SPECIAL MEETING OF THE
CANYON LAKE CITY COUNCIL
Wednesday, March 16, 2016
Open Session – 6:00 p.m.

City Council Chambers
31516 Railroad Canyon Road
Canyon Lake, CA 92587

Please turn off your cell phones during the meeting

OPEN SESSION – 6:00 P.M.

1. **Call Meeting to Order**

2. **Flag Salute**

3. **Roll Call:** Council Members Ehrenkranz, Warren, Zaitz, Mayor Pro Tem Haggerty, Mayor Brown

4. **Approval of City Council Agenda**

5. **Public Comments** – Any person wishing to address the City Council on any matter within the jurisdiction of the City, whether or not it appears on this agenda, is asked to complete a "Speaker Request Form" available on the back counter. The completed form is to be submitted to the City Clerk prior to an individual being heard by the City Council. The City Council has adopted a time limitation of three (3) minutes per person. If you are commenting on the agenda item, your comments will be heard at the time that particular item is scheduled on the agenda. *Please note that if you are addressing the City Council on items NOT on the agenda, the Brown Act does not allow discussion of such items. Therefore, the City Council may only do the following: refer the matter to staff, ask for additional information or request a report back, or give a very limited factual response.*

6. **Business Items**

   6.1 Review ESCI Cost of Services Fire Study and approve moving forward with Option 1, 2a, 2b or another option not presented in the report Page 3

7. **City Manager Comments**

8. **City Council Comments**

9. Announcements

The next regular City Council meeting is scheduled for **April 6, 2016 at 5:30 p.m. for Closed Session and 6:30 p.m. for Open Session.**

10. Adjournment

VISION STATEMENT

The vision of the City of Canyon Lake is to be a City that provides a quality of life that makes Canyon Lake the premier place to live in Southern California.

ATTENTION RESIDENTS:

Supporting documents, including staff reports, are available for review at City Hall in the City Clerk's Office or on the City's website at www.cityofcanyonlake.org once the agenda has been publicly posted. Any written materials relating to an item on this agenda submitted to the City Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office during normal business hours. In addition, such writings or documents will be made available for public review at the respective public meeting. It is the intention of the City of Canyon Lake to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or participant at this meeting, you will need special assistance beyond what is normally provided, the City of Canyon Lake will attempt to accommodate you in every reasonable manner. Please contact Ariel M. Hall, City Clerk, at least 48 hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible. Please advise us at that time if you will need accommodations to attend or participate in meetings on a regular basis.

March 16, 2016 Special City Council Meeting

STATE OF CALIFORNIA }
COUNTY OF RIVERSIDE } SS. AFFIDAVIT OF POSTING
CITY OF CANYON LAKE }

I, Ariel M. Hall, being duly sworn, depose and say that I am the duly appointed and qualified City Clerk of the City of Canyon Lake and that by March 15, 2016 before the hour of 6:00 p.m., I caused the above notice to be posted as required by Resolution 2015-36 of the City Council of the City of Canyon Lake.

Ariel M. Hall
City Clerk

City of Canyon Lake
City Council
Staff Report

TO:	**Honorable Mayor and Members of the City Council**
FROM:	**Aaron Palmer, City Manager**
DATE:	**March 16, 2016**
SUBJECT:	**ESCI Cost of Services Fire Study**

Recommendation

Staff recommends that that City Council either approve Option 1, Option 2A or Option 2B as recommended by ESCI or provide staff direction as to another option not presented in the ESCI Fire Study Report.

Background

At the October 8, 2015 and October 26, 2015 Fire Department Start-Up Committee Meetings, there was discussion regarding hiring a fire department liaison or consultant. Staff included a draft scope of work for a fire department consultant in the agenda for the scheduled November 12, 2015 Fire Department Start-Up Committee meeting. Staff received feedback from Committee members, and presented a Request for Proposal for Fire Department Consulting Services to City Council at the December 2, 2015 City Council Meeting. At that meeting, Council approved the RFP.

The RFP was published on December 3, 2015. The RFPs were due back to the City by 5:00 pm on January 4, 2016. After the deadline, only one firm submitted a proposal: Emergency Services Consulting International (ESCI).

Due to contractual obligations with the County, the RFP presented a tight schedule to meet established deadlines. The RFP stated that the study would need to be completed by March 10, 2016, which would give the consultant 43 days to complete the study. In the proposal, ESCI estimated that their study would take approximately 180 days to complete. If there were any delays in obtaining the information they needed to complete their study, this would extend their estimated completion date past the 180 days. ESCI's total project fee estimate for the scope of work was $70,553. Original estimate presented by Staff to the Committee and City Council was $15,000 - $20,000.

Staff presented the Fire Department Start-up Committee several options to consider, and the Committee consensus was for Mayor Pro Tem Haggerty to negotiate a revised agreement with ESCI for services for a shorter period of time and at lesser cost.

The amended agreement consists of Cameron Phillips, an employee of ESCI, working with the City on a month-to-month basis for $9,600 per month plus mileage expenses. Completion of Phase 1, to provide validation of previous research and provide a recommendation to the City Council on whether or not to continue to pursue a stand-alone fire department, would conclude with a presentation at future City Council Meeting. Should the City Council decide at that point to continue with pursuing a stand-alone fire department, ESCI could continue to provide services as outlined in Phase 2 of the Agreement until such time that the City Council chose to discontinue services. A comprehensive list of tasks is included in the agreement.

At the January 20, 2016 City Council meeting, the City Council approved awarded a contract to Emergency Services Consulting International (ESCI).

ESCI developed four options that the City could implement as a solution for their fire service needs. The following are the proposed options:

Option 1: The City continue to contract with Riverside County Fire.
Option 2A: The City develop and operate its own City Fire Department using CalPERS as its retirement plan.
Option 2B: The City develop and operate its own full-time City Fire Department using a defined contribution model as its retirement plan.
Option 3: The City develop and operate its own full-time City Fire Department using part-time staffing to fill department fire suppression positions.

ESCI is only recommending Option 1, Option 2A, or Option 2B. ESCI feels that Option 3 is not a viable option for the City of Canyon Lake.

Fiscal Impact

At this time the cost for providing Fire Protection and EMS services are unknown. The City will have to request bids from qualified providers of such services.

Attachments

1. ESCI Cost of Services Fire Study

City of Canyon Lake

Cost of Services Fire Study

Validation of City-Provided Data

March 2016

Not for Publication or Distribution

Emergency Services Consulting International

Table of Contents

Acknowledgements iii

Executive Summary 1

Background 6

Project Assumptions 10

Service Delivery 14
- Service Demand Analysis 15
- Geographic Service Demand 16
- Travel Time Models 17
- Performance Analysis 25

Financial Analysis 27
- Historical Revenue Trends 27
- Forecast Revenue Trends 30
- Historical Expenditure Trends 33
- Operating Surplus/Deficit 36

Fire Protection Options 38
- Financial Forecast Overview 38
- Option 1 - Cal Fire Contract 40
  - Financial Overview - Option 1 42
  - Recommendation 43
- Option 2 - City Fire Department Staffed with Full-Time Personnel 45
  - Financial Overview - Option 2 47
  - Recommendation 56
- Option 3 - City Fire Department Staffed with Part-Time Personnel 57
  - Financial Overview-Option 3 60
  - Recommendation 64

Financial Impact Comparison – Options 1, 2, and 3 65

Conclusion 67
- *Next Steps* 67

Appendices 68
- Appendix A: List Of Figures 68
- Appendix B: Stakeholder Interview List 70
- Appendix C: City Provided Documents Reviewed 71
- Appendix D: Letter From Riverside County Fire Department 79
- Appendix E: Riverside County Fire Department Policy PO-155, Regarding Firefighters Working For Other Fire Agencies 81
- Appendix F: ESCi Project Scope of Work 85

Acknowledgements

Emergency Services Consulting International (ESCI) would like to acknowledge that without the assistance and support of the City Council, administrative staff, and personnel of the City of Canyon Lake, this project could not have been completed.

ESCI would also like to acknowledge the cooperation and assistance of staff members of Cal Fire and Riverside County Fire Department who provided information as requested to complete this analysis.

City Council
Tim Brown, Mayor
Dawn Haggerty, Mayor Pro Tem
Jordan Ehrenkranz
Vicki Warren
John Zaitz

City Manager
Ariel Hall

Executive Summary

Emergency Services Consulting International (ESCI) was engaged by the City of Canyon Lake (City) to conduct a cost of services study reviewing, analyzing, and validating data for future fire protection options. This report is the culmination of that effort.

ESCI thanks the participating members, staff, and policy-makers of Canyon Lake for their outstanding cooperation in the preparation of this report. All involved were candid in their comments and provided valuable information, perspective, and data to the ESCI team. The results of these interviews were used to identify the critical issues facing the City and to develop context for this report.

Purpose and Approach

The purpose and scope of this study, as approved by the city council, was to:

A. Receive and analyze city-provided data relative to fire protection.

B. Validate city-provided data.

C. Analyze and present the options for fire protection, recommending those with the greatest opportunity for success financially and operationally.

This study is not an implementation plan. The decisions required to implement any of the presented options will take active discussion and deliberation by the policy-makers and administrators. This document includes what options make sense and quantifies the advantages and disadvantages of each option being considered.

This report contains the following major sections: *Project Assumptions* (a series of assumption statements jointly developed and approved by ESCI and the city manager); *Service Delivery* (an analysis of how well physical resources are deployed and respond within Canyon Lake); *Financial Analysis* (a review of current financial condition as well as historical revenue and expenditure trends); *Fire Protection Options* (an overview of various options for fire protection services); and *Financial Impact Comparison* (a discussion comparing forecasted operating surpluses/deficits for the identified options).

The approach taken by the ESCI project team in developing this study was to first evaluate city provided data and then validate it for accuracy and relevance. This information was gathered through data analysis and interview. Subject matter experts on the ESCI team offered potential fire protection options following evaluation of provided information. Listed below are options presented in this report:

- **Option 1:** Re-establish contractual service contract with Cal Fire for full services including paramedics.

- **Options 2A and 2B:** Creation of a full-time Canyon Lake Fire Department. These options provide the community with an administrative staff of one fire chief, one assistant chief, two administrative assistants, and a fully staffed three-person basic life support (BLS non-paramedic) engine assigned to the city fire station.

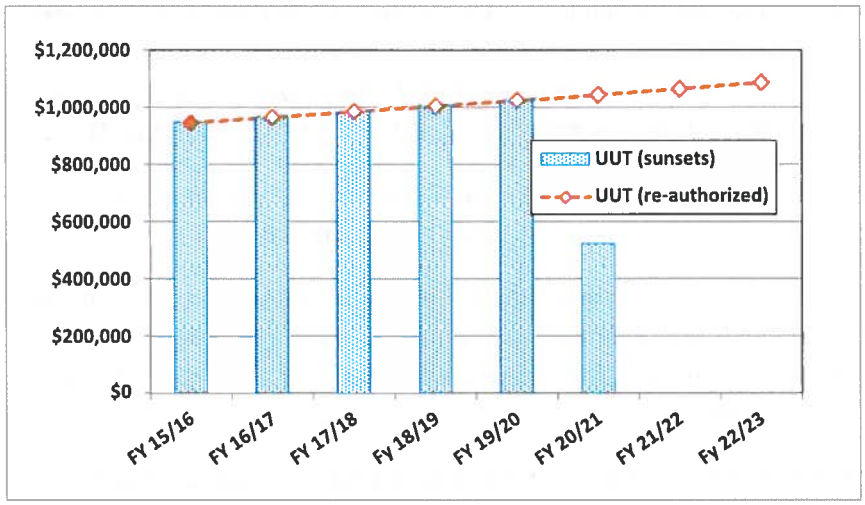
- **Option 3:** Creation of a full-time Canyon Lake Fire Department using "part time" staffing. This option provides the community with an administrative staff of one fire chief, one assistant chief, two administrative assistants, and a staffed three-person basic life support (BLS non-paramedic) engine assigned to the city fire station. Staffing is provided by firefighters (working in a "part-time" capacity from other fire agencies working on their time off.

Key Findings

Canyon Lake seeks to address the fire protection issues that have been in flux for a number of years. There are a number of decisions that need to be made to develop and maintain a stable level of protection for the community. Included in those steps are not only operational considerations, but more importantly are structural financial constraints and future long-term sustainability.

Finding #1: The financial sustainability for future fire protection in Canyon Lake is unknown, as revenue levels will drastically reduce at the sunset of the current Utility Users Tax (UUT) in December 2020.

Figure 1: Forecast of Utility Users Tax through FY 22/23 With/Without Sunset



Finding #2: There will likely be a long-term challenge for the City to meet contract cost increases from Riverside County Fire Department-Cal Fire (Cal Fire).

Finding #3: The City must notify Cal Fire by March 30, 2016, of its intentions to engage in a new Cal Fire contract or terminate the contract on September 30, 2016, and initiate efforts to start a City of Canyon Lake Fire Department.

Finding #4: All options presented will require continuance of current revenue levels as fostered by the UUT or other as yet undetermined revenue sources.

Finding #5: Options 2A and 2B implement a full-time staffed city-based fire department that is operationally feasible and would provide a reasonable level of service; however, the question of long-term financial sustainability should be resolved before endeavoring these options. Option 2A

presents costs using a CalPERS benefit. Option 2B presents costs using a city match 401K and social security benefit.

Finding #6: Options 2A and 2B will require substantial efforts to implement a stand alone fire department. It is ESCI's experience this type of effort will require between 12 and 18 months for effective preparation and implementation. Should the City select either of these options, start up preparation and a department going "live" would likely be beyond the September 30, 2016, Cal Fire deadline.

Finding #7: Option 3, a full-time city-based fire department model utilizing "part-time" staff will present constraints in terms of receiving and giving regional automatic aid. Cal Fire has indicated a "part-time" staffing model is not defined as "like for like" resources; therefore, it will not negotiate an automatic aid agreement with a department staffed as such.

Finding #8: Without automatic aid from nearby agencies, a "part-time" system will provide only a single resource to respond to incidents in the city. The prospect of increased risk to property loss may be expected. With this option the city fire department would be completely independent, strictly relying on internal Canyon Lake resources to provide staffing to an emergency scene. With only one unit from the fire station serving the entire city, response times would likely increase, particularly during times of concurrent incidents. Without joining resources to augment the three-person staffing, Canyon Lake may not meet OSHA CFR 29.1910.134(g)(4)(1-3) two in/two out rule.[1]

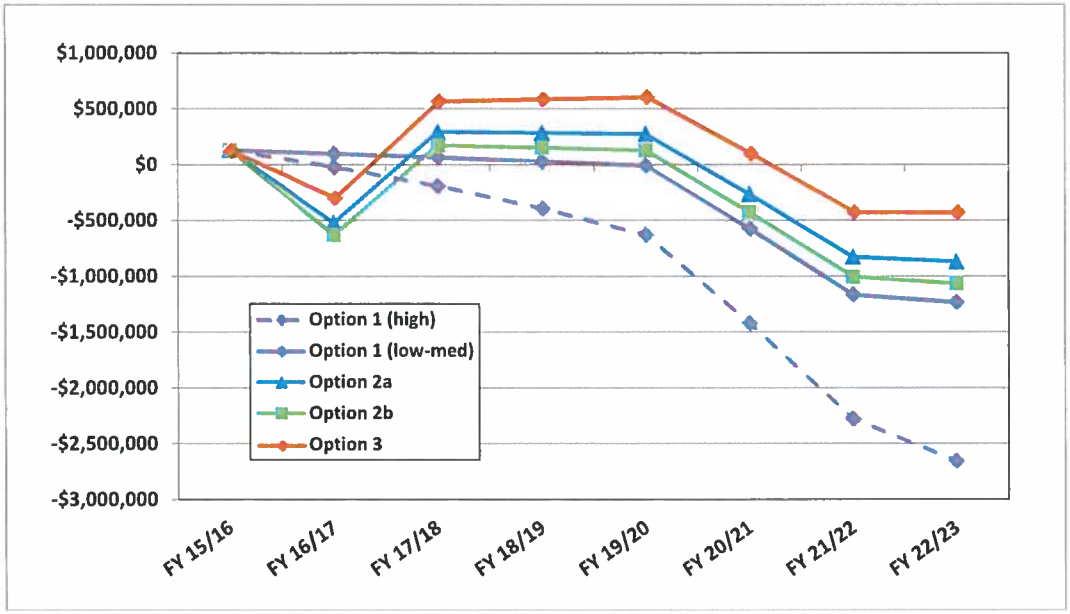
Finding #9: Pro forma budgets were developed based on the assumption approved by the client in order to approximate costs for a Canyon Lake Fire Department.

Finding #10: The concept of a volunteer department was discussed with city staff and briefly analyzed by ESCI. ESCI contends that a purely volunteer fire department system would provide a very low degree of service level for an urban, developed community and therefore was not considered a valid option for Canyon Lake.

Finding #11: The most important point of the following figure is that in the event the UUT sunsets in 2020 and no other recurring revenue source is found to replace it, none of the options are sustainable. Even the "part-time" staffed city fire department (Option 3) becomes untenable after 2020.

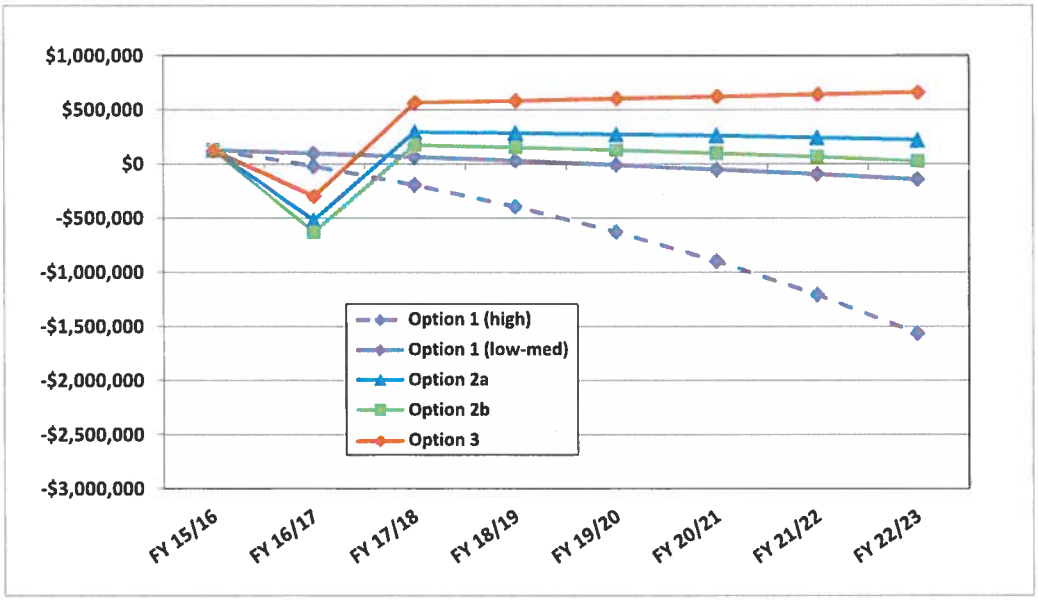
[1] The U.S. Occupational Safety and Health Administration (OSHA) two-in/two-out rule (CFR 29 1910.134(g)(4)1-3). The safety of firefighters engaged in interior structural firefighting is the major focus of paragraph (g)(4) of the OSHA Respiratory Protection standard. This provision requires that at least two employees enter the Immediately Dangerous to Life or Health (IDLH) atmosphere and remain in visual or voice contact with each other at all times. It also requires that at least two employees be located outside the IDLH atmosphere, thus the term, "two in/two out". This assures that the "two in" can monitor each other and assist with equipment failure or entrapment or other hazards, and the "two out" can monitor those in the building, initiate rescue, or call for back-up. One of the "two out" can be assigned another role such as incident commander.

Figure 2: Comparison of Option Operating Surpluses/Deficits (UUT Sunsets)



Finding #12: It is clear in the figure below that an extension of the UUT or other similar revenue sources to provide funding for fire protection, most options are nearly sustainable to 2023. The only option that would result in a deficit is Option 1-Cal Fire contract tracking in a deficit at the highest cost increase modeling at 12.5 percent annual increases.

Figure 3: Comparison of Option Operating Surpluses/Deficits (UUT Extended)



Recommendations

ESCI recommends Canyon Lake City Council first consider and address the issue of long-term financial sustainability. It is imperative the City secure a dedicated long-term revenue stream for fire protection. With a solid, long-term financial foundation, the City can move forward with a decision on what type of fire protection system is best suited for the community.

- ESCI supports Options 1, 2A, and 2B as viable options for consideration. All three of these options afford quality fire protection and timely fire/EMS response in Canyon Lake.
- ESCI does not consider Option 3 viable.

Next Steps

If Canyon Lake decides to advance any of the stated options, ESCI suggests the following next steps:

- Convene a meeting of the elected officials and city staff and establish strategies to address and secure long-term financial resources to support option selected.
- Survey community members to determine perspectives and expectations of service levels.
- City staff and elected officials select an appropriate level of service for community.
- City begins working through transition process (as applicable).
- Establish a clear communications strategy to keep internal and external members informed of progress and status of selection service option.

Background

Canyon Lake (City) began as a master planned community in 1968 comprising 4.6 square miles, including 15 miles of lake shoreline in which a population of approximately 11,000 reside. Canyon Lake is an incorporated city with a five-person council; most city services are contracted out to various entities. Law enforcement is contracted to Riverside County Sheriff, fire protection service is provided in an "interim" agreement with Cal Fire-Riverside County, Menifee, and Lake Elsinore. Other city services are all contract served.

The city incorporated in 1990 and engaged and participated in a Master Agreement for fire protection services from Cal Fire-Riverside County (Cal Fire). ESCI has learned through interviews that city residents and elected officials have generally been satisfied with services provided by Cal Fire. The staff is well trained, professional and historically has provided a high level of service to the community. Costs for Cal Fire service contracts have steadily increased over the years and the city has struggled to maintain sufficient revenue to meet contractual costs.

