crash/rescue crews located on the McClellan Airport to provide fire protection to the rest of the property thereby reducing costs for both services. The Coast Guard revenue funds 1.2 crews and the County is responsible for 0.8 of one crew. The apportioned share was based on service call data, benefit to Airport, and District standards.

DISCUSSION:

SMFD Contract

The Contract with SMFD establishes performance of Coast Guard ARFF requirements via an integrated fire protection services model designed to leverage multiple funding sources. The current contract with SMFD which was effective October 1, 2004, provides emergency medical and structural fire protection and ARFF services and provides that the structural component of the scope of work terminates upon annexation of McClellan Park into SMFD.

The following chart summarizes the financial and operating terms and conditions approved by the Board and SMFD in March of 2001 and November of 2004.

SERVICE MODEL	<ul style="list-style-type: none"> • SMFD is primary responder for both ARFF and structural protection for McClellan Park. • Two crews of 3.0 firefighters each are located in Building. 1074, within a three-minute response time to an Airport incident, 24-hours a day, 7*days a week • One crew is dedicated to ARFF response only. The other crew is cross-utilized ARFF and structural-medical for surrounding area-the exact boundaries are determined by the District. • An off-site crew positions to McClellan Airport within 12 minutes of the cross-utilized crew responding off Airport pursuant to the contract with the Coast Guard. • 2.0 dedicated ARFF vehicles must be operational at all times.
FINANCIAL TERMS	<ul style="list-style-type: none"> • The USCG funds 60.0 percent of the SMFD contract costs exclusive of an ARFF vehicle acquisition cost. • The County will reimburse SMFD for the cost of ARFF vehicle acquired last year to meet Coast Guard requirements. • Coast Guard furnishes 1.0 ARFF vehicle. • The County furnishes the Airport Fire Station Facility, Building 1074, to SMFD for as long as SMFD is providing fire protection from that facility. • The County executes a lease/purchase of vehicle maintenance facilities at McClellan buildings 444 and 445 (roughly valued at \$2,750,000) to SMFD in exchange for SMFD services. • McClellan will be annexed into SMFD, pursuant to Board approval of a satisfactory property tax sharing agreement between the County and the District to bridge the funding gap for structural protection until the tax base is sufficient.

Status

While SMFD is willing and desirous of pursuing annexation and has committed to applying to the LAFCO to annex the property into the boundaries of SMFD, it has not yet taken this action. Nor has the County developed and executed the final purchase sale agreements related to the two vehicle maintenance facilities, 444 and 445 and associated property that it has agreed to transfer to SMFD, although SMFD payments for those facilities, in the form of services, have been recognized in the payment documentation between the County and SMFD.

Funding Options

The County is significantly restricted from using revenues other than General Fund revenues to fund fire protection for McClellan Park. The federal authorities that govern “no-cost” economic development conveyances (EDC) of real property prohibit the County from using proceeds from sale or lease of the property to fund public safety services such as fire and police. The federal government requires an annual audit of the use of EDC proceeds. County Counsel has advised the Department that as a result of Proposition 218, it would be difficult to levy assessments for fire or law enforcement services on real property at McClellan Park. Additionally, there is a provision in the Purchase Sale Agreement for McClellan Air Force Base between McClellan

Business Park and the County which restricts the County's ability to implement special fees for fire protection on the new property owners.

MEASURES/EVALUATION:

Since McClellan Air Force Base was announced for closure in 1995, the County has successfully transitioned the property to new economically productive uses. Fundamental to transforming the Base was the transfer of responsibility for municipal services like sheriff, fire, garbage removal, water, sewer, storm drainage and street cleaning/maintenance to the ultimate providers. The annexation of McClellan into SMFD will complete the last McClellan Park transition of services.

FISCAL IMPACT:

The following chart summarizes the net General Fund commitment over the next five years.

	2004-05	2005-06	2006-07	2007-08	2008-09
SMFD Expense for Fire Protection Services	\$3,090,969	\$3,503,527	\$3,674,921	\$3,854,885	\$4,043,884
Other Revenue Sources	2,697,990	2,122,436	2,225,608	2,333,940	2,447,710
Net General Fund Cost	\$ 392,979	\$1,381,091	\$1,449,313	\$1,520,945	\$1,596,174

This obligation may be partially met by establishing a tax rate for SMFD during annexation which will permanently dedicate a portion of the taxes received from McClellan Park to SMFD in perpetuity. Additionally, the County and SMFD will implement other mechanisms during the annexation process to reimburse SMFD for the cost of serving McClellan Park.

SMFD has expressed its clear desire to assume responsibility for providing structural fire protection services at McClellan through the annexation of McClellan territory into SMFD. However, SMFD's willingness to assume this responsibility has always been contingent upon the development of adequate financial assurances so that fire protection for McClellan is not funded at the expense of service in the remainder of the District. In March, 2001, the Board committed to provide sufficient funding to compensate SMFD for the difference between its cost of providing structural fire protection services at McClellan and the amount of tax increment revenue that SMFD will receive ("net service costs").

Respectfully submitted,

PAUL J. HAHN,
Assistant to the County Executive
For Economic Development
And Intergovernmental Affairs

APPROVED:

TERRY SCHUTTEN
County Executive

By: _____
GEOFFREY B. DAVEY
Chief Financial/Operations Officer

Attachments:

cc: County Counsel; Chief Financial/Operations Officer; Director of Finance; Department of Economic Development and Intergovernmental Affairs; Chief, SMFD

COUNTY OF SACRAMENTO

1. REQUEST NUMBER

25-051

APPROPRIATION ADJUSTMENT REQUEST

2. Department Name

Non-Departmental Revenues / General Fund

Department Name (if applicable)

3. Date

1/13/05

4. REQUEST ADJUSTMENT OF APPROPRIATION AS LISTED BELOW

	FUND#	INDEX#	ACCOUNT	ACCOUNT TITLE	AMOUNT
SOURCE OF FINANCING	601A	5980000	79790100	Contingency	392,978
USE OF FINANCING	001A	5705701	30370000	Contr Other Agencies	392,978

5. JUSTIFICATION (Attach Memo if Necessary)

See attached Board Memo.

2005 JAN 14 AM 9:58
CLERK OF THE BOARD OF SUPERVISORS
AUDITOR-CONTROLLER

Department Head

Geoffrey B. Davey

Department Head (if applicable)

By:

Geoffrey B. Davey 1/13/05

Date

By:

Date

6. ACTION

- Dept. Head Approval(s) only required
- Board Action Required
- Four-Fifths Vote Required

Auditor-Controller

By:

Cheryl Ron

Date

1/13/05

7. APPROVAL

- Approve
- Disapprove

County Executive

By:

Geoffrey B. Davey

Date

1/13/05

8. RESOLUTION

On a motion by Supervisor _____, seconded by Supervisor _____ the foregoing resolution was passed and adopted by the BOARD OF SUPERVISORS of the County of Sacramento, State of California, this _____ day of _____ 19__ by the following vote, to wit:

AYES: Supervisors,

NOES: Supervisors,

ABSENT: Supervisors,

Resolution Number _____

CHAIR OF THE BOARD OF SUPERVISORS OF SACRAMENTO COUNTY CALIFORNIA

(SEAL)

ATTEST:

CLERK OF THE BOARD OF SUPERVISORS

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