The city has few commercial businesses, resulting in low sales tax revenues. In 1978, California voters passed Proposition 13. The effect reduced property taxes on homes and businesses by about 57 percent. Under Proposition 13 reform, property tax value was rolled back and frozen at the 1976 assessed value levels, and increases have been capped at 2 percent per year. Many of the properties in the city fall within Proposition 13 status, therefore severely limiting residential property tax revenues. Over the past several years, the City has been seeking methods to provide financial sustainability for public safety services and city functionality, an issue that is of foremost importance today.

The following is a summary time line of the City's efforts to maintain fire protection services from approximately January 2011 to present:

- January 2011
  - City creates Public Safety Committee to study shortfalls of funding for public safety and to analyze options for the future. The Committee specifically tasked with consideration of forming a municipal fire department.
- June 2011
  - Based on escalating costs, the City provides a one-year notice to Cal Fire for a reduction in staffing levels or else termination of the current service agreement.
- October 2011
  - Public Safety Committee submits findings to council, concluding that trends in the provision of fire protection services are moving toward regionalization rather than stand-alone systems.
  - Public Safety Committee study states the following regarding automatic aid: "The Riverside County fire chief informed the committee that if the city started their own fire department they would need to provide "like for like" services in order to receive automatic aid at no cost."

  - Included in a report to the council was a comment from an outside independent review by a Ron Coleman, a recognized fire expert, who stated, "...This proposal is superficial, incomplete and would cause more consequences than solutions..."
  - The Committee also reports, "The true cost of the Fire Protection Proposal (FPP), or any form of independent fire department, would be as much, or higher, than the City is now paying Riverside County for these services."

- 2012
  - Cal Fire denies request to change/reduce staffing levels below three-person/engine in Canyon Lake.
  - Cal Fire adopts formal policy confirming staffing level minimums remain at three persons.

- 2013
  - City requests Cal Fire develop a solution to provide fire services at a cost no greater than the structural fire fund which Cal Fire did not agree to.
  - A special tax election is held in November 2013 to meet financial demands of increasing fire protections costs; the tax fails to pass.

- January 2014
  - City ceases payment for Cal Fire services.

- June 2014
  - Cal Fire advises the City that Station 60 will close in August 2014.
  - Multiple attempts by the City to preserve services fail.

- November 2014
  - Voters approve a utility user tax (UUT) of 3.95 percent; tax is a short-term solution that will sunset in 2020.

- January 2015
  - City files a Declaratory Relief Action against Cal Fire; Cal Fire files a related lawsuit.

- July 2015
  - Cal Fire closes Fire Station 60.
  - City declares a state of emergency, seeking fire protection from the Office of Emergency Services (OES) state resources from neighboring agencies.
  - City hires an interim fire chief.

- September 2015
  - Cooperative cost sharing fire protection agreement approved between Canyon Lake, Lake Elsinore, Menifee, and Cal Fire; agreement term ends September 30, 2016.
  - City initiates back payments for Cal Fire services.
  - Fire Station 60 remains closed; fire protection services provided from stations outside Canyon Lake.

  - City is notified it must give notice to Cal Fire by March 30, 2016, on its intentions to establish a municipal fire department or negotiate a new contract.

- October 2015
  - Cooperative agreement takes effect and Lake Elsinore and Menifee resources are serving the City.
  - Fire Station 60 remains closed.

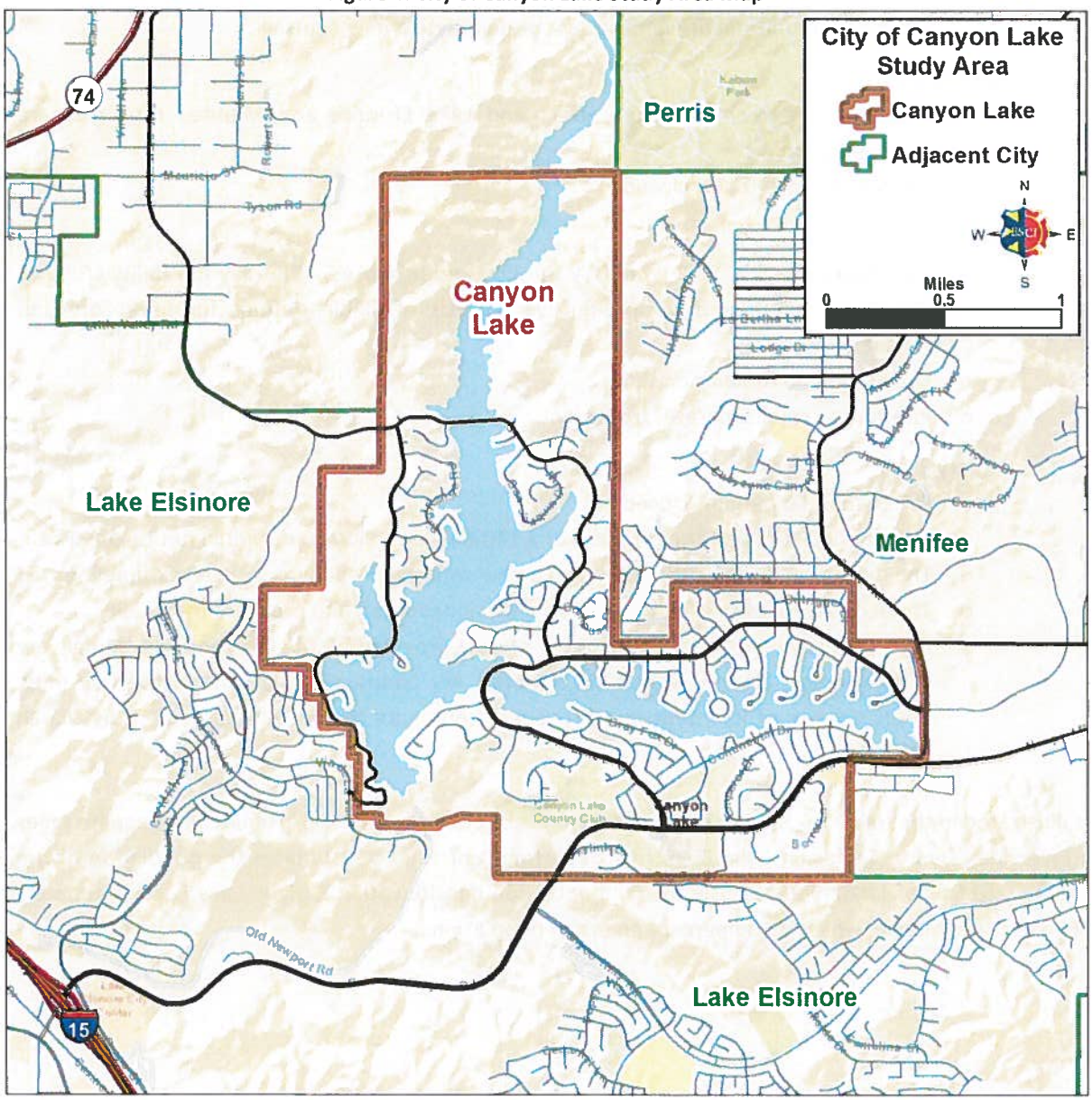
- December 2015
  - ESCI responds to an RFP issued by the City and proposes a 180-day feasibility study to provide in depth and comprehensive analysis of viable options for fire protection services.
  - Fire Station 60 remains closed.
  - Interim fire chief separates from city.

- January 2016
  - Fire Station 60 remains closed.
  - City notified ESCI that the proposal of a 180-day feasibility study would not be possible.
  - The City and ESCI begin discussion on a new contract scope with a six-week timeline.
  - The scope focuses strictly on a review and validation of data provided by the City.
  - ESCI begins acquisition and validation of data provided by the City; anticipated delivery of final report is early March 2016 (note: Per contractual agreement, the City must notify Cal Fire of its intention to renew or terminate the current agreement by March 31, 2016).

As illustrated in the following map, the City of Canyon Lake encompasses approximately 4.6 square miles in Riverside County, California. The California Department of Finance estimates the population of the city at 10,911 as of January 2015. The overall population density within Canyon Lake is approximately 2,370 per square mile, which is 100 percent an urban population.[2]

[2] http://www.city-data.com/city/Canyon-Lake-California.html

Figure 4: City of Canyon Lake Study Area Map



Project Assumptions

This section of the study provides a list of project assumptions. The information included in this section comprises assumptions that will assist the City as decision makers weigh the option to continue participation with Cal Fire or establish a municipal fire department. The assumptions were developed jointly with Canyon Lake staff and ESCI. Given the short time frame, and limitations of analyzing data, certain assumptions need to be identified.

Options related to the provision of fire protection services have been developed with the usual and customary present-day practices surrounding the delivery of services; City infrastructure (facilities and equipment) is assumed intact, and the costs provided are in present-day dollars.

As a first step, assumptions were developed and approved by the city manager.

During the project, several meetings were held to discuss, review and approve specific project assumptions. These assumptions are listed below as presented and approved by the City of Canyon Lake staff.

- ESCI Contract Scope of Work
  - In December 2015, initially ESCI proposed a 180-day Feasibility Study to provide an in-depth of analysis and recommendations regarding the provision of fire protection services. The City rejected that format and elected to negotiate a modified scope of service with a six-week timeline, resulting the completion of a review and validation of city-provided data to bring forth recommendations for consideration to maintain fire protection services, using the following assumptions as input:
    - Conceptualized Canyon Lake Fire Department Organization: Operational and Administration Staffing
      - A conceptual administrative organizational structure has been designed to meet logistic, support, command, and control needs of a municipal fire service considering recognized benchmarks and standards for appropriate in scope and size.
      - Operational (24-hour shift personnel) fire station staffing has been designed to meet community expectations, provide professional level services, and meet expected service demand.[3]
    - Cal Fire Relationship
      - In a service contract with Cal Fire, all services would be restored to the City; Fire Station 60 would re-open and paramedic service, administrative support, and automatic and mutual aid from the regional system would be restored.
      - A city-based fully three-person engine with basic life support (BLS) operating in a full time 24 hour-seven days a week status (24X7)

[3] As reported in meetings with City Council and City Manager. ESCI did not request formal feedback data on fire/EMS service expectations at the community/citizen level, nor has the City undertaken that effort.

would qualify under the "like for like" resource threshold to receive automatic and mutual aid from the surrounding region.

- A city-based fire department staffed with part-time personnel would **not** qualify under the "like for like" resource threshold to receive automatic aid from the area. Mutual aid requests would be handled on a case by case basis.[4]

- Administration Staffing
  - Staffing classification salary data have been sourced using City of Canyon Lake 2015/16 Salary Grade/Classification and calculated at C salary points.[5]
- Operations Staffing (24-hour shift field personnel)
  - Staffing classification salary was calculated at C salary points as stated in Canyon Lake Council Resolution 2015-21.
- Materials and Services Charges
  - Materials and services are expendable items required to operate the organization such as utilities, office supplies, gasoline, diesel, supplies for fire station, training expendable materials, etc.
  - ESCI applied $25,000 annual operating expense for materials and services.
- Salaries and wages are assumed to increase at the rate of 3 percent per year and benefits are assumed to grow at the rate of 10 percent per year.
- Salary and benefit financial input data have been provided by city staff for all city-based fire department options.
- Overtime Annual Costs
  - Based on a review of historical overtime costs in the Cal Fire system, ESCI assumes an average overtime cost of 13 percent annually of total salaries and benefits, which was applied to the conceptual total full-time staffing operating budget options.
- Fire Dispatch and Communications
  - The Cal Fire communications 2015/16 annual operating budget is $4,715,405. Cal Fire responded to a total of 761 calls for service within Canyon Lake in 2014. Cal Fire has experienced a system wide 2.82 percent increase in incidents over the last ten-year period.
  - If Cal Fire were to provide fire communications, it is anticipated that there would be an annual operating cost for fire communications-

[4] As per 2.18.2016 letter from Chief John R. Hawkins, Riverside County Fire Department.

[5] As stated in Canyon Lake Council Resolution 2015-21.

911 services of approximately $100,000[6]. Canyon Lake should anticipate 2 to 3 percent annual increases in costs for fire communications.

- At the time of start-up, ESCI recommends Canyon Lake staff explore contractual options for communications with other providers besides Cal Fire; a more detailed study would be required to fully understand start up and annual operating costs from another provider.

- Fleet Apparatus and Equipment
  - A budget that funds fleet, equipment and facilities replacement is included in overall annual operating costs. This report includes a fleet replacement annual budget plan based on industry standards for vehicle required for a fire department.
  - ESCI can only predict approximate costs for fleet vehicle at this time based on current available data.

- Canyon Lake Fire Facilities
  - ESCI financial forecasting includes $25,000 for annual facilities maintenance and improvements cost for the fire station.

- Fire Prevention and Life Safety Programs
  - Life safety inspections, fire investigation, public education programs costs for a Canyon Lake Fire Department are not contained within this report.

- Hazardous Materials Response
  - The costs for hazardous materials emergency response by a Canyon Lake Fire Department are not contained within this report.

- Community Emergency Management Planning
  - Costs and staffing for this planning function as provided by a Canyon Lake Fire Department are not contained within this report.

- A broad discussion of advanced life support/paramedic level costs of services is contained within the appendices of this report.

- Specialty Resources Costs-Assistance by Hire
  - Currently the City has access to the specialty resources Cal Fire can bring to bear on any type of incident. Specialty resources include: heavy rescue units, helicopters, dozers, hand crews for wildland response, and a host of other equipment. Costs for these services are included in the current Cal Fire contract with the City.

[6] According to discussions and interviews between the city manager and ESCI.

    - Costs and staffing for specialty resources provided by a City of Canyon Lake Fire Department are not contained within this report.

- Start-Up Costs
    - Start-up costs are difficult to predict and require careful pre-planning. There can be unforeseen costs; such as staff hours to plan and prepare for actual transition, additional capital investment in facilities, equipment, training, etc.

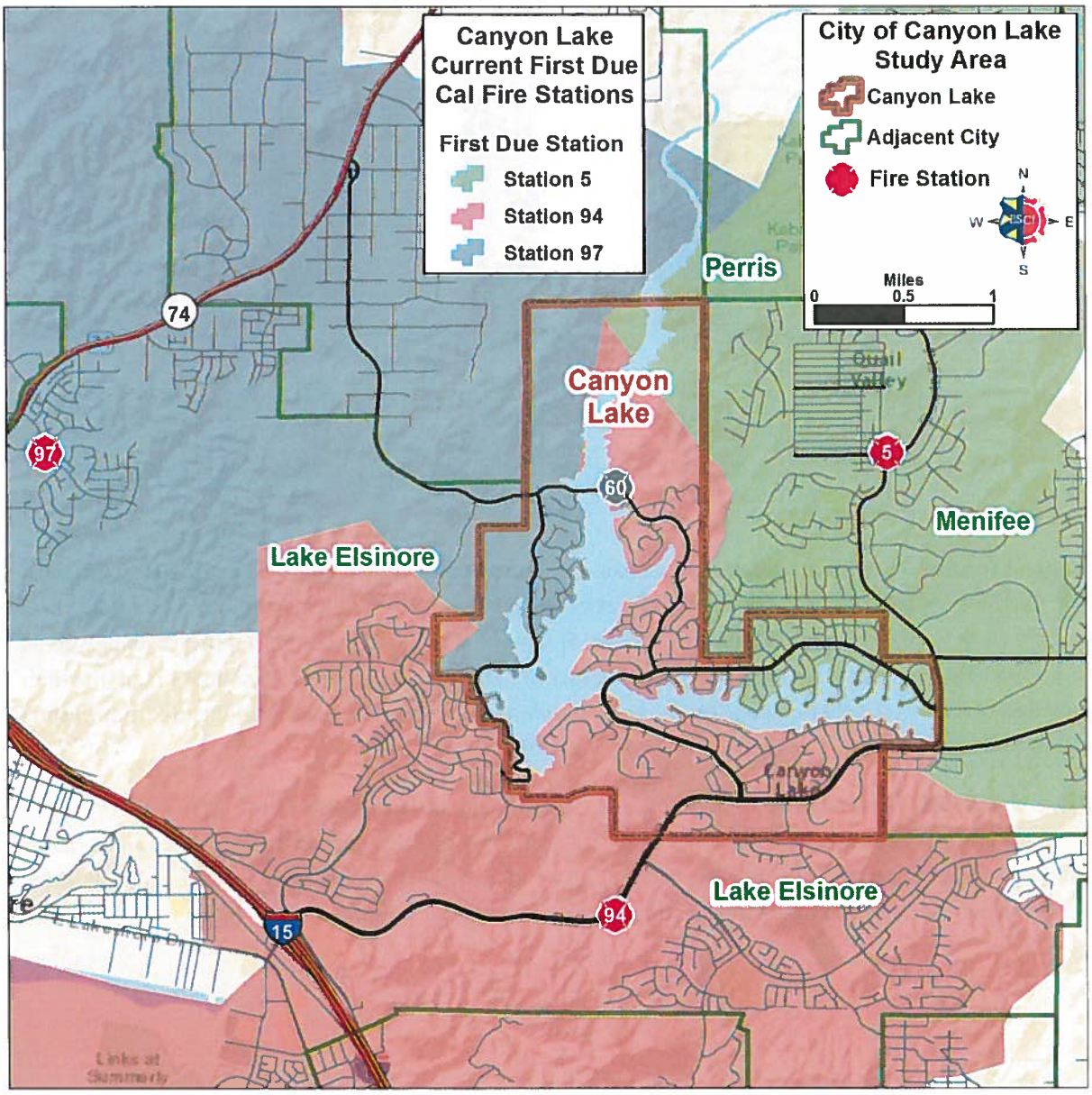
- Potential additional equipment purchases not detailed and contained within this report. City provided insufficient data provided to accurately understand asset inventory, current asset condition, and replacement costs.
    - Firefighting tools and equipment
    - Fire hose, equipment
    - Small tools and equipment on reserve and front line engine
    - Wildland personal protective equipment
    - Physical examinations for staff
    - Mobile Data Computers
    - Phones, cell
    - Records Management software program for department records
    - Potentially other equipment

At the point of any transition to a stand alone fire department, ESCI recommends moving to Phase Two of this project to develop deeper, refined research to fully understand start-up and operating costs.

Service Delivery

Distribution analysis evaluates how well physical resources are deployed across a specific geographic area. For medical incidents there is not much in the way of guidance on how well resources should be distributed because these incidents are primarily driven by human activity. For fire protection, however, there are several industry standards that specify how fire stations should be distributed. The National Fire Protection Association (NFPA) recommends that fire departments serving urban areas with career personnel be able to respond to 90 percent of emergency incidents within four minutes travel time. The following figure illustrates the distribution of Cal Fire-Riverside County facilities that are currently the first due fire stations for responses within the City of Canyon Lake.

Figure 5: Canyon Lake Area Fire Stations

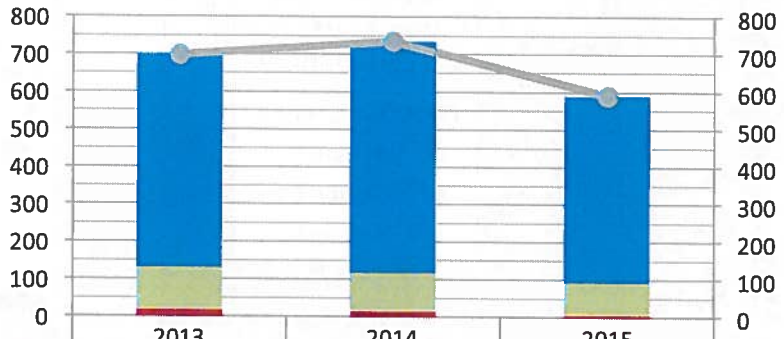


In the preceding figure, Cal Fire Station 60, which was the staffed fire station in Canyon Lake prior to July 2015, is displayed. However, the first due area for this station is not displayed, since the station is currently not staffed. Cal Fire employs mobile data computers (MDCs) and automatic vehicle location (AVL) technology to dispatch the closest unit to emergency responses. The first due areas displayed above represent the closest station response area based on travel time from the each station.

SERVICE DEMAND ANALYSIS

ESCI uses National Fire Incident Reporting System (NFIRS) data and dispatch data from Cal Fire-Riverside County Dispatch Center to examine historical and current service demand within Canyon Lake. The following figure illustrates service demand within the City of Canyon Lake for 2013 through 2015.

Figure 6: City of Canyon Lake Service Demand, 2013-2015



	2013	2014	2015
EMS	566	616	496
Other	110	100	84
Fire	22	18	10
Overall	698	734	590

Demand for fire department services increased by approximately 5 percent between 2013 and 2014. The decrease in service demand displayed between 2014 and 2015 reflects the approximately three months (July 1, 2015 through September 22, 2015) when Cal Fire resources were not providing service to Canyon Lake except as requested by the Office of Emergency Services. Examination of the data provided reveals that Cal Fire apparatus have responded to approximately 61 incidents per month since resuming coverage to the Canyon Lake area on September 23, 2015.

Using the NFIRS incident type definitions, ESCI categorizes incidents as "Fires" (structures, vehicle, brush, any 100 series incident in NFIRS), "EMS" (all calls for medical service including MVAs and rescues, any 300 series incident in NFIRS), and "Other" (false alarms, hazmat incidents, service calls, all other NFIRS incident series). The figure below summarizes annual service demand by category.

Figure 7: Canyon Lake Service Demand by Category, 2013-2015

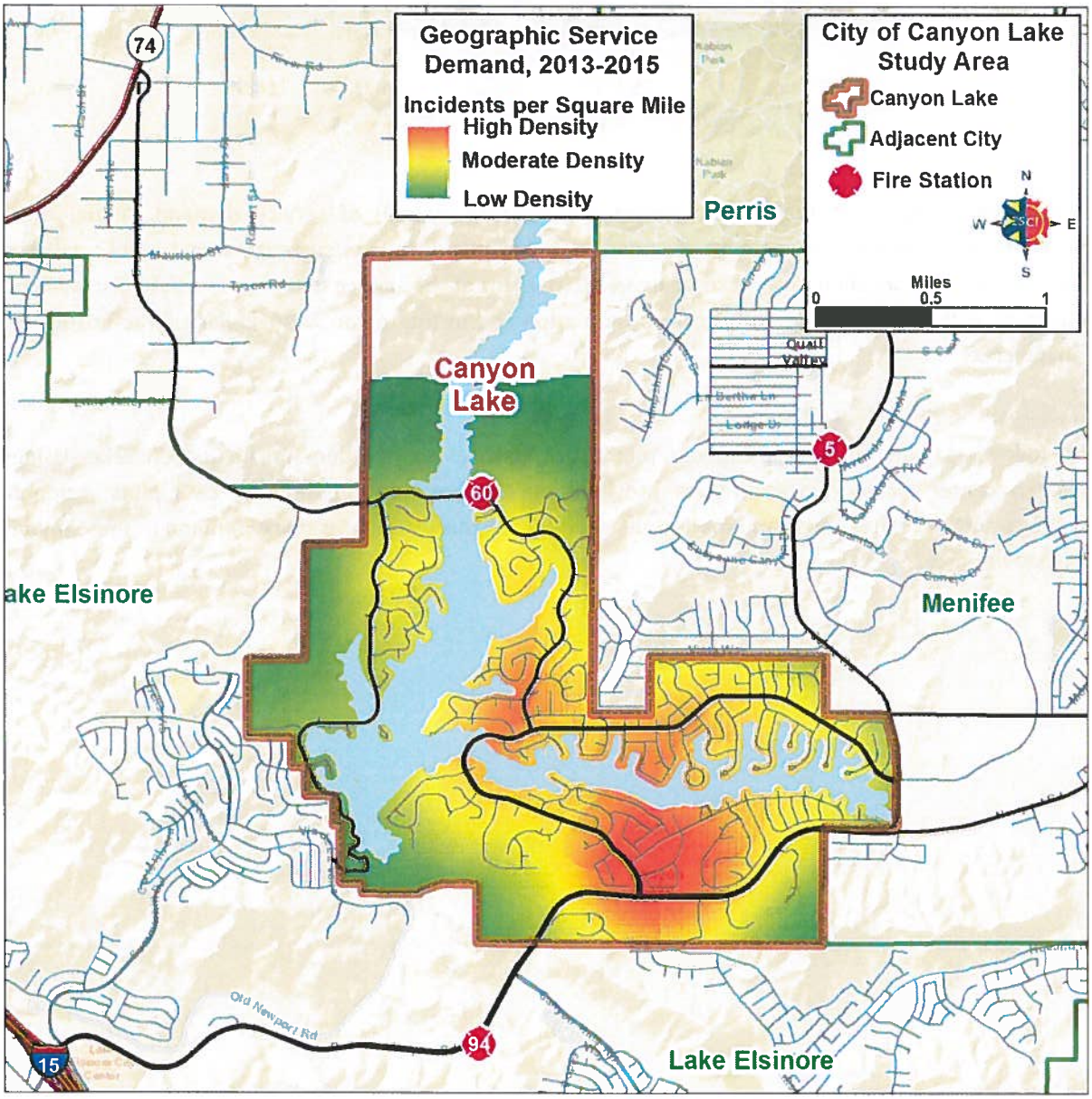
NFIRS Category	2013	2014	2015	Overall
Fire	3.2%	2.5%	1.7%	2.5%
Other	15.8%	13.6%	14.2%	14.5%
EMS	81.1%	83.9%	84.1%	83.0%

EMS incidents represent the largest portion (83 percent overall) of service demand. Actual fires constitute approximately 2.5 percent of service demand; and incidents such as hazmat, public assists, false alarms, and cancelled calls make up nearly 15 percent of the service demand. The data displayed is consistent with that of communities across the nation and in the region with similar characteristics to Canyon Lake.

GEOGRAPHIC SERVICE DEMAND

The following figure displays the geographic distribution of service demand in Canyon Lake. Using dispatch center incident location data provided by Cal Fire-Riverside County, ESCI plots incident locations and calculates the mathematical density of 2013 through 2015 service demand in the Canyon Lake service area.

Figure 8: Canyon Lake Geographic Service Demand, 2013-2015



As illustrated, service demand is distributed throughout Canyon Lake. The highest concentration of incidents occurs in the area of Canyon Lake Road and Railroad Canyon Road on the south side of the service area. Additionally, the area near the intersection of Canyon Lake Road and Vacation Drive demonstrates a higher concentration of service demand.

TRAVEL TIME MODELS

The following figures model travel time over the existing street network. GIS software is utilized to calculate travel time from the fire stations in and around Canyon Lake. Travel time is calculated using the local speed limit and adjusted for negotiating turns and intersections. Travel time is modeled at four and eight minutes travel; which follows the recommendations of the National Fire Protection

Association (NFPA) 1710 standard for career fire departments. The 1710 standard is not mandated or codified; however, it is a national consensus standard and industry best practice which should be viewed as a desirable goal. The figure below provides a synopsis of the NFPA 1710 recommendations.

Figure 9: NFPA 1710 Performance Measurement Recommendations[7]

Response Element	NFPA Recommendation
Call Processing[8]	60 Seconds @ 90th Percentile
Turnout Time	60 Seconds @ 90th Percentile for EMS 80 Seconds @ 90th Percentile for Fire
Travel Time (First unit on scene-Fire or EMS)	4 Minutes @ 90th Percentile
Travel Time-Full First Alarm (Moderate risk-structure fire)	8 Minutes @ 90th Percentile

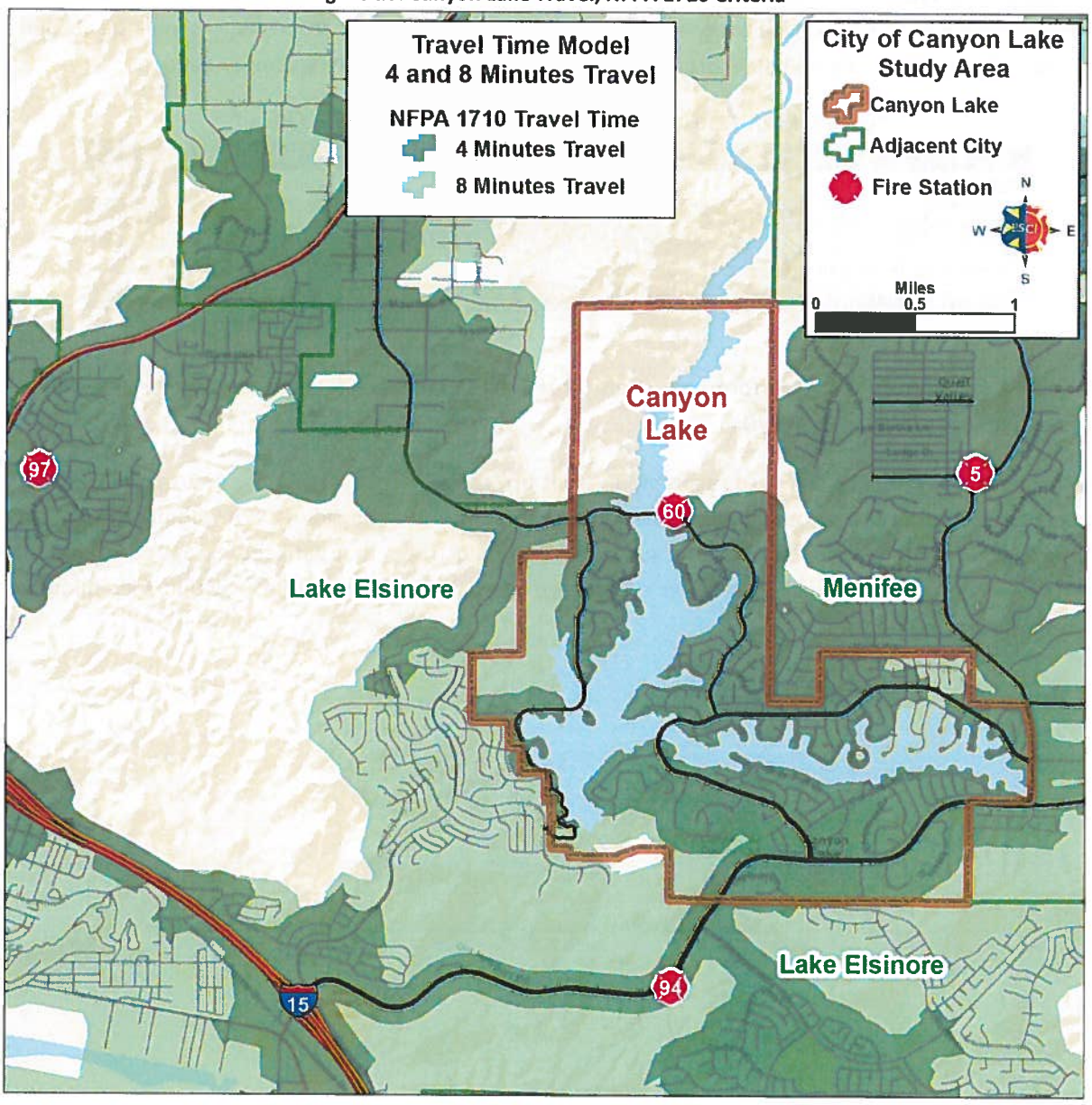
The NFPA standard specifies performance goals for the components of total response time and will be referred to throughout this analysis.

As noted, the NFPA 1710 standard recommends that fire departments serving urban areas with career personnel distribute fire resources such that 90 percent of emergency incidents are within four minutes (or less) travel time of a fire station. The following figure illustrates that with the exception of a small portion of Canyon Lake Road North, the entire road network in Canyon Lake is within four minutes travel of a fire station.

[7] *NFPA 1710, Standard for the Organization and Deployment of Fire Suppression Operations, Emergency Medical Operations, and Special Operations to the Public by Career Fire Departments* (National Fire Protection Association 2010)

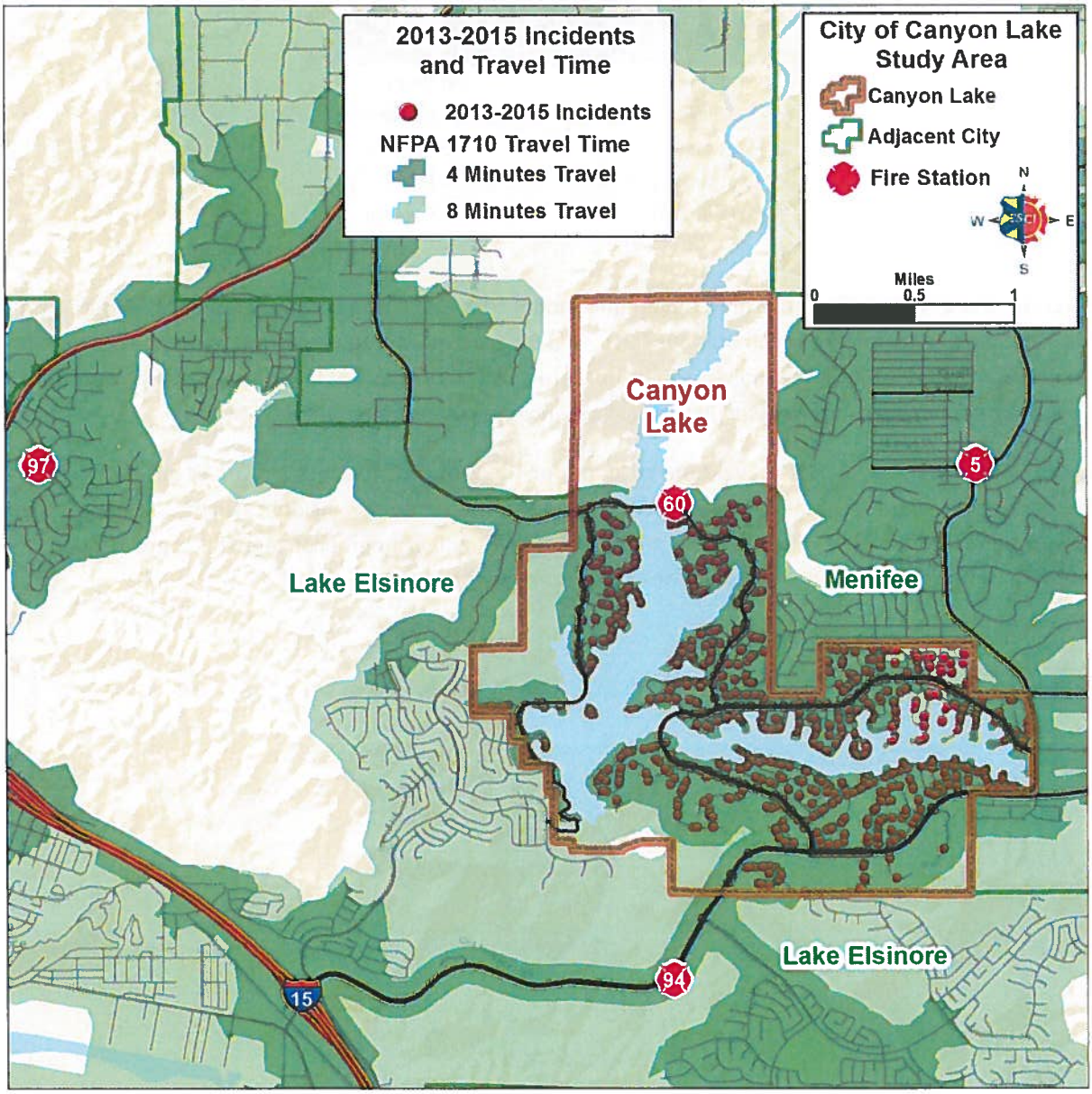
[8] *NFPA 1221: Standard for the Installation, Maintenance, and Use of Emergency Services Communications Systems.*

Figure 10: Canyon Lake Travel, NFPA 1710 Criteria



Using the same incident data employed to calculate incident density, ESCI displays 2013-2015 incidents and the travel time model in the following figure.

Figure 11: Canyon Lake Travel Time Model and Service Demand, 2013-2015



Both of the preceding figures include Station 60 as part of the travel time model. Travel time from Station 97 is also displayed, since this station is currently first due to portions of the Canyon Lake service area. However, Station 97 is not within four minutes travel of any portion of Canyon Lake. The following table illustrates the percentage of service demand within four minutes travel or less of the various fire stations.

Figure 12: Canyon Lake-Percent of Service Demand within Four Minutes Travel

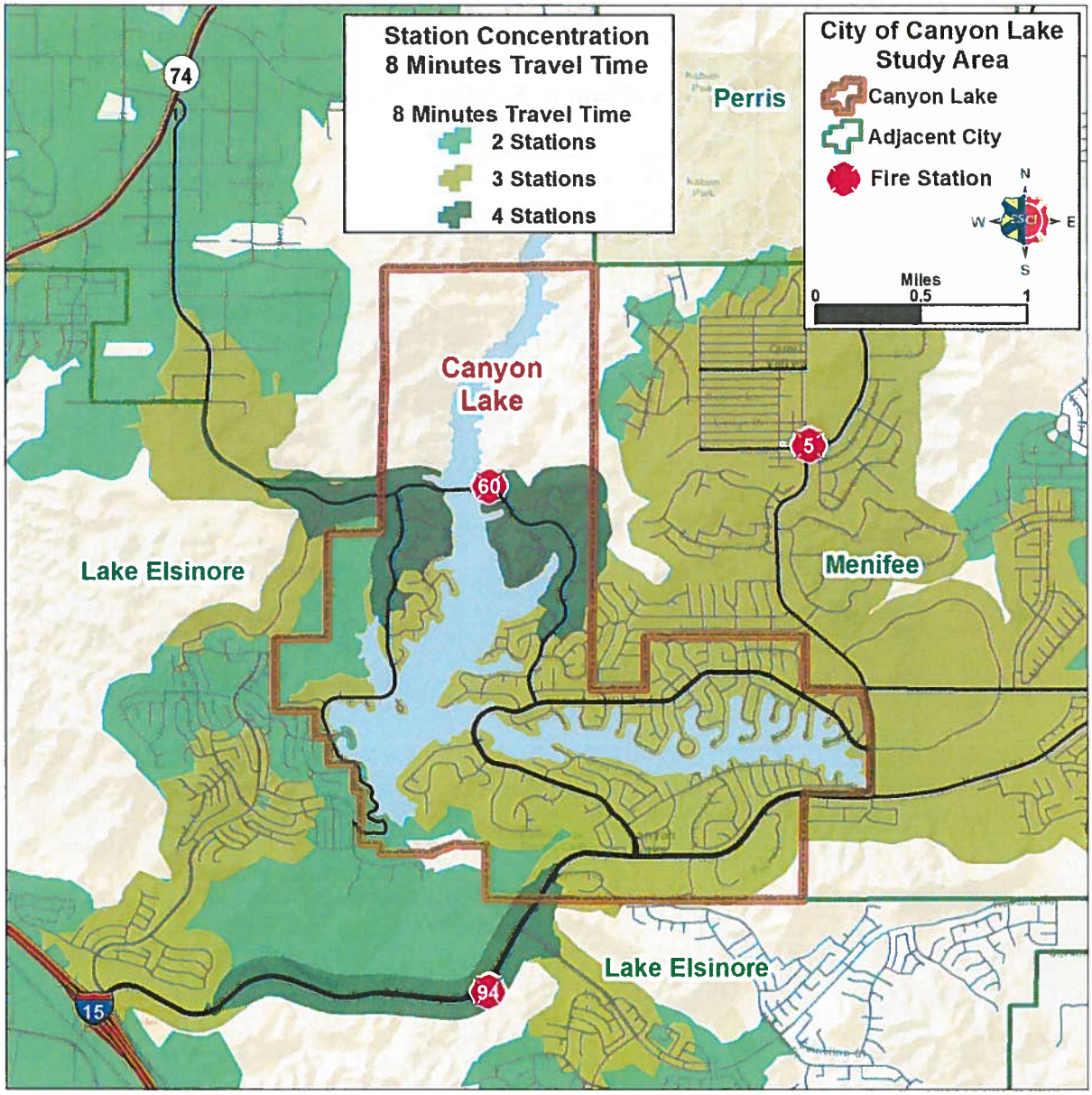
Percent of Service Demand Within Four Minutes Travel Time or Less	
Station 60	60 Percent
Station 5	7 Percent
Station 94	52 Percent
Stations 5 and 94[9]	54 Percent
Stations 60, 5, and 94	96 Percent

Based on the data provided, the only travel time model that meets the recommendations of the NFPA 1710 standard is a model in which Stations 60, 5, and 94 are available to respond to emergencies within Canyon Lake. Note that this analysis only measures travel time capability. Actual travel time and response performance are discussed in the Performance Analysis portion of this report.

In addition to the four-minute travel time criterion for the arrival of the first unit on scene, NFPA 1710 calls for the arrival of the full first alarm assignment for a moderate risk incident (such as a single story structure fire) within eight minutes travel time. The following figure demonstrates the concentration of resources within eight minutes travel in the Canyon Lake service area.

[9] Current deployment model.

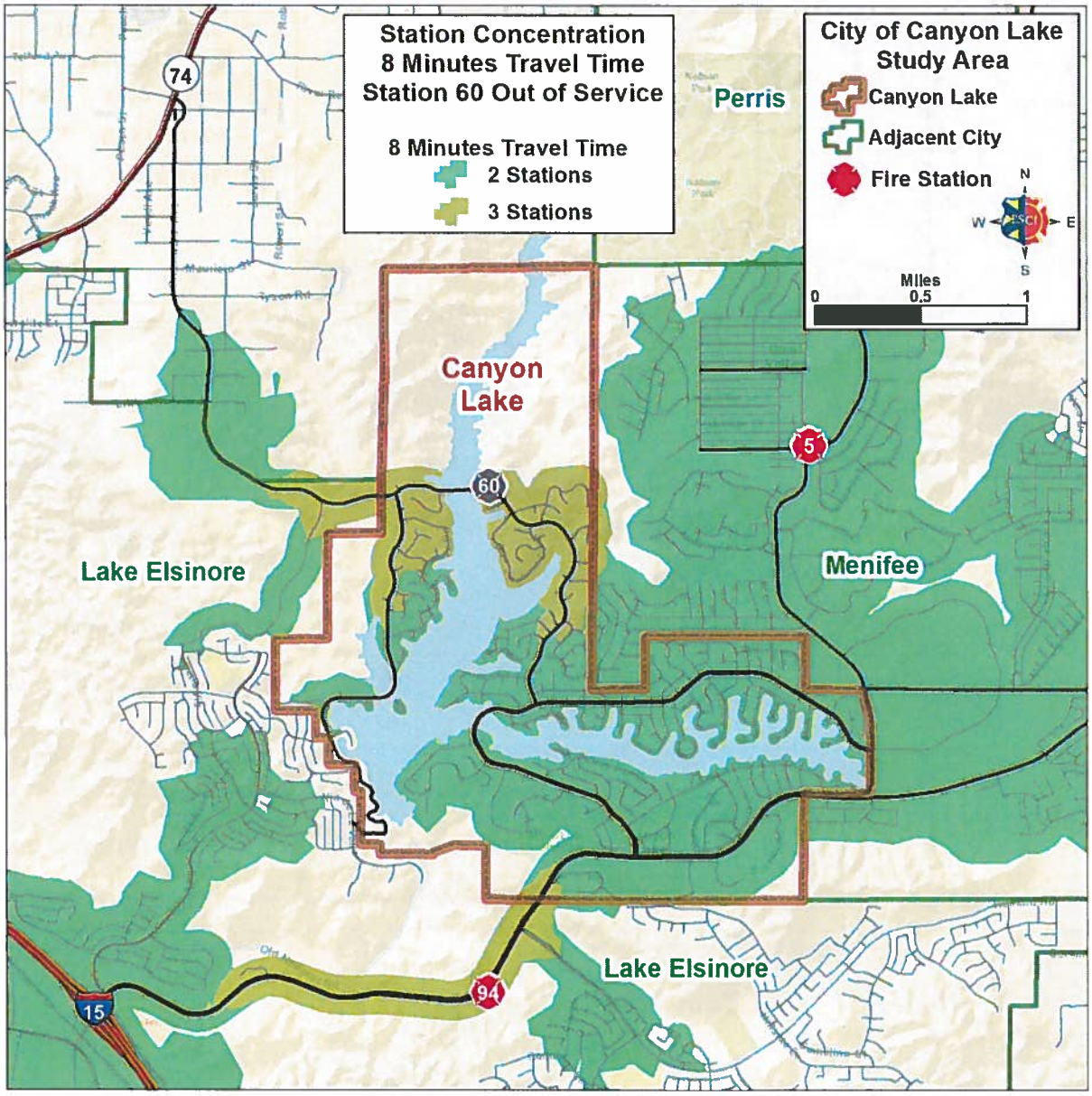
Figure 13: Canyon Lake Station Concentration (Station 60 in Service), Eight Minutes Travel Time



This figure demonstrates that the majority of the Canyon Lake service area is within eight minutes travel of at least three fire stations. Stations 60, 5, 94, and 97 are within eight minutes travel of some portion of the Canyon Lake service area.

The figure below represents the number of stations currently available within eight minutes travel with Station 60 out of service.

Figure 14: Canyon Lake Station Concentration (Station 60 Out of Service), Eight Minutes Travel

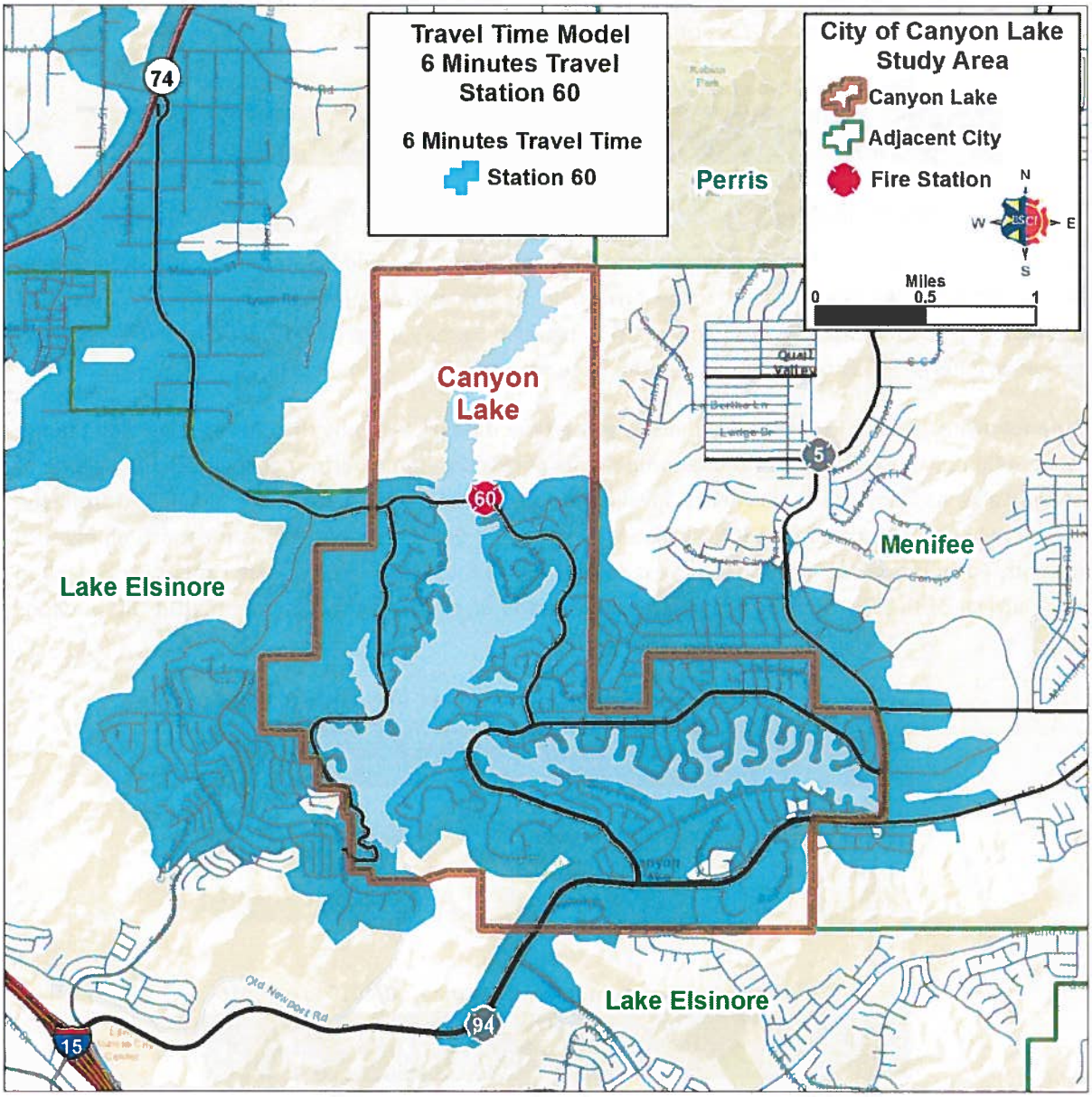


Removing Station 60 from the concentration of resources available within eight minutes travel time reduces the resources available to respond to high risk, complex incidents; and increases the time required for those resources to assemble. As discussed in the Performance Analysis, response time performance for the first apparatus on scene has degraded without staffing at Station 60.

Establishing an independent part-time paid fire department has been discussed as a possible option to provide fire protection in the City of Canyon Lake. A primary concern with this option is the lack of resources available to safely mitigate a moderate or high risk incident beyond the capabilities of a single engine company.

As previously discussed, approximately 60 percent of 2013-2015 Canyon Lake service demand is within four minutes travel time of Station 60. Without closest unit dispatching protocols and automatic aid resources from adjacent fire stations, six minutes travel time represents the time necessary to reach over 90 percent of current service demand (2013-2015). The following figure demonstrates a six-minute travel time service area from the current Station 60.

Figure 15: Canyon Lake Six-Minute Travel Time Model, Station 60



The Station 60 location is within six minutes travel or less of the entire Canyon Lake service area. However, a fire department staffed with part-time firefighters in Canyon Lake would not meet the Cal Fire-Riverside County "like for like" resource profile and would not be able to enter into an automatic aid agreement with Cal Fire. Adjacent Cal Fire stations would be unavailable to assist Canyon Lake and

are grayed out in the figure above. Mutual aid resource requests would be handled on a case-by-case basis depending on resource availability within Cal Fire.

PERFORMANCE ANALYSIS

The performance analysis uses incident data provided by Cal Fire to provide an overview of response time performance within the City of Canyon Lake service area. ESCI focuses on response performance prior to the closure of Station 60 (July 2015) in Canyon Lake and response performance since Cal Fire resumed service in September 2015, primarily from Stations 94, 97, and 5.

Figure 16: Canyon Lake Travel Time Performance, Cal Fire Monthly Reports

Time Period	Travel Time < 5 Minutes	Total Emergency Incidents	Percent < 5 Minutes
7/2014 to 7/2015	522	631	82.7%
10/2015 to 02/2016	155	238	65.1%

From July 2014 to July 2015, during which time Canyon Lake was served by Station 60 and the adjacent Cal Fire stations, the first unit on scene arrived in less than five minutes to nearly 83 percent of emergency incidents. Starting in October 2015, travel time has increased to a point where only 65 percent of emergencies are reached in less than five minutes.

In the following figures, ESCI uses incident response time data provided by the Cal Fire-Riverside County Dispatch Center to examine the various components of response time performance. Incidents outside of Canyon Lake, non-emergency incidents, invalid data points, and data outliers are eliminated from the data set whenever discovered. ESCI calculates average and 90th percentile values for these emergency incidents. For this analysis, Response Time is calculated from the time the fire department is dispatched to the arrival of the first unit on scene. The time period displayed is the same as that in the previous table.

Figure 17: Cal Fire Dispatch Center Response Data, 07/2014 to 07/2015

07/2014 to 07/2015 - Station 60 In Service		
	Average	90th Percentile
Call Processing	00:24	00:47
Turnout time	01:48	02:53
Travel Time	04:20	06:15
Response Time	06:08	08:26

Figure 18: Cal Fire Dispatch Center Response Data, 10/2015 to 02/2016

10/2015 to 02/2016 - Station 60 Out of Service		
	Average	90th Percentile
Call Processing	00:29	00:52
Turnout time	01:48	03:01
Travel Time	05:39	09:24
Response Time	07:26	11:36

Figure 17 and Figure 18 display the components of response time performance as identified earlier. There is a marked difference in travel time performance between the time period when Station 60 was in service and the current situation, with Station 60 out of service. While call processing time and turnout time remain similar in both data sets; without Station 60 in service, travel time increases by more than three minutes when measured at the 90th percentile. This results in a corresponding increase in total response times.

Financial Analysis

ESCI staff reviewed budget documents provided by city staff for the period FY 07/08 through FY 15/16 in order to understand historical revenue and expenditure trends with respect to funding fire and EMS services in the city and to develop assumptions for future projections. Actual revenue and expenses were available for the period FY 07/08 through FY 13/14, while data for FY 14/15 is from the adopted budget and FY 15/16 is a combination of adopted and amended budgets.

Revenues for FY 15/16 shown in the following analysis are from the mid-year amended FY 15/16 budget and reflect higher than originally budgeted revenues for both the city portion of the countywide property tax for fire services and the newly adopted city Utility Users Tax (UUT). Conversely, expenses for FY 15/16 are from the originally adopted budget in order to effectively develop a forecast projecting a renewed contract with the county using Cal Fire as the provider of fire services.

HISTORICAL REVENUE TRENDS

Riverside County collects an ad valorem tax specifically to support fire services throughout the county. This is known as Property Tax Fire (the fire tax) in the city budget. Prior to FY 09/10, the county collected this tax within the city and utilized those funds to support the Cal Fire contract which provided staffing at Station 60 inside the city limits, as well as all of the necessary support and back up services for Station 60. As of FY 09/10, the county remitted those funds directly to the city which then added them to the General Fund revenue budget.

Figure 19 shows the trend of the fire tax from FY 09/10 through the current fiscal year as projected in the mid-year amended FY 15/16 budget. There is a very strong linear relationship of revenue over time, with revenue increasing from $684,679 in FY 09/10 to a projected amount of almost $950,000 in FY 15/16. This is an increase of 38.4 percent over six years or approximately 6 percent per year. While there is certainly a complex relationship between Proposition 13 protected properties and actual and taxable property values, it is not unreasonable as the economy continues to improve that such a trend in this revenue stream will extend into the future.

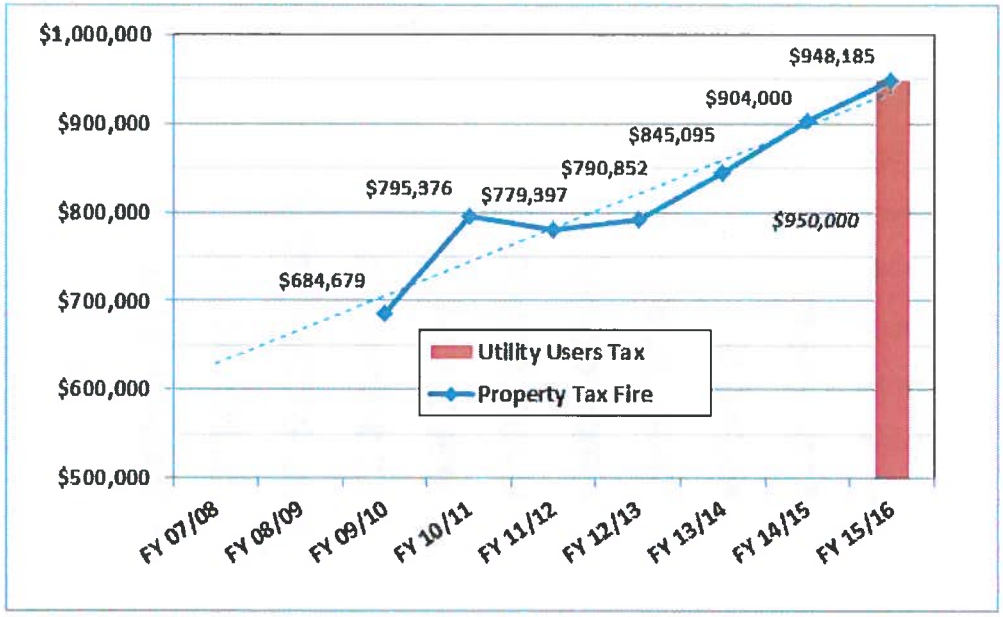
In order to develop a revenue stream capable and dedicated to supporting increasing fire service related costs, the City adopted Ordinance 156 in 2014 implementing a Utility Users Tax. The tax measure, officially titled the, "Temporary Canyon Lake 911 Emergency Response, Local Control/Fiscal Accountability Measure" was approved by 50.79 percent of the city voters who voted in the election held on November 4, 2014.

This tax measure has a specific provision which states that unless the tax is reinstated by the voters, it will sunset on December 31, 2020. The UUT places a tax on the following utilities at the rate of 3.95 percent of the charges made: telecommunications, video, gas, electricity, solid waste collection and disposal, and water and sewer services.

The ordinance states that, "The City of Canyon Lake wishes to maintain services the community has identified as priorities, including effective 911 services, maintaining sheriff deputy staffing levels, and keeping Railroad Canyon Road in good condition." The implication of that statement is that the UUT can be used for other than support of fire services. However, for purposes of this study, an assumption was

made that all of the revenue generated by the UUT will be directed towards funding fire services unless sufficient excess revenue is available for other authorized purposes.

Figure 19: City General Fund Revenue Sources Specific to Fire/EMS



Source: City of Canyon Lake budget documents

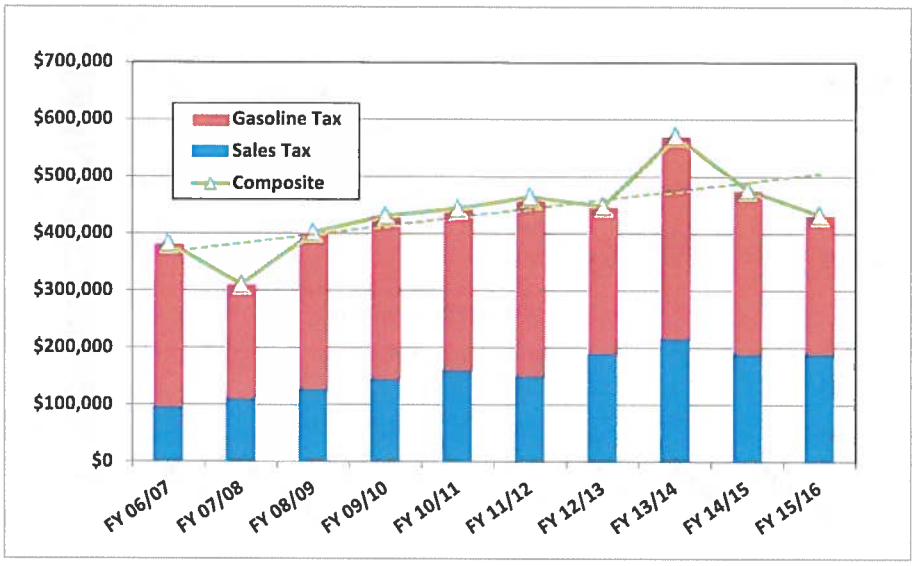
Projected revenue from the first full year of the Utility Users Tax is shown in the figure above and has been estimated in the mid-year amended FY 15/16 budget at $950,000. This revenue source is being used currently to fund the difference between fire department expenses (primarily the Cal Fire contract) and the revenue generated by the fire tax. Since there is only one full year of revenue, forecasting this revenue stream is problematic at best. In order to gain some sense of how the UUT might behave in future years, other local revenue sources were examined.

Utilities can be viewed in a manner somewhat similar to other consumer commodities and are certainly sensitive to inflationary pressures. The City currently collects a sales tax and a gasoline tax, both of which are collected by the state and a portion returned to Canyon Lake. While utilities are different, they might also be expected to track sales and gasoline taxes to a certain degree. As consumer confidence grows, there is more disposible income available for expanded use of such services as telecommunications among other utility services and less concern to conserve on electricity, gas, etc.

Displayed in the next figure are gasoline and sales tax revenue trends between FY 06/07 and FY 14/15 with budgeted figures for FY 15/16. Sales tax revenue increased generally in a linear fashion from $96,790 in FY 06/07 to $217,115 in FY 13/14, an average annual increase of approximately 17.8 percent, dropping to approximatley $190,000 for the next two years resulting a total period annual rate of increase of approximately 10.7 percent per year.

Gasoline tax, while generally increasing, has fluctuated significantly throughout the period and has averaged only an annual increase of 0.8 percent per year. A composite of these two trends yields an annual rate of increase of approximately 1.5 percent per year.

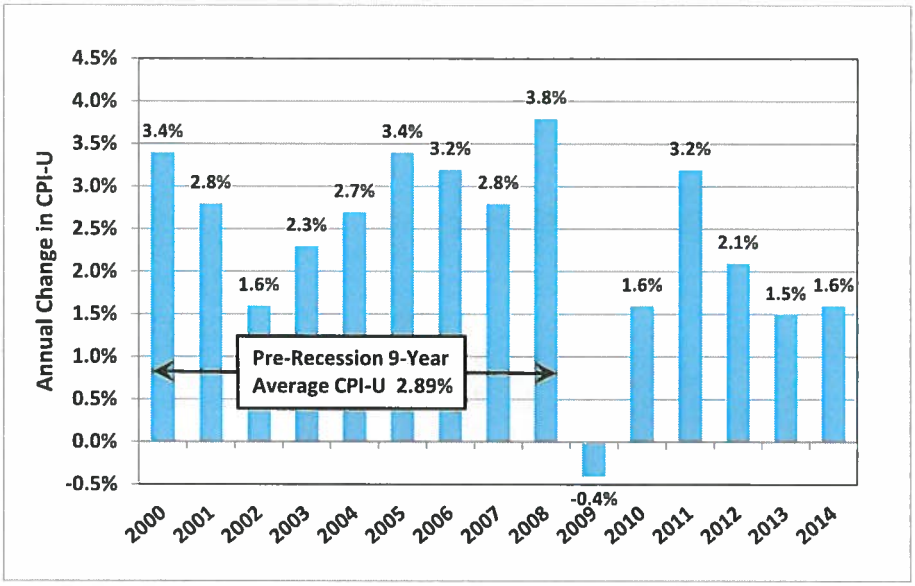
Figure 20: City Sales and Gas Tax Revenue Trends



Source: City of Canyon Lake budget documents

Another useful tool in trying to forecast Utility User Tax is the annual rate of inflation as shown in the following figure. Inflation is another measure of economic activity. While an inflation rate specific to the City of Canyon Lake is not available, the graphic illustrates the trend from 2000 through 2014 for the national Urban Consumer Price Index for All Urban Consumers (CPI-U). While fairly variable in the nine years preceding the recession, the average annual inflation factor was approximately 2.89 percent. It was actually -0.4 in 2009, immediately after the pre-recession peak of the economy in 2008 and jumped to 3.2 percent by 2011 (generally regarded as the low point in the recession economy). As the economy began to show signs of recovery, the annual inflation index dropped to 2.1 percent in 2012 and then appeared to stabilize around 1.5-1.6 percent over the next two years. An average of the period 2010 through 2014 is 2 percent per year.

Figure 21: Inflation Trends: Urban CPI-U for All Urban Consumers

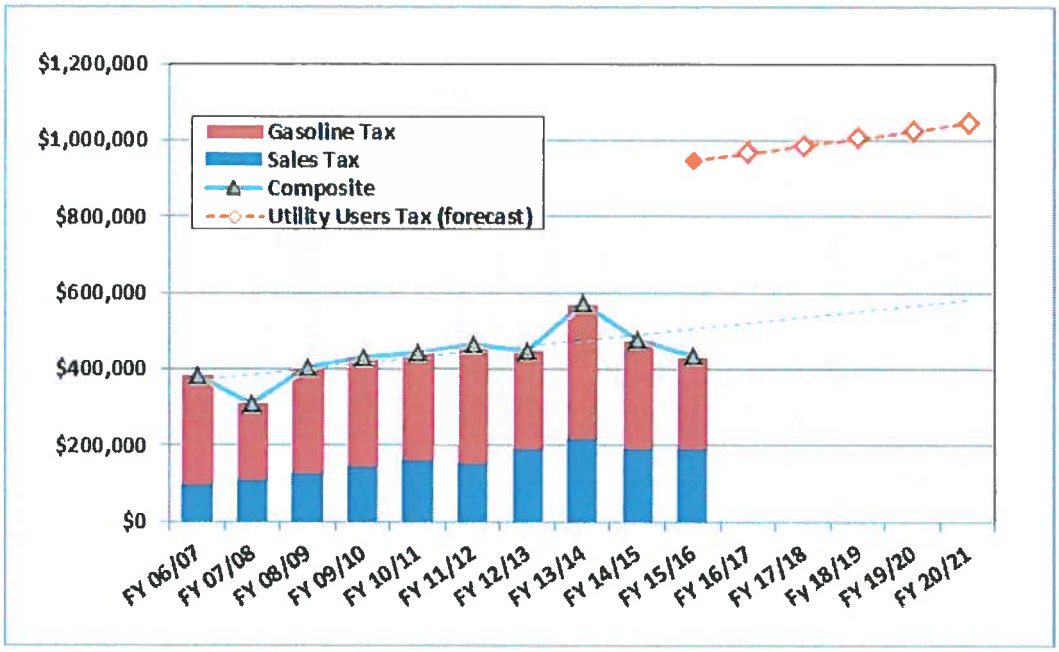


Source: U.S. Bureau of Labor Statistics

FORECAST REVENUE TRENDS

The next figure shows historical trends for city sales and gasoline taxes with the blue line representing a composite of the two revenue sources. The dashed trend line represents an annual rate of increase in these two revenue sources of approximately 1.5 percent per year and shows how this revenue source might grow through FY 20/21. While this rate of increase was not used to project future UUT revenue, it is reasonable to assume that these two sources might approximate each other. The recent past average CPI-U was used as a basis to project the UUT, assuming that voters re-authorize this tax past December 31, 2020. The UUT has been modeled to increase at a rate of 2 percent per year and is assumed in this figure to be re-authorized by voters.

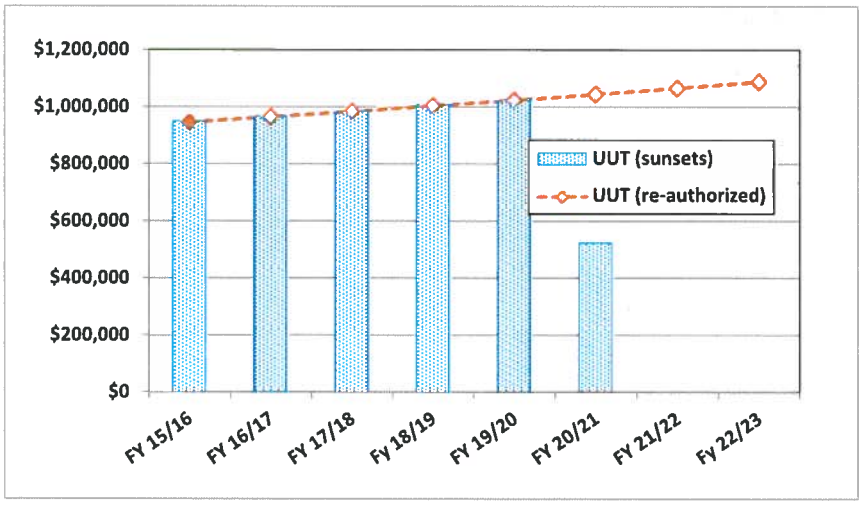
Figure 22: Forecast of Utility Users Tax through FY 20/21



Source: City of Canyon Lake budget documents

The figure below shows how the UUT revenue stream is affected if the sunset provision takes effect. In FY 20/21, the revenue is decreased by 50 percent from its projected level of $1,048,877 to $524,438 as the tax ends six months into the FY 20/21 fiscal year (December 31, 2020). The following fiscal year, the revenue from this source would be $0, the loss of which would need to be replaced by other revenue sources or would necessitate heavy cuts to expenditures.

Figure 23: Forecast of Utility Users Tax through FY 22/23 With/Without Sunset

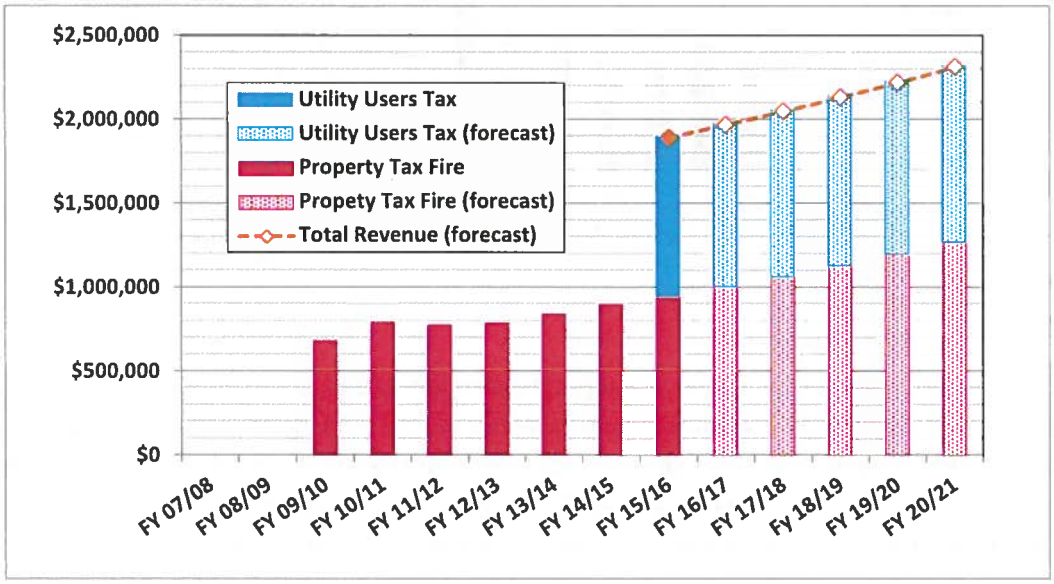


Longevity of the Utility Users Tax is a critical policy issue faced by the city council.

It cannot be overstressed that the longevity of the UUT is a critical policy issue facing the city council. The Utility Users Tax measure barely passed the first time with a margin of only 0.79 percent of voters. The council is contemplating standing up a fire department comparable to what has been provided by the contract with Cal Fire, which requires a consistent and predictable source of recurring revenue. Given the significant risk that a positive re-authorization vote may not occur, the council would possibly be faced with disbanding its department. Such an uncertainty would make it difficult to attract and retain qualified, long-term employees.

As is shown in the preceding figure, the Utility User Tax sunset in FY 20/21 has a devastating effect on the ability for the City to continue funding fire protection. The orange dotted line in the following chart represents the continuance of the UUT and its relationship to total revenue forecast through FY 20/21.

Figure 24: Forecast of Total Revenue, UUT (w/o Sunset) and Fire Tax through FY 20/21



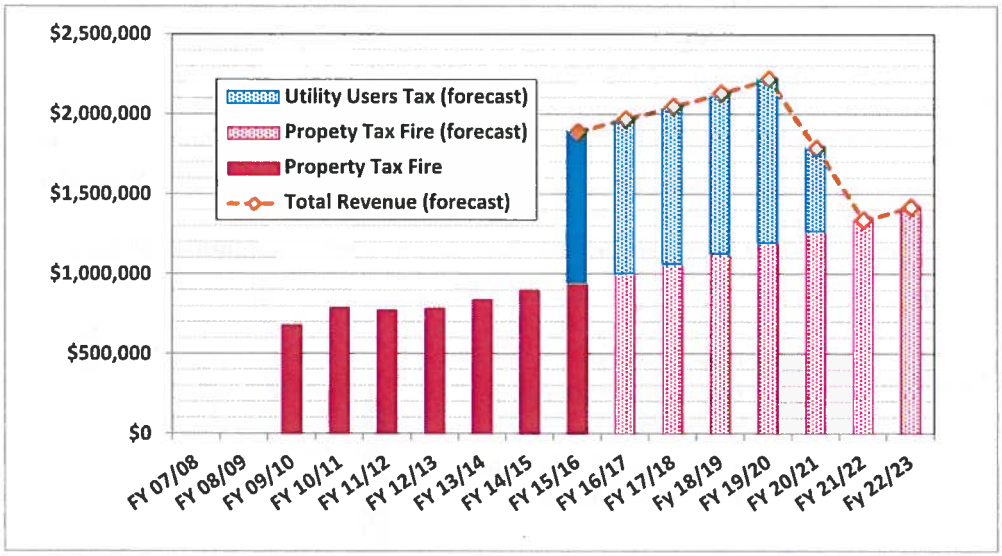
The preceding figure illustrates total revenue forecast available to fund fire service over the next five fiscal years assuming that the UUT is reauthorized by voters beyond December 31, 2020, and that it is fully available to offset recurring fire department expenditures. As noted, it is assumed that the UUT increases at the rate of inflation, estimated to be 2 percent per year over the forecast period.

Further, the Property Tax Fire (fire tax) is assumed to increase at the observed historical rate of 6 percent annually as property values increase with an improving economy. The total revenue available to fund the fire department (or fund the Cal Fire contract if that option is chosen) is shown by the orange dashed line. Total revenue is projected to increase from an amended FY 15/16 figure of $1,898,185 to $2,317,762 by FY 20/21. The UUT portion of the total revenue stream available for fire service support in the figure above decreases from 50 percent ($950,000 of $1,898,185 total revenue) in FY 15/16 to 43.4 percent ($1,048,877 of $2,317,762 total revenue) by FY 20/21.

Conversely, the next figures illustrates the net effect on total revenue available to fund fire protection services if the UUT is not reauthorized. In FY 20/21, the UUT portion of the total revenue stream falls to

29 percent ($524,438 of $1,793,324 total revenue). By FY 21/22, the total available dedicated revenue stream has been reduced to the ad valorem fire tax component only. The figure below is extended to FY 22/23 to show the dramatic impact that the loss of the UUT revenue stream has on the City's ability to fund fire protection services.

Figure 25: Forecast of Total Revenue, UUT (w/Sunset) and Fire Tax through FY 22/23



HISTORICAL EXPENDITURE TRENDS

Fire and medical aid services are found in budget department 420 of the City's General Fund and are shown from FY 09/10 through the adopted and amended FY 15/16 budgets in the following figure. FY 09/10 was the first year that the City received its portion of the fire tax funds directly and was also charged its portion of the contract with Cal Fire. This charge, shown under object code 6610 in the figure below covers costs of providing career staff at Fire station 60 as well as other supporting services.

The original agreement between the City and Cal Fire reflected a full year's payment for coverage of Fire Station 60 and is shown in the FY 15/16 adopted budget. This was changed with the mid-year amended budget which reflects the City's desire to plan for its own fire department and sever ties with Cal Fire. The FY 15/16 amended budget shows partial year expense for an interim fire chief, a reduced contract amount which still provides for fire coverage from Cal Fire, and $400,000 to purchase equipment for the city-run department.

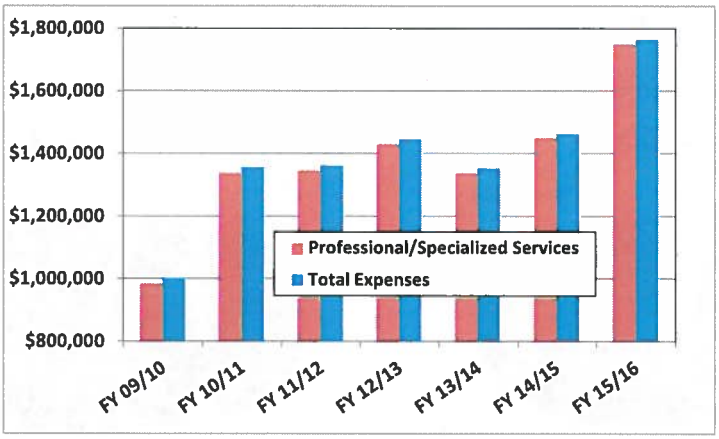
Figure 26: City Fire Expenditures FY 09/10 through FY 15/16 Adopted and Amended Budgets

		Actual FY 09/10	Actual FY 10/11	Actual FY 11/12	Actual FY 12/13	Actual FY 13/14	Budget FY 14/15	Adopted FY 15/16	Amended FY 15/16
Personnel									
6010	Salaries & Wages	-	-	-	-	-	-	-	56,020
6080	Benefits	-	-	-	-	-	-	-	830
Sub-total Personnel Services		-	-	-	-	-	-	-	**56,850**
Operating & Maintenance									
6220	Special Departmental Expense	2,493	1,516	1,668	1,216	1,668	2,000	2,000	8
6320	Utilities	10,396	11,762	10,102	11,277	9,941	8,440	9,300	6,407
6610	Professional/Specialized Service	988,491	1,342,174	1,349,949	1,434,136	1,341,958	1,453,150	1,753,307	919,775
Sub-total O&M		**1,001,380**	**1,355,452**	**1,361,719**	**1,446,629**	**1,353,567**	**1,463,590**	**1,764,607**	**926,190**
Capital									
8017	Fire and Life Saving Equipment	-	1,288	495	-	-	-	-	400,000
8018	Station Upgrades	-	426	-	-	-	-	-	-
Sub-total Capital		-	**1,714**	**495**	-	-	-	-	**400,000**
Debt Service									
		-	-	-	-	-	-	-	-
Sub-total Debt Service		-	-	-	-	-	-	-	-
Total Expenses		**1,001,380**	**1,357,166**	**1,362,214**	**1,446,629**	**1,353,567**	**1,463,590**	**1,764,607**	**1,383,040**

Source: City of Canyon Lake budget documents

The figure below uses the adopted FY 15/16 budget for comparison purposes to prior years. It shows graphically that the interlocal agreement between the City and Cal Fire for provision of fire and medical services makes up the bulk of the City's expenses in budget department 420. Further, it is clear that total expenses to fund this agreement have increased substantially from FY 09/10 when they were first placed directly into the city budget. Although there was a large increase between FY 09/10 and FY 10/11, costs were not increased significantly over the next four years while the City and Cal Fire continued to discuss the appropriate level of compensation for continued provision of these services.

Figure 27: Total Fire Service Expenditures vs. Professional/Specialized Services Line Item, FY 09/10 – FY 15/16

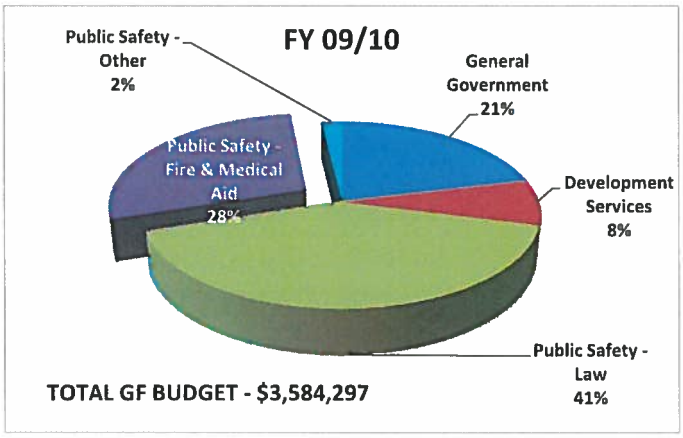


Source: City of Canyon Lake budget documents

Total fire service expenses rose from approximately $1 million in FY 09/10 to $1,764,607 in the adopted FY 15/16 budget, an average increase of approximately 12.7 percent per year over the six-year period. When examining the period FY 10/11 through FY 15/16 (again comparing the adopted or full-year

county agreement for Cal Fire) the increase is less severe for an annual rate of 6 percent. For purposes of forecasting future impact of a continued contract for fire and EMS services with the county, ESCI has modeled increases of 12.7 and 6 percent per year as the high and low to mid-range increases, respectively.

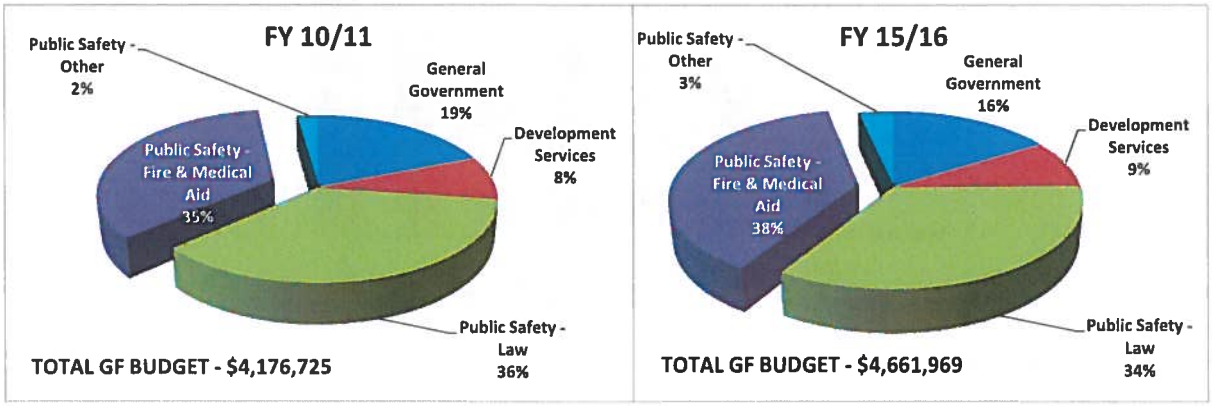
Figure 28: General Fund Expenditures by Major Category FY 09/10



Source: City of Canyon Lake budget documents

The previous figure shows the general fund expenditures by major category for FY 09/10. Budget departments included in the General Government category includes city council (budget department 100), city attorney (200), city manager (310), city clerk (320), finance (330) and Public Works/Building and Facilities Maintenance (550). The Development Services category includes Planning (350), Building and Safety (360), Public Works Administration (510), NPDES (515) and Special Enforcement (520). The Public Safety category is broken out as follows: Public Safety – Law Enforcement (410), Public Safety – Fire & Medical Aid (420), and Public Safety – Other which includes Emergency Preparedness (425) and Animal Control (430) functions.

Figure 29: Comparison of General Fund Expenditures by Major Category FY 10/11 and FY 15/16



Source: City of Canyon Lake budget documents

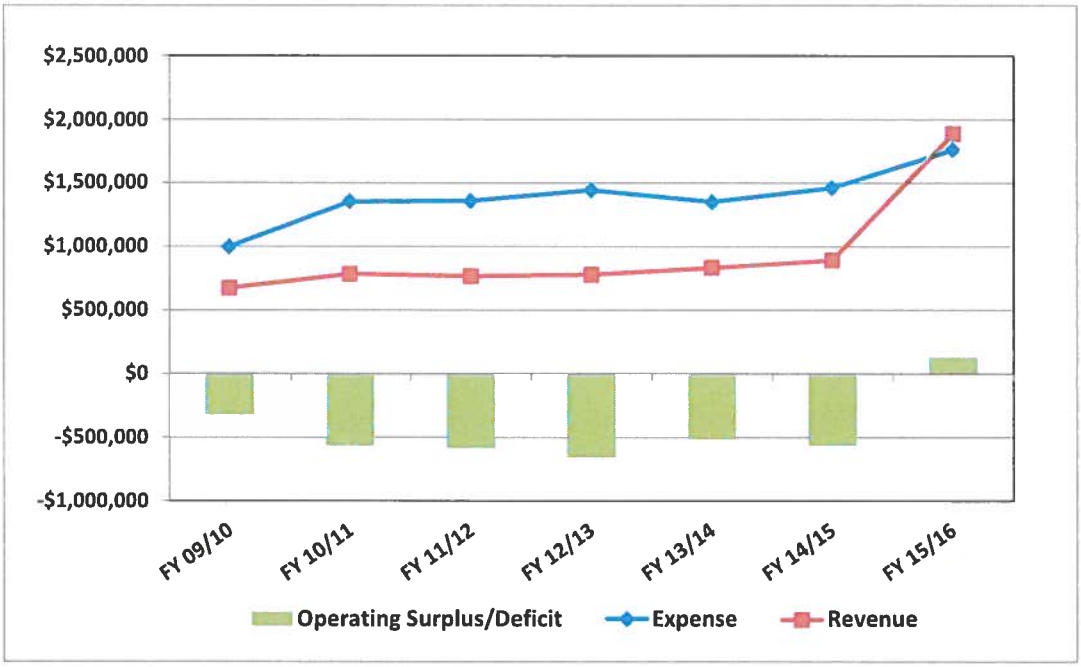
In FY 09/10, the first year that the city budgeted directly for the services provided by Cal Fire at Fire Station 60, fire services comprised just less than 30 percent of the total General Fund budget. However, as seen in the previous figure, fire services jumped to 35 percent of the General Fund budget the next year (FY 10/11) where it has essentially remained ever since.

OPERATING SURPLUS/DEFICIT

The following figure illustrates the relationship between recurring, dedicated revenues and recurring expenses for the fire and EMS service between the FY 09/10 and the adopted FY 15/16 budgets. As discussed earlier, even though fire services are a budget department within the City General Fund, the department has two essentially dedicated revenue sources: the ad valorem fire tax and the Utility Users Tax.

These recurring revenue sources are applied to the total department recurring expenses (all expenses during the period from FY 09/10 through FY 15/16 adopted are considered recurring). While the amended FY 15/16 is significantly different than the adopted budget, this analysis uses the adopted budget to show the revenue effect were the inter-governmental agreement with Cal Fire to staff Fire Station 60 to continue at least through the remainder of the current fiscal year. As amended, there is a $400,000 expenditure item for capital equipment. For a stand-alone department of the size envisioned by Canyon Lake, this type of expenditure would not be considered recurring for the purposes of this analysis.

Figure 30: Recurring Expense, Dedicated Recurring Revenue and Operating Deficit/Surplus



Source: City of Canyon Lake budget documents

The difference between recurring revenue and expense is shown as the operating surplus or deficit in the preceding figure. It is apparent that the fire tax, which was the only dedicated revenue source

through FY 14/15, was not sufficient to offset the department expenses. The annual operating deficit has generally averaged $500,000 per year. Other unrestricted General Fund revenues funded this deficit. With the enactment of the UUT, the amended revenue estimate for FY 15/16, when added to the fire tax, provides an operating surplus of $133,578.

Fire Protection Options

This section of the analysis provides an overview of three options for fire protection services ranging from contracting for service with Cal Fire, creating and maintaining a fully staffed Canyon Lake Fire Department, and creating and maintaining a Canyon Lake Fire Department staffed with part-time personnel.

Administrative staffing for the identified options has been provided and are commensurate with expected needs of an agency of this size. Staffing will support necessary functions relative to administrative controls, reporting, records management, human resource activities and payroll. The administrative positions in the full staffing option provides for a fire chief and an assistant chief supporting the ability to respond to incidents in the community, assume command, and jointly cover the city for overhead staffing when needed. The options also assign two administrative assistant staff to assist with administrative duties.

The operational or shift staffing model has been planned to provide three-person staffing. The primary reasons for the three person "full-time" model is to ensure the Canyon Lake Fire Department provides a level of services expected in an urban environment, supports safe operations within a fire company, and positions the department well within the boundaries and service coverage offered in mutual and automatic aid contracts.[10] The three-person staffing ensures there are "like for like" resources to be shared by regional agencies.

In addition to an overview of the option, an organizational chart, a pro-con matrix for considerations, and a financial overview of that specific option have also been provided. It is the desire of ESCI to provide the decision makers important, and useful data to make a long-term and important path forward to ensure the community is well protected.

Most 'feasibility' reports submitted to our clients include an option of "status quo". That option does not exist at this time. Canyon Lake decision makers must inform Cal Fire by March 30, 2016 of their intentions to either start a new city-based fire department or negotiate and sign a new full-service contract agreement to take effect September 30, 2016.

FINANCIAL FORECAST OVERVIEW

In cooperation with city staff, ESCI staff prepared financial forecasts for four separate options providing continued fire and initial medical response services to the City of Canyon Lake. Option 1, contemplates continuing the interlocal agreement between the city and county (as originally budgeted in the FY 15/16 adopted budget) whereby Cal Fire staffs and provides those services from Fire Station 60 and is supported by other Cal Fire resources spread throughout the county.

Option 2A and 2B are variants of a fully career-staffed fire station, with Option 2A modeling employee participation in the CalPERS system. Option 2B assumes no CalPERS participation; instead, the

[10] Mutual and automatic aid contracts will need to be negotiated with Cal Fire. It is essential these agreements be in place to receive additional and specialty resources when needed.

employees participate in a city-defined contribution pension program. Option 3 assumes that the City will hire part-time staff to be available for daily three-person staffing.

Specific staffing configuration and assumptions are provided in the following sections of this report. The base assumptions for the revenue projections modeled in future years for each case are the same and have been discussed earlier. Because it is not certain that the UUT will be extended by voters beyond its current sunset date of December 31, 2020, each case shows financial implications for a significant loss in this dedicated revenue stream.

For Options 2A, 2B and 3 a pro-forma expenditure budget is provided which is then projected for seven years with the first year being FY 16/17. The growth of each major category and total expenses are shown through the period with the first year in each chart showing expenditures for FY 15/16 as originally adopted for comparison. In each case, the first year of the projected budget is loaded with start-up costs, which can be reviewed in the tables provided. Subsequent years illustrate replacement costs and other recurring annual costs.

Summary charts are provided for each of the options showing the annual operating surplus or deficit given either continuation of the UUT or not beyond December 2020. A detailed expenditure table is not provided for Option 1 since that is merely a continuation of the originally adopted FY 15/16 budget reflecting the agreement with the county for services. However, Option 1 shows both a high and a low-moderate (12.7 and 6 percent, respectively) rate of increase for the contract throughout the forecast period. This allows the City to consider the implications of variable contract rates on operating surplus/deficits and the interaction that changes in the UUT have on potential outcomes.

In all cases where there are employee costs, the following two assumptions on future costs have been made: First, salaries and wages are assumed to increase at the rate of 3 percent per year. Second, benefits are assumed to grow at the rate of 10 percent per year (primarily to account for anticipated increases in health care costs).

OPTION 1 - CAL FIRE CONTRACT

Option 1 involves re-establishing a contractual service contract with Cal Fire for full services. If the City considers this the future option, ESCI recommends taking action prior to March 30, 2016, to notify Cal Fire and initiate negotiations for a service contract to restore fire protection commensurate with service levels prior to the closure of Fire Station 60. This option will re-open Fire Station 60 and restore the three-person fully staffed crew with advanced life (paramedic) capability. This option brings all components of Cal Fire services back to Canyon

The figure below is an organizational chart depicting staffing for this option. The chart does not show the multiple Cal Fire resources and staff that are available to Canyon Lake residents in larger, complex incidents or specialty resource deployment.

Figure 31: Option 1 Organizational Chart

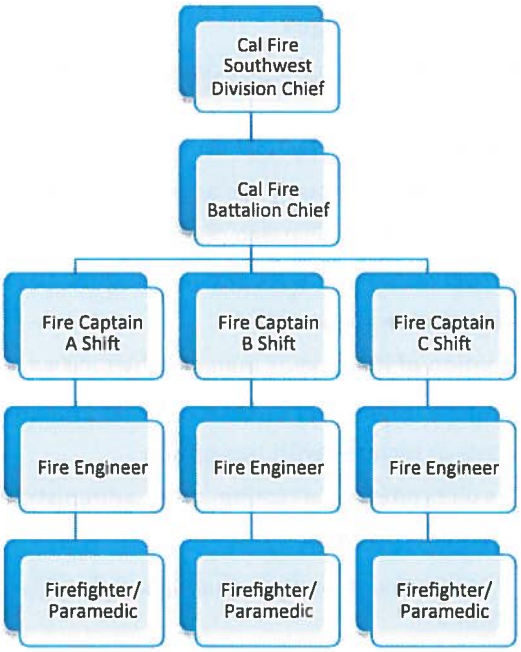


Figure 32: Notable Characteristics of Option 1

Notable Characteristics
• Fire Station 60 re-opens and fully staffed. • Response times in Canyon Lake "Longhorn area" are shorter. • Provides long-term stable fire/EMS coverage and services. • Long-term contract agreement affords fire protection services to the community beyond the UUT sunset, giving the City an opportunity to renew the tax, then examine and analyze options to start a city based fire department in a more stable future financial position. • Greater depth of available resources to the community. • Staffing is stable and predictable.

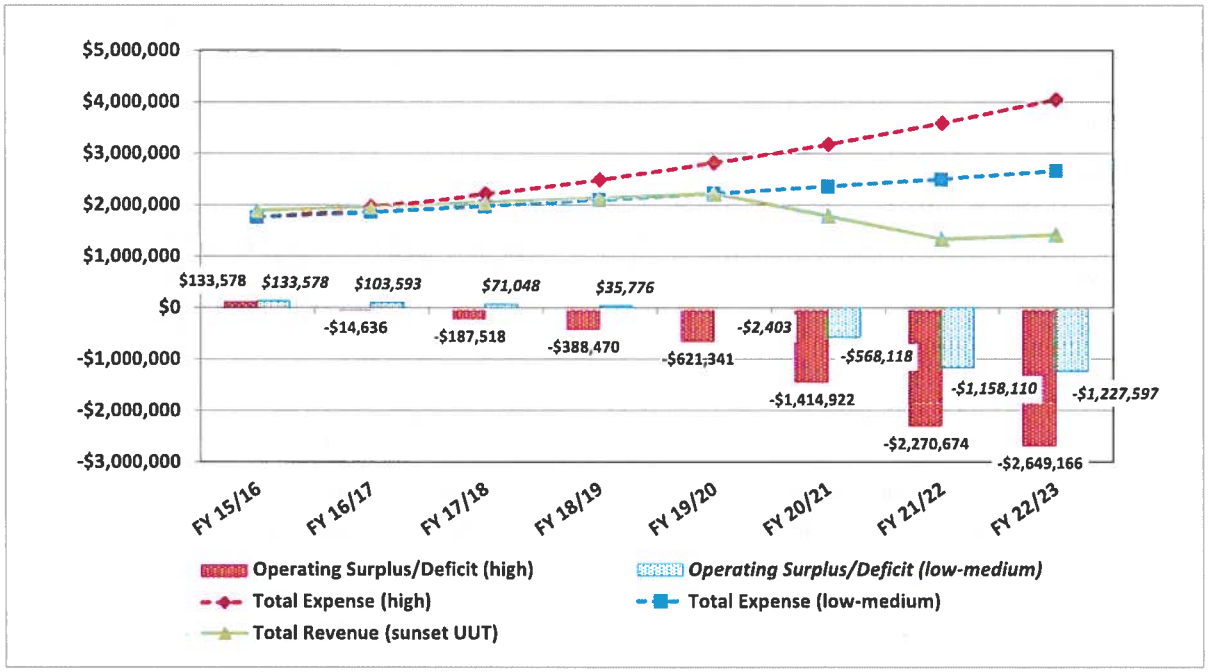
Notable Characteristics
• Option provides mutual and automatic aid response and support. • Provides for safe, effective, efficient command and control during emergency incidents in Canyon Lake. • Training standards and practices support critical readiness for firefighters responding to incidents in the city. • Logistics and supply chains supported. • Insufficient data on fire station condition relative to OSHA code compliance, ADA requirements, etc. to provide a safe work place is available and costs unknown. • Vehicle maintenance and replacement budgets included within contract. • Trained fire mechanics support fleet maintenance and readiness. • Overtime costs within contract cost. • Health and safety reporting is managed. • Hazardous materials response and other specialty resource deployment available for city. • Fire/EMS communications provided by Cal Fire. • Information technology, computer purchase and support provided. • Fire incident reporting technology, dispatch center performance reporting provided. • Advanced life support services/paramedic service assigned to Fire Station 60. • EMS quality assurance monitoring provided. • Recruitment and retention of employees managed by Cal Fire. • Multi-year contracts can be helpful for long-term budget planning. • No start-up capital costs associated with this option. • Human resource, payroll promotional testing, other administrative functions provided. • Grant funding management provided. • Employee accident tracking and reviews, including provision for safety captains at certain incidents provided. • Public education and outreach to the community, EMS, wildland, disaster preparedness provided. • Fire investigation, cause and origin, further investigation including prosecution provided. • Fire prevention activities, plan check, building inspections provided. • Cal Fire manages labor relations and negotiations. • Performance standards relative to response times may be faster returning to full time staffing of Fire Station 60. • The sunset/cessation of the Utility Users Tax revenue stream in December 2020 presents a serious challenge in terms of financial sustainability. • Managing potentially increasing annual costs for service contract. • Limited local identity with Cal Fire rather than Canyon Lake Fire Department. • Canyon Lake has limited control over activities related to fire/EMS services.

Notable Characteristics
• City relinquishes control of fire protection. • There has been no recent measurement of community expectations/desire for what level of services citizens want. • City revenue streams must support future public safety service contracts.

Financial Overview - Option 1

The following figure summarizes the Option 1 forecast annual operating surplus/deficit assuming that the UUT is not reauthorized beyond its December 31, 2020, sunset date. The red dashed line illustrates budget department 420 recurring expenses in the event that the Cal Fire service agreement rises at a high annual rate (12.7 percent) while the blue dashed line shows a low to moderate rate of increase of 6 percent per year. The green line represents the combined recurring revenue available to fund fire services as discussed previously. The blue bars represent operating surplus/deficit in the case of a 6 percent rise in expenses while the red bars represent the operating surplus/deficit in the event that the recurring expenses increase at the higher rate (12.7 percent)

Figure 33: Option 1 Operating Surplus/Deficit, UUT Sunsets



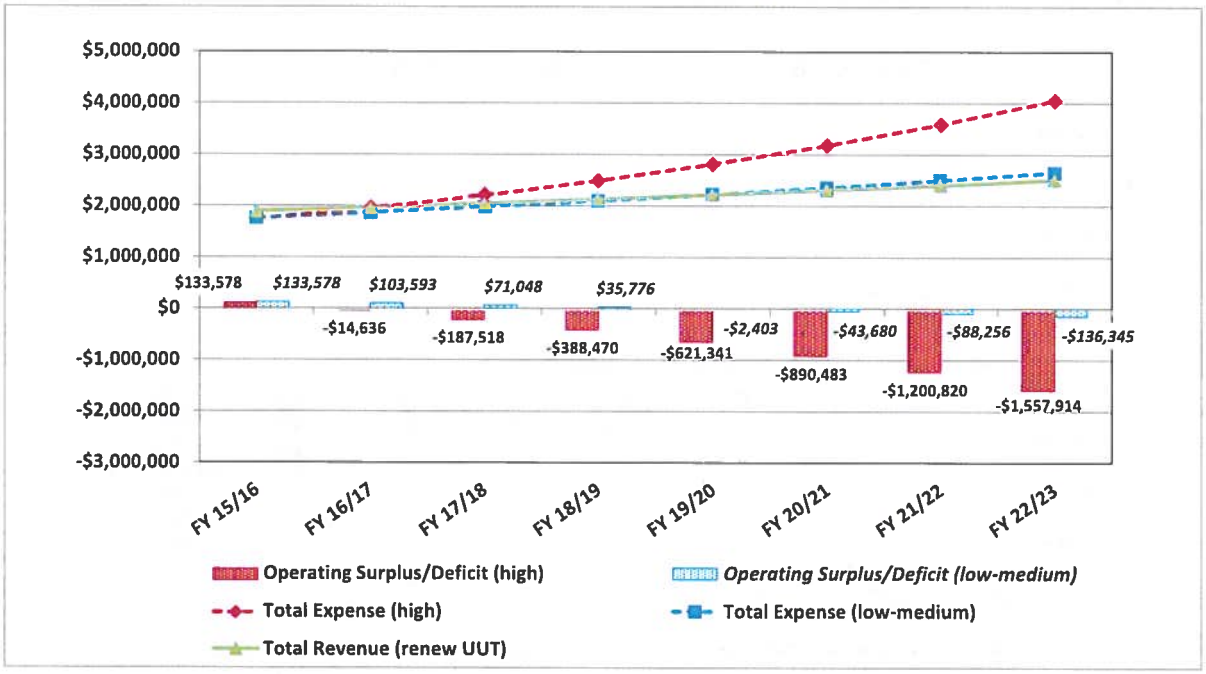
The figure shows that revenues keep pace with expenses, even developing a positive cash carry forward, in the low to moderate increase case through FY 19/20. However, with only a half year of UUT revenue available in FY 20/21, the City would see an operating deficit of $568,116 (in the low to moderate rate increase scenario) which continues to worsen as the UUT revenue stream is completely gone in FY 21/22. These annual operating deficits are not sustainable and contracted services probably cannot be continued beyond FY 20/21 absent an alternative recurring revenue stream. Use of unrestricted general

revenues would cause a severe reduction of other city services and would most likely not be considered a viable alternative source by city residents.

On the other hand, should the voters choose to extend the UUT, there would be sufficient recurring revenue to fund a low to moderately increasing rate of expenditures (up to 6 percent per year) associated with continuation of the agreement with Cal Fire as shown in the figure below. The blue dashed line representing the recurring expenditures shows essentially the same trend as the green revenue line. As indicated by the blue bars, there is an operating surplus that is slowly reduced from $133,578 in FY 15/16 to essentially zero by FY 19/20. This produces a healthy cash reserve that could cover operating deficits first experienced in FY 20/21 (-$43,680) and growing to $136,345 by FY 22/23.

A high rate of increase in the recurring cost of the contract, on the order of 12.7 percent per year, leads to increasing operating deficits that again become unsustainable in the last two to three years of the forecast period unless alternative revenue streams are found or expenses are cut elsewhere in the city budget.

Figure 34: Option 1 Operating Surplus/Deficit, UUT Extended



Recommendation

Based on research, analysis of future service demands, and verification and validation of the city-provided data, ESCI considers this a viable option for Canyon Lake residents. This option provides the community with ALS/Paramedic services, the full depth of resources from Cal Fire, automatic and mutual aid from neighboring stations, and re-establishes an adequate level of fire/EMS protection for the community. Given a low to moderate annual increase in contract pricing, on the order of 6 percent or less, and a re-authorization of the Utility Users Tax beyond 2020, sufficient recurring revenue is available to fund this option. A significant operating deficit would be seen should Cal Fire contracts

increase at the highest rate of 12.7 percent. This option could be funded without cutting other city services or supplementing the revenue stream with unrestricted general revenues.

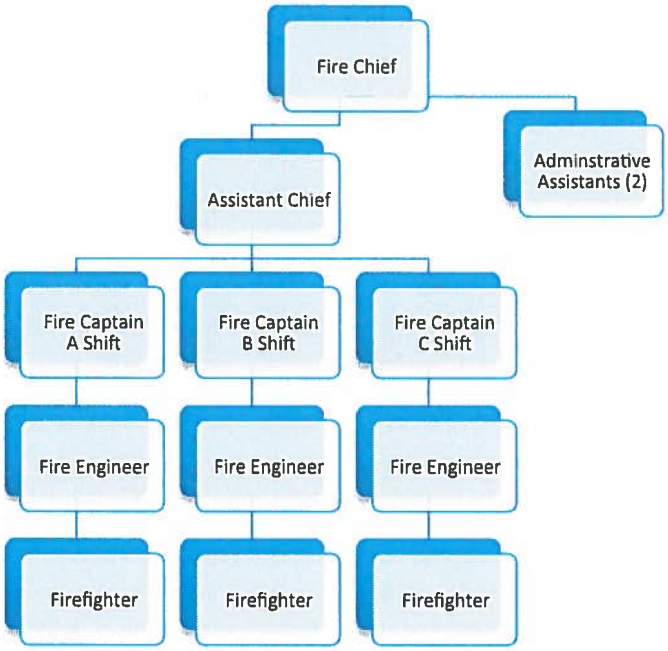
OPTION 2 - CITY FIRE DEPARTMENT STAFFED WITH FULL-TIME PERSONNEL

This option will establish and create a fully staffed city fire department and re-open the fire station in the city. Salary and benefit data for firefighter positions as provided by city staff only contemplated hiring firefighters at the Basic Life Support (BLS) level. While it was beyond the scope of the ESCI engagement, a very rough estimate of the incremental difference to provide an Advanced Life Support (ALS) capable department is included later in this section. This estimate will be used to compare a more equivalent level of service to that offered by the Cal Fire service agreement. There are two variations within Option 2: Option 2A and Option 2B. Both variants have the same staffing profile, capital start-up costs, and service levels. They differ in terms of retirement systems. Option 2A staffing costs include participation in a Public Employees Retirement System (PERS) input, while Option 2B is calculated using social security and a city matching retirement formula input[11].

Option 2 establishes and creates a Canyon Lake Fire Department. This option provides the community with an administrative staff of one fire chief, one assistant chief, two administrative assistants, and a fully staffed three-person basic life support (BLS non-paramedic) engine 24X7 assigned to the city fire station.

The figure below is an organizational chart depicting staffing for this option.

Figure 35: Option 2 Organizational Chart



[11] City matching input factor provided by the city manager as an example

Figure 36: Notable Characteristics of Option 2

Notable Characteristics
• Fire Station 60 re-opens and is staffed with a three-person engine (non paramedic). • Automatic and mutual aid agreements are likely to be secured as this option provides "like for like" resources. • Staffing is stable and predictable. • Administrative positions (fire chief and assistant chief) provide for command and control during emergency incidents in Canyon Lake. • Fire chief and assistant chief can support/manage emergency training standards and practices to maintain readiness for firefighters. • Logistics and supply chains are internally managed. • City has local identity with a Canyon Lake Fire Department. • City retains control over departmental activities. • City can measure community expectations and deliver level of services they desire and can fund. • City can establish and directly manage labor relations/agreements. • City can develop and implement a dispute resolution process for grievance issues. • City can develop and manage multi-year budgeting tools for apparatus, facility and equipment replacement. • City can implement wellness, employee assistance programs, fitness programs. • The sunset/cessation of the UUT revenue stream in December 2020 presents a serious challenge in terms of financial sustainability. • Option does not include advanced life support services/paramedics. This resource will be available from AMR and/or potentially from Cal Fire on automatic aid and mutual aid responses. • Financial models suggest the city may be unable to sustain a paramedic program with medical director, nurse educator, training requirements, etc. Financial outcomes worsen with recurring costs with any paramedic model. • Insufficient data on fire station condition relative to OSHA code compliance, ADA requirements, etc. to provide a safe work place is available and costs unknown. • Insufficient data to verify quality, quantity and cost to replace city owned fire equipment left at fire station by Cal Fire may lead to higher start-up costs • City required to develop and implement workers' compensation programs, general liability insurance, motor vehicle insurance. • Employee turnover may be an issue, with lack of vertical promotional opportunities seen in smaller agencies. Staff members may seek other employment in larger agencies • Potential challenge to initially recruit fire chief, assistant chief, firefighters based on long-term financial sustainability concerns.

Notable Characteristics
• Fire investigation, cause and origin, further investigation through prosecution not part of option. • Fire prevention activities, plan check, building inspections not part of option. • Minimal training grounds or facilities for fire department specific training. • City would fully assume costs of vehicle replacement costs.

Financial Overview - Option 2

There are two variations within Option 2: Option 2A and Option 2B. Both variants of this option have the same staffing profile, capital start-up costs, and service levels. The options are distinct in terms of retirement systems. Option 2A staffing costs include participation in a Public Employees Retirement System (PERS) input. Option 2B is calculated using social security and a city matching retirement formula input. Costs for each variant of this option are displayed in the following financial analysis.

The following figure is a pro-forma expenditure budget for option two-A comparing the originally adopted FY 15/16 budget line items to the forecast.

Figure 37: Option 2A Pro-Forma Budget

		Adopted FY 15/16	Forecast FY 16/17	Forecast FY 17/18	Forecast FY 18/19	Forecast FY 19/20	Forecast FY 20/21	Forecast FY 21/22	Forecast FY 22/23
Personnel									
6010	Salaries & Wages	0	814,643	839,082	864,255	890,183	916,888	944,395	972,727
6080	Benefits	0	522,398	574,638	632,102	695,312	764,843	841,327	925,460
Sub-total Personnel Services		**0**	**1,337,041**	**1,413,720**	**1,496,357**	**1,585,494**	**1,681,731**	**1,785,722**	**1,898,187**
Operating & Maintenance									
6210	Office Expense and Supplies		3,500	3,570	3,641	3,714	3,789	3,864	3,942
6220	Special Departmental Expense	2,000	82,080	63,210	65,534	67,968	70,519	73,192	75,994
	Station Supplies		6,000	6,120	6,242	6,367	6,495	6,624	6,757
	Operating Supplies/Equipment		25,000	25,500	26,010	26,530	27,061	27,602	28,154
	Building Maintenance		25,000	26,500	28,090	29,775	31,562	33,456	35,463
	Uniforms		4,800	1,020	1,040	1,061	1,082	1,104	1,126
	Bunker Gear		21,280	4,070	4,151	4,234	4,319	4,405	4,493
6310	Communications		100,000	103,000	106,090	109,273	112,551	115,927	119,405
6320	Utilities	9,300	9,300	9,486	9,676	9,869	10,067	10,268	10,473
6330	Rentals and Leases		1	1	1	1	1	1	1
6415	Vehicle Maintenance		35,000	35,700	36,414	37,142	37,885	38,643	39,416
6425	Fuels and Lubricants		12,000	12,240	12,485	12,734	12,989	13,249	13,514
6610	Professional/Specialized Services	1,753,307	37,500	38,250	39,015	39,795	40,591	41,403	42,231
Sub-total O&M		**1,764,607**	**279,381**	**265,457**	**272,856**	**280,498**	**288,391**	**296,547**	**304,975**
Capital									
8017	Fire and Life Saving Equipment	0	798,286	74,010	76,180	78,415	80,715	83,084	85,522
	Pumper		352,286						
	Chief Vehicles (x 2)		280,000						
	SCBA (x 10)		45,000						
	Dispatch Radios		60,000						
	Fleet replacement			69,010	71,080	73,213	75,409	77,671	80,002
	Replacement equipment E-60		30,000						
	RMS/BLS equipment/MDTs		31,000	5,000	5,100	5,202	5,306	5,412	5,520
8018	Station Upgrades	0	78,600	3,672	3,745	3,820	3,897	3,975	4,054
Sub-total Capital		**0**	**876,886**	**77,682**	**79,926**	**82,235**	**84,612**	**87,058**	**89,576**
Debt Service									
		0	0	0	0	0	0	0	0
Sub-total Debt Service		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Expenses		**1,764,607**	**2,493,308**	**1,756,859**	**1,849,138**	**1,948,227**	**2,054,734**	**2,169,327**	**2,292,738**

Figure 38: Option 2B Pro-Forma Budget

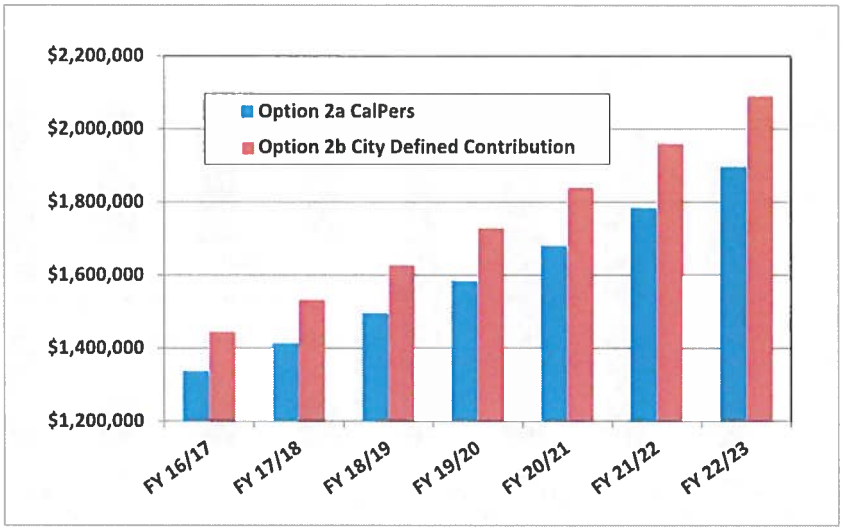
	Adopted FY 15/16	Forecast FY 16/17	Forecast FY 17/18	Forecast FY 18/19	Forecast FY 19/20	Forecast FY 20/21	Forecast FY 21/22	Forecast FY 22/23
Personnel								
6010 Salaries & Wages	0	814,643	839,082	864,255	890,183	916,888	944,395	972,727
6080 Benefits	0	632,986	696,284	765,913	842,504	926,755	1,019,430	1,121,373
Sub-total Personnel Services	**0**	**1,447,629**	**1,535,367**	**1,630,168**	**1,732,687**	**1,843,643**	**1,963,825**	**2,094,100**
Operating & Maintenance								
6210 Office Expense and Supplies		3,500	3,570	3,641	3,714	3,789	3,864	3,942
6220 Special Departmental Expense	2,000	82,080	63,210	65,534	67,968	70,519	73,192	75,994
Station Supplies		6,000	6,120	6,242	6,367	6,495	6,624	6,757
Operating Supplies/Equipment		25,000	25,500	26,010	26,530	27,061	27,602	28,154
Building Maintenance		25,000	26,500	28,090	29,775	31,562	33,456	35,463
Uniforms		4,800	1,020	1,040	1,061	1,082	1,104	1,126
Bunker Gear		21,280	4,070	4,151	4,234	4,319	4,405	4,493
6310 Communications		100,000	103,000	106,090	109,273	112,551	115,927	119,405
6320 Utilities	9,300	9,300	9,486	9,676	9,869	10,067	10,268	10,473
6330 Rentals and Leases		1	1	1	1	1	1	1
6415 Vehicle Maintenance		35,000	35,700	36,414	37,142	37,885	38,643	39,416
6425 Fuels and Lubricants		12,000	12,240	12,485	12,734	12,989	13,249	13,514
6610 Professional/Specialized Services	1,753,307	37,500	38,250	39,015	39,795	40,591	41,403	42,231
Sub-total O&M	**1,764,607**	**279,381**	**265,457**	**272,856**	**280,498**	**288,391**	**296,547**	**304,975**
Capital								
8017 Fire and Life Saving Equipment	0	798,286	74,010	76,180	78,415	80,715	83,084	85,522
Pumper		352,286						
Chief Vehicles (x 2)		280,000						
SCBA (x 10)		45,000						
Dispatch Radios		60,000						
Fleet replacement			69,010	71,080	73,213	75,409	77,671	80,002
Replacement equipment E-60		30,000						
RMS/BLS equipment/MDTs		31,000	5,000	5,100	5,202	5,306	5,412	5,520
8018 Station Upgrades	0	78,600	3,672	3,745	3,820	3,897	3,975	4,054
Sub-total Capital	**0**	**876,886**	**77,682**	**79,926**	**82,235**	**84,612**	**87,058**	**89,576**
Debt Service								
	0	0	0	0	0	0	0	0
Sub-total Debt Service	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Expenses	**1,764,607**	**2,603,896**	**1,878,506**	**1,982,949**	**2,095,419**	**2,216,646**	**2,347,430**	**2,488,651**

As discussed, proposed staffing levels are the same for options two-A and two-B. The only differences are in the personnel costs with Option 2A showing the impact if the employees were in the CalPERS retirement system while Option 2B shows the impact with the employees in social security and a city-defined contribution program.

The next figure shows the difference through time of the personnel services costs between Option 2A and 2B. If the employees are members of the CalPERS system, their benefit rates and total personnel services costs are actually lower than if they were to participate in the city-defined contribution pension

program as prescribed.[12] Therefore, Option 2B would actually be more costly for the city over the forecast period.

Figure 39: Comparison of Option 2A & 2B Personnel Services Expenses



The base cost data used are estimates from city staff except in several instances where ESCI staff amended the inputs based upon knowledge of other fire service programs. For example, ESCI has added 13 percent of salaries and benefits costs to account for anticipated overtime expenses. Salaries and wages are increased at 3 percent annually while benefits are increased at 10 percent annually to anticipate increasing health costs. All other line item costs are increased at a rate of 2 percent per year with the following exceptions: Communications increases at 3 percent annually as estimated by city staff, fleet replacement increases at 3 percent and facilities repair increases at 6 percent.

Each model shows a spike in expenses during the first year of the forecast to account for several start-up costs. This can be seen in the following figure. For comparison purposes each option shows the originally budgeted expenditure amount for FY 15/16. The figure shows recurring (and start up for FY 16/17) costs broken out by major expenditure category. The blue bar represents personnel services; the red bar operating expenses and the green bar shows capital costs. Originally adopted FY 15/16 is all operating costs as that represents the city portion of the county contract with Cal Fire. The spike in the start-up year is primarily due to the purchase of an equipped pumper and repairs to fire station 60 which can be seen in the table above. The dashed orange line represents total recurring expenses in budget department 420 for each option.

[12] As previously noted, this benefit can be adjusted downward to reflect a lower cost. The modeling was performed using data provided by the city as a starting point for discussion.

Figure 40: Option 2A Projected Expenditures by Major Category

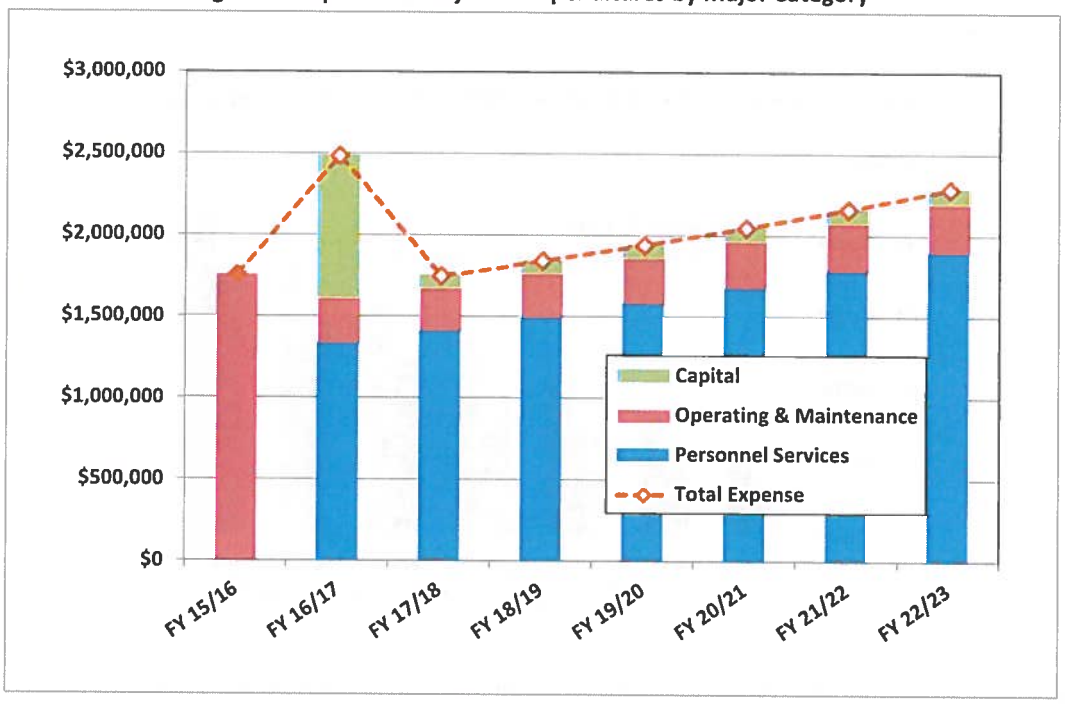
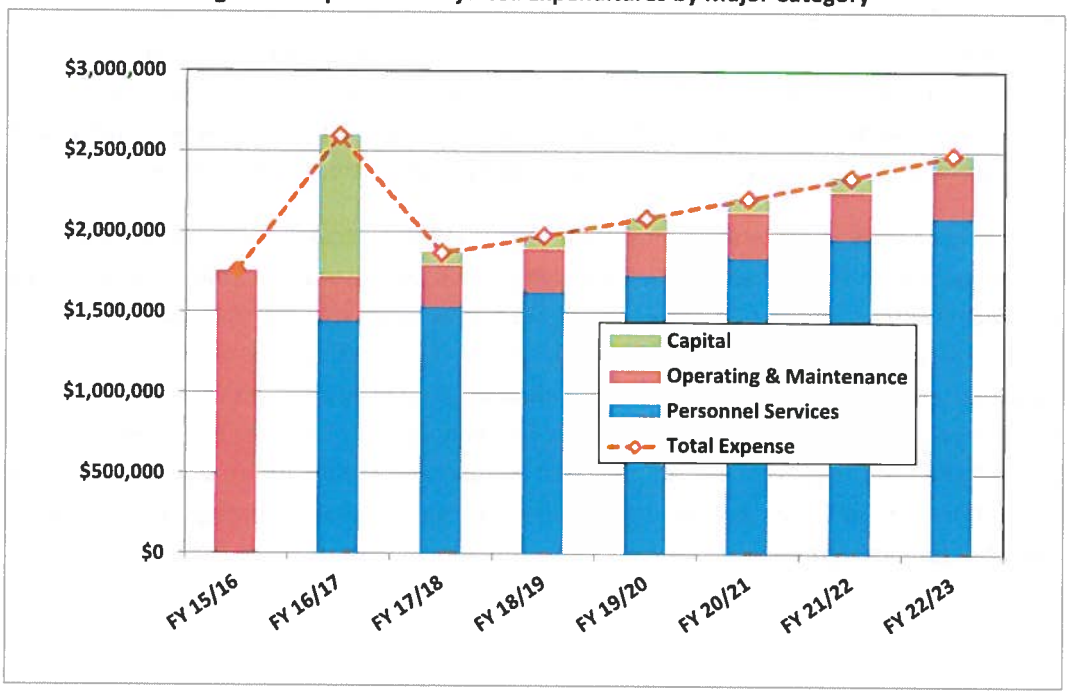


Figure 41: Option 2B Projected Expenditures by Major Category



The following figure is a display of approximate costs related to an additional level of service provided by advanced life support/paramedics (ALS). These costs would be added to the overall operating and start-up costs should the city elect to start a new fire department. In all cases, if this added service is desired, the recurring and start-up costs would worsen the financial positions as presented in this

report. These costs are a broad, general approximation and are only meant as a guide to be used with the financial modeling to give city officials an approximate idea of the additional impact this service might create. The incremental salary cost shown below must be increased by 39 percent or 44 percent for Option 2A or 2B, respectively, to account for benefits. For modeling purposes, the total salary and benefits are increased at a rate of 6 percent annually, while the operating costs are escalated at a rate of 2 percent annually.

Figure 42: Paramedic Service Cost Analysis

Annual Operating Costs to Support a Paramedic Program	
Firefighter/Paramedic salary and benefits (15% bonus over regular salary, assuming four firefighters certified as paramedics)	$271,942
Medical Director contract	$15,000
Nurse Educator contract	$10,000
Supplies	$10,000
Maintenance and replacement budget for ALS equipment	$5,000
Total Approximate Annual Operating Costs	**311,942**[13]
Start Up Costs to Support a Paramedic Program (Year One)	
Advanced Life Support baseline equipment	$80,000
Radios	Unknown Costs
Small equipment/tools	Unknown Costs
Medicine/Computerized drug inventory locker system	Unknown Costs
Total Approximate Start Up Costs-Year One	**Unknown**

As is shown in the above figure, the cost for a paramedic program is significant and requires more in terms of administrative management, ongoing training, equipment, and certification bonuses for staff members. To understand the impact of adding a paramedic component, the above total annual operating costs and start-up costs should be added to the described Options 2A and 2B.

[13] This is an approximation; data was not available from the City.

The following figures will illustrate each of the options with two variations: first with the sunset of the UUT in 2020 and second with voter approval to continue the UUT at least through the end of the forecast period. The solid blue line in all cases represents total recurring expense for a BLS-staffed station while the dashed blue line represents the estimated incremental impact of staffing the department at the ALS level. The red line represents total, dedicated fire service revenue. It is important to remember that this analysis envisions all UUT proceeds being used to offset fire service expenses (unless revenue exceeds expenses); a policy decision that council is faced with as discussed elsewhere in this report. The solid green bars represent the operating surplus or deficit each year for a BLS-staffed unit while the dotted green bars represent the estimated incremental impact of an ALS-staffed unit.

Figure 43: Option 2A Operating Surplus/Deficit, UUT Sunsets

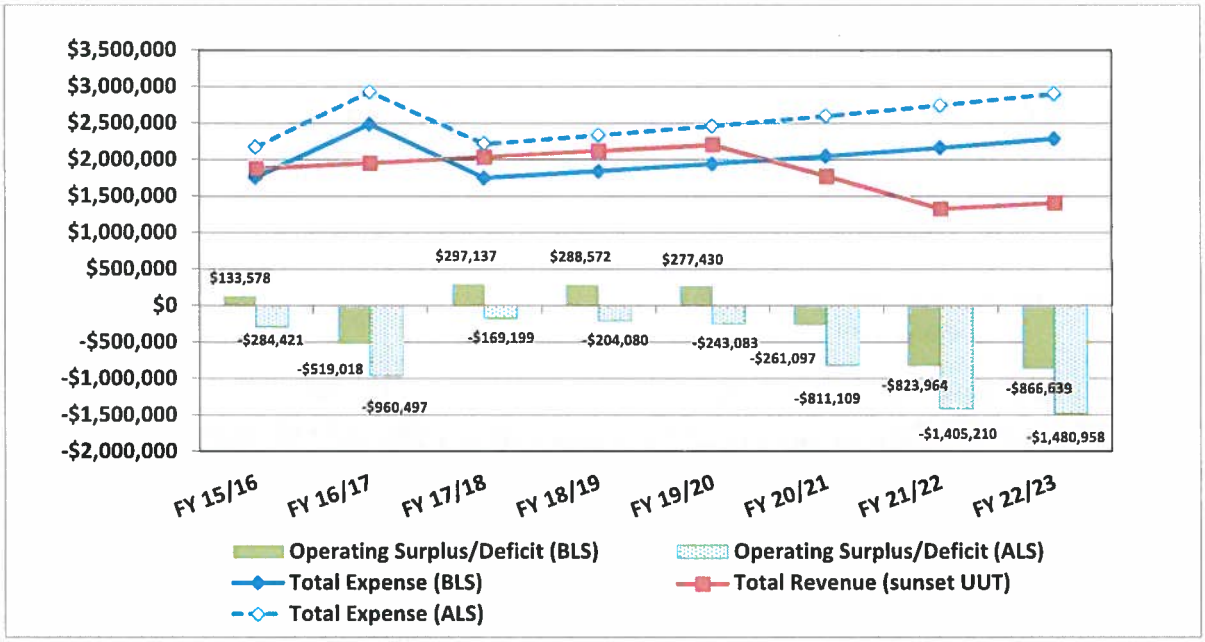
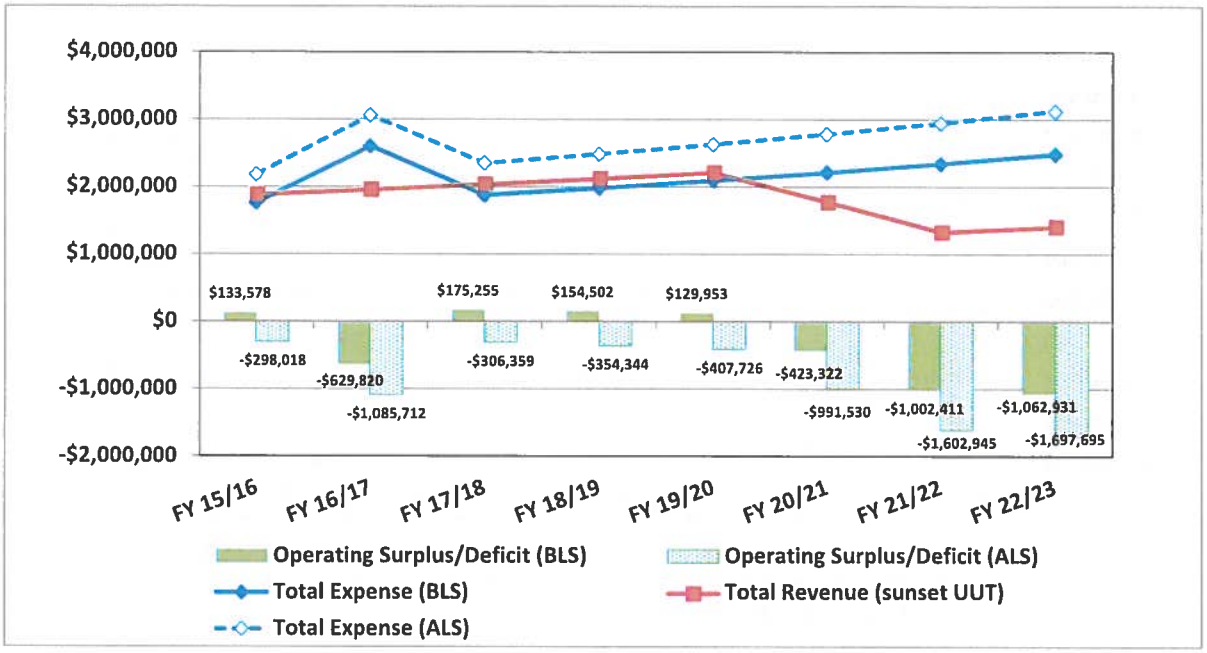


Figure 44: Option 2B: Operating Surplus/Deficit, UUT Sunsets



In both Option 2A and Option 2B, the first year starts off with a deficit of almost $520,000 due to the start up costs as discussed above. This deficit would need to be covered by other general fund reserves, loan proceeds or through reallocation of budgeted funds from other programs. However, the next three years show operating surpluses for a BLS-staffed station which would potentially cover use of reserves in the first year. With the increased costs of providing an ALS-staffed unit, the three years following the start-up year show operating losses. With loss of the UUT in FY 20/21, this option, with BLS staffing, begins to run an operating deficit that worsens from FY 20/21 over the next two years, clearly an unsustainable rate of expenditure. While the ALS-staffed station is more comparable to the level of service provided by the Cal Fire contract, it is clearly more costly than the BLS option.

The following figures show the impact of the same options should voters re-authorize the UUT at the same 3.95 percent. It is evident in this scenario that, after the initial start-up year, which shows an operating deficit, subsequent years show a healthy operating surplus in the case of a BLS-staffed station, which could be applied to budget department 420 reserves or other uses of the UUT revenues as authorized by voters in the original enabling ordinance. As above, the addition of an ALS staffing component is more costly and the city would run operating deficits every year even if the UUT were to be extended by the voters.

Figure 45: Option 2A Operating Surplus/Deficit, UUT Extended

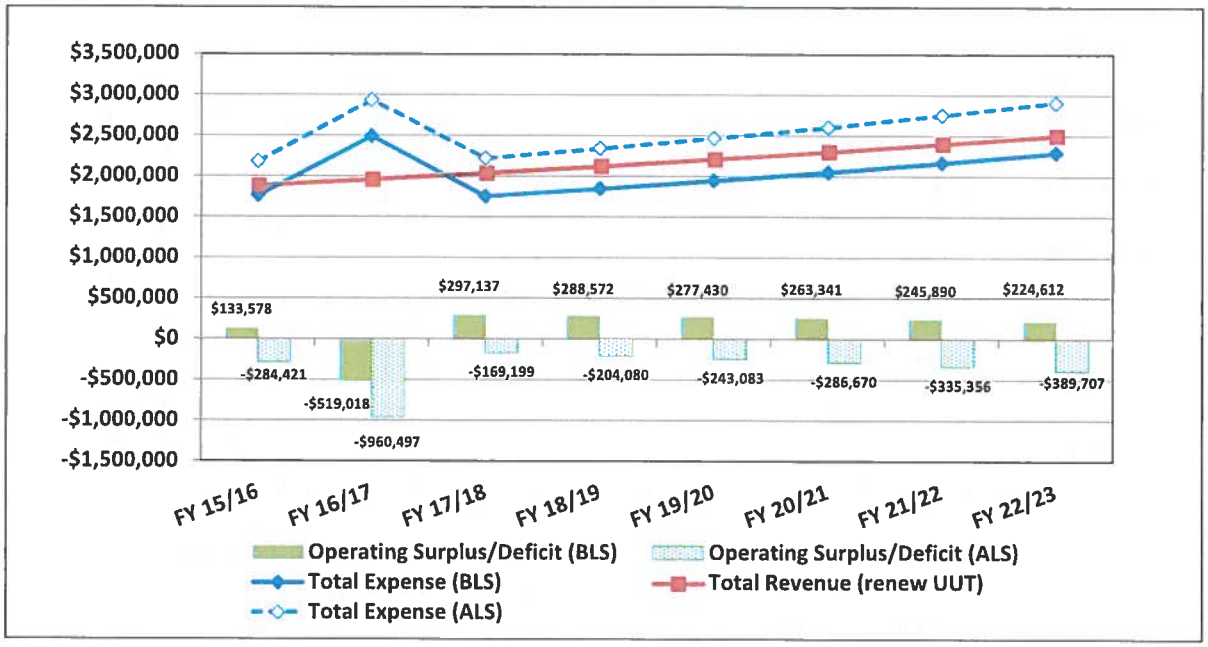
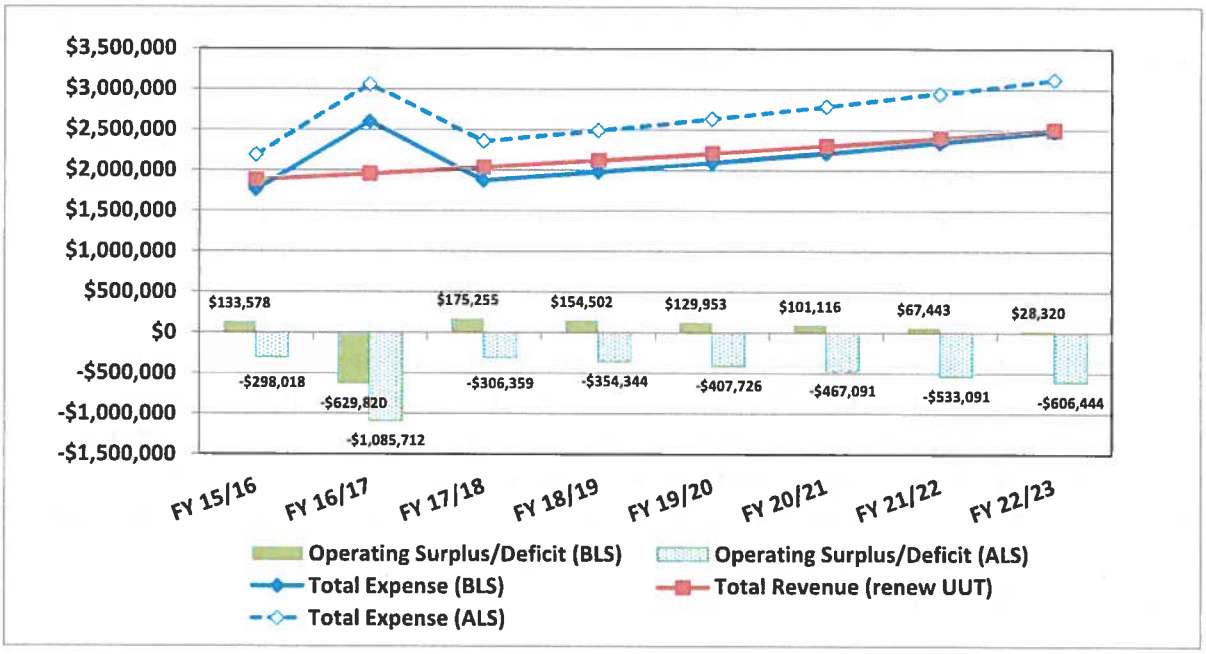


Figure 46: Option 2B Operating Surplus/Deficit, UUT Extended



Recommendation

ESCI considers this a potential option for the city; however, the important consideration again focuses on financial sustainability. Can the City sustain future budgets? Future operating and capital expenditure budgets will increase and the decision makers need to carefully evaluate a long-term position.

Another challenge and question for the City is whether or not a department be fully developed and ready for service delivery given a very compressed timeline.[14] Delays are not uncommon with mergers or new start-ups. To support an efficient process, ESCI recommends a start-up timeline of between 12 and 18 months. It is possible to experience protracted timelines as a result of external influences such as:

- Time of purchase to time of actual acquisition of a new engine or other fleet units
- Recruiting new suppression firefighter staff in a competitive job market
- Recruiting a new fire chief possessing the experience and interest to essentially develop a new fire department
- Training new staff members to levels of readiness prior to start up
- Ensure foundational human resource and other administrative support functions are in place

If the challenges above can be mitigated and managed, this option may be viable.

[14] Regarding the County of Riverside fire services contract closure date of September 30, 2016.

OPTION 3 - CITY FIRE DEPARTMENT STAFFED WITH PART-TIME PERSONNEL

Option 3 establishes and creates a Canyon Lake Fire Department. This option provides the community with a three-person BLS engine in the city fire station serving the community 24X7. Staffing is provided by "part time" firefighters from nearby agencies working on their time off.

This option will establish and create a new city fire department and re-open the fire station in the city utilizing part-time staff. This option requires maintaining a cadre of trained firefighters for each rank to fully staff a BLS engine on three separate shifts. Presumably the cadre of staff are firefighters already employed, trained, and possessing experience that can work in Canyon Lake as a second job on their days off from other fire agencies.

Staffing consists of one full-time fire chief, one full-time assistant chief, and two full-time administrative assistants. For fire station staff, the department would manage a list of part-time employees, including ten captains, ten engineers, and ten firefighters in order to staff the station full time 24X7.

Research has shown that recruiting and retaining part-time staff made up of firefighters from other agencies may be difficult as some fire agencies preclude, by policy, outside employment as a firefighter in an another similar agency.[15]

One of the most crucial risks to this option is that receiving needed additional firefighting resources on an incident via automatic and mutual aid is not possible. CalFire does not consider Canyon Lake resources in this configuration as "like for like" resources and therefore do not qualify as part of the regional automatic or mutual aid system.[16] One residential structure fire consisting of a single bedroom fire will exceed this option's ability to deliver sufficient manpower to the emergency scene. This is a clear example of how automatic and mutual aid, both providing and receiving, is an important and critical element for an agency to successfully protect its community. This option cannot staff and maintain staffing numbers to satisfy OSHA requirements (two in/two out) and guidelines on certain emergency scenes.

The figure below is an organizational chart depicting staffing on this option.

[15] As per email dated 2.19.2016 from Division Chief Geoff Pemberton, Riverside County Fire Department. Attachment Cal Fire internal policy PO-155, Departmental Incompatible Activities Statement. Policy document is located in appendix E in this report.

[16] As per 2.18.2016 letter from Chief John R. Hawkins, Riverside County Fire Department.

Figure 47: Option 3 Organizational Chart

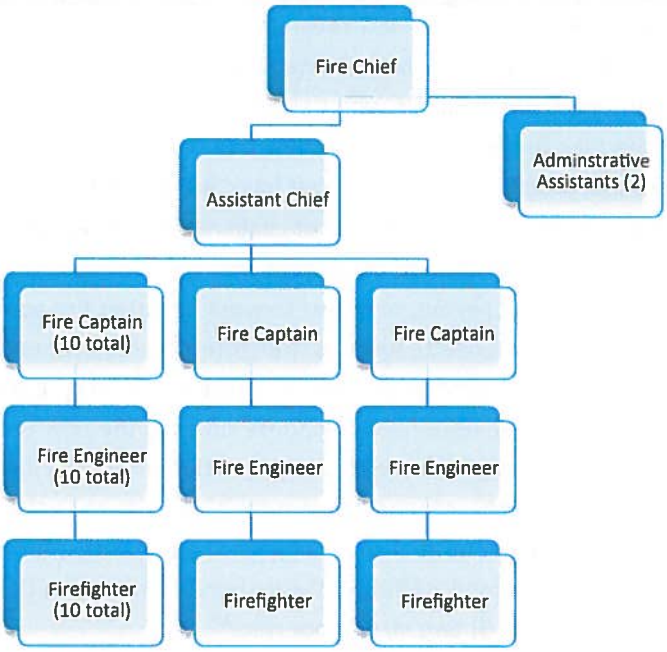


Figure 48: Notable Characteristics of Option 3

Notable Characteristics
• Fire Station 60 re-opens with a three person engine (part-time staff 24X7/non paramedic) and three-shift system. • Fire chief and assistant chief can support emergency training standards and practices to maintain readiness for firefighters. • Logistics and supply chains internally managed. • City has local identity with a Canyon Lake Fire Department. • City has more control over departmental activities, budget, etc. • City should measure community expectations and deliver level of services they desire and can fund. • City can establish labor relations/agreements. • City can develop and implement a specific dispute resolution process for grievance issues. • Develop and manage multi-year budgeting plans for apparatus, facility and equipment replacement. • City recommended to implement wellness, employee assistance programs, fitness programs.

Notable Characteristics
• The sunset/cessation of the UUT revenue stream in December 2020 presents a serious challenge in terms of financial sustainability for this option. • Automatic aid is not available with Cal Fire, as staffing and resources in this option do not fit the "like for like" required staffing and resource profile. This is a critical missing element that would threaten the most basic fire protection for the city.[17] • Day-to-day staffing may be a constant challenge to manage and execute. • Recruitment and retention of employees may be an ongoing problem, as some regional departments do not permit members to work for other fire agencies. Cal Fire employees are precluded to work as firefighters by department policy.[18] • Only one station will provide services to entire community. Currently, Cal Fire Stations 5, 94, and 97 provide reasonable response times to the city. Without those stations responding in the response areas, a large portion of the city will see longer response times for fire and EMS responding from the single Canyon Lake station • Without automatic or mutual aid bringing more resources, for example to a residential house fire, three-person staffing in this option will not meet OSHA CFR 29.1910.134(g)(4)(1-3) two in/two out rule.[19] • Option does not include advanced life support services/paramedics. Paramedics will be available from American Medical Response as a first resource. • City required to develop and implement workers' compensation programs, general liability insurance, motor vehicle insurance.

[17] As per 2.18.2016 letter from Chief John R. Hawkins, Riverside County Fire Department.

[18] As per email dated 2.19.2016 from Division Chief Geoff Pemberton, Riverside County Fire Department. Attachment Cal Fire internal policy PO-155, Departmental Incompatible Activities Statement. Policy document is located in appendix E in this report.

[19] The U.S. Occupational Safety and Health Administration (OSHA) two-in/two-out rule (CFR 29 1910.134(g)(4)1-3). The safety of firefighters engaged in interior structural firefighting is the major focus of paragraph (g)(4) of the OSHA Respiratory Protection standard. This provision requires that at least two employees enter the Immediately Dangerous to Life or Health (IDLH) atmosphere and remain in visual or voice contact with each other at all times. It also requires that at least two employees be located outside the IDLH atmosphere, thus the term, "two in/two out". This assures that the "two in" can monitor each other and assist with equipment failure or entrapment or other hazards, and the "two out" can monitor those in the building, initiate rescue, or call for back-up. One of the "two out" can be assigned another role such as incident commander.

Notable Characteristics
• Limitations in hours worked may be a limitation with outside agency-employed staff with respect to PERS or other retirement systems. • Salary and benefit ranges are not competitive in the region may hinder recruitment efforts • Insufficient data on fire station condition relative to OSHA code compliance, ADA requirements, etc to provide a safe work place is available and costs unknown. • Insufficient data to verify quality, quantity and cost to replace city owned fire equipment left at fire station by Cal Fire may lead to higher start-up costs. • Challenge to initially recruit for staffing, fire chief, assistant chief to manage a part time fire department model. • Public education and outreach to the community, EMS, wildland, disaster preparedness not in this option. • Fire investigation, cause and origin, further investigation through prosecution not in this option. • Fire prevention activities, plan check, building inspections not in this option. • Minimal training grounds or facilities for fire department specific training. • Assumption of facility maintenance costs by city. • Assumption of vehicle and equipment replacement budget and costs by city. • Staffing group of over 30 persons will require more capital and ongoing expenditures for safety gear, uniforms, tools, radios, physical examinations, air pack equipment, etc.

Financial Overview-Option 3

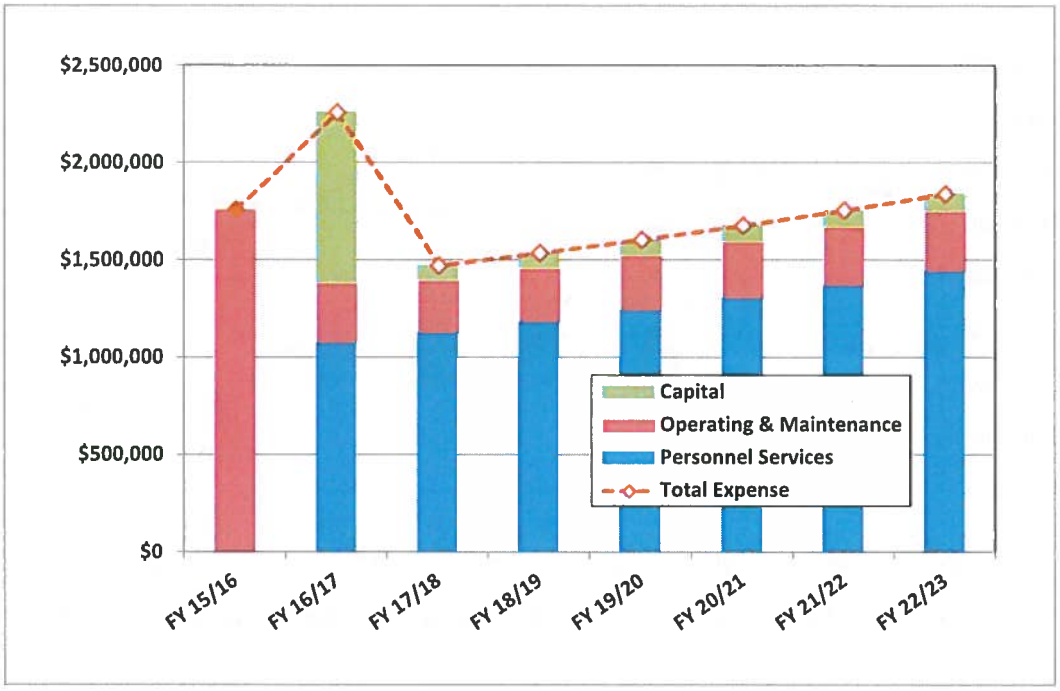
As in Options 2A and 2B, Option 3 is provided with a pro-forma budget shown in the figure below. Personnel services costs are significantly different due to the nature of the staffing chosen, part-time versus full-time. Overtime costs are also included here at a rate of 13 percent of the salary and benefit amounts. Cost escalation factors for all components of the expenditure budget remain as discussed above. However, some of the operating and capital costs are different due the need for more firefighters on the part-time schedule versus a full-time basis. Thus, with Option 3 both the personnel services and operating expense categories are different and less than either Option 2A or 2B; however start-up costs may be higher due to the need to purchase additional uniforms and personal protective gear (turn out safety gear) for a larger workforce than other options.

Figure 49: Option 3 Pro-Forma Budget

	Adopted FY 15/16	Forecast FY 16/17	Forecast FY 17/18	Forecast FY 18/19	Forecast FY 19/20	Forecast FY 20/21	Forecast FY 21/22	Forecast FY 22/23
Personnel								
6010 Salaries & Wages	0	801,905	825,962	850,741	876,263	902,551	929,627	957,516
6080 Benefits	0	274,436	301,880	332,068	365,274	401,802	441,982	486,180
Sub-total Personnel Services	**0**	**1,076,341**	**1,127,842**	**1,182,808**	**1,241,537**	**1,304,353**	**1,371,609**	**1,443,696**
Operating & Maintenance								
6210 Office Expense and Supplies		3,500	3,570	3,641	3,714	3,789	3,864	3,942
6220 Special Departmental Expense	2,000	112,220	68,184	70,608	73,143	75,797	78,576	81,485
Station Supplies		6,000	6,120	6,242	6,367	6,495	6,624	6,757
Operating Supplies/Equipment		25,000	25,500	26,010	26,530	27,061	27,602	28,154
Building Maintenance		25,000	26,500	28,090	29,775	31,562	33,456	35,463
Uniforms		11,000	1,020	1,040	1,061	1,082	1,104	1,126
Bunker Gear		45,220	9,044	9,225	9,409	9,598	9,790	9,985
6310 Communications		100,000	103,000	106,090	109,273	112,551	115,927	119,405
6320 Utilities	9,300	9,300	9,486	9,676	9,869	10,067	10,268	10,473
6330 Rentals and Leases		1	1	1	1	1	1	1
6415 Vehicle Maintenance		35,000	35,700	36,414	37,142	37,885	38,643	39,416
6425 Fuels and Lubricants		12,000	12,240	12,485	12,734	12,989	13,249	13,514
6610 Professional/Specialized Services	1,753,307	37,500	38,250	39,015	39,795	40,591	41,403	42,231
Sub-total O&M	**1,764,607**	**309,521**	**270,431**	**277,930**	**285,673**	**293,670**	**301,931**	**310,467**
Capital								
8017 Fire and Life Saving Equipment	0	798,286	74,010	76,180	78,415	80,715	83,084	85,522
Pumper		352,286						
Chief Vehicles (x 2)		280,000						
SCBA (x 10)		45,000						
Dispatch Radios		60,000						
Fleet replacement			69,010	71,080	73,213	75,409	77,671	80,002
Replacement equipment E-60		30,000						
RMS/BLS equipment/MDTs		31,000	5,000	5,100	5,202	5,306	5,412	5,520
8018 Station Upgrades	0	78,600	3,672	3,745	3,820	3,897	3,975	4,054
Sub-total Capital	**0**	**876,886**	**77,682**	**79,926**	**82,235**	**84,612**	**87,058**	**89,576**
Debt Service								
	0	0	0	0	0	0	0	0
Sub-total Debt Service	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Expenses	**1,764,607**	**2,262,748**	**1,475,955**	**1,540,664**	**1,609,445**	**1,682,634**	**1,760,599**	**1,843,740**

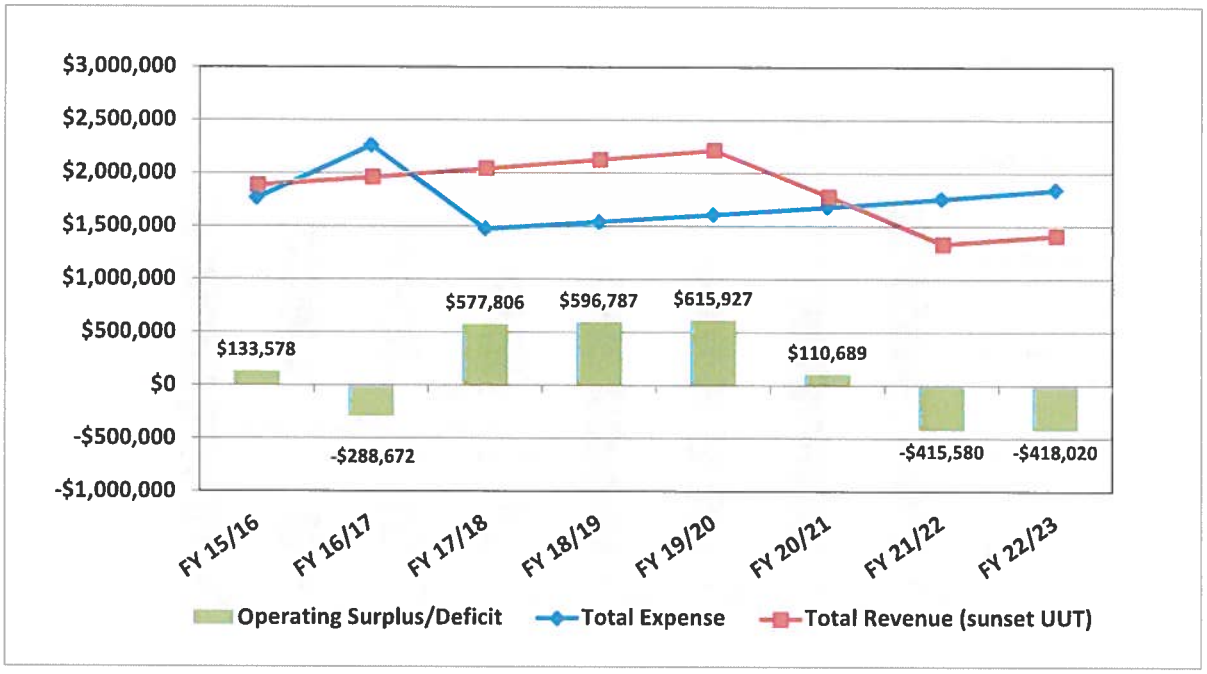
The figure below shows recurring (and first year start-up) expenses by major category. Both personnel services and operating categories are less with this option than either Option 2A or 2B as discussed and capital remains the same. Thus, the total recurring costs for this option are less than the other options presented.

Figure 50: Option 3 Projected Expenditures by Major Category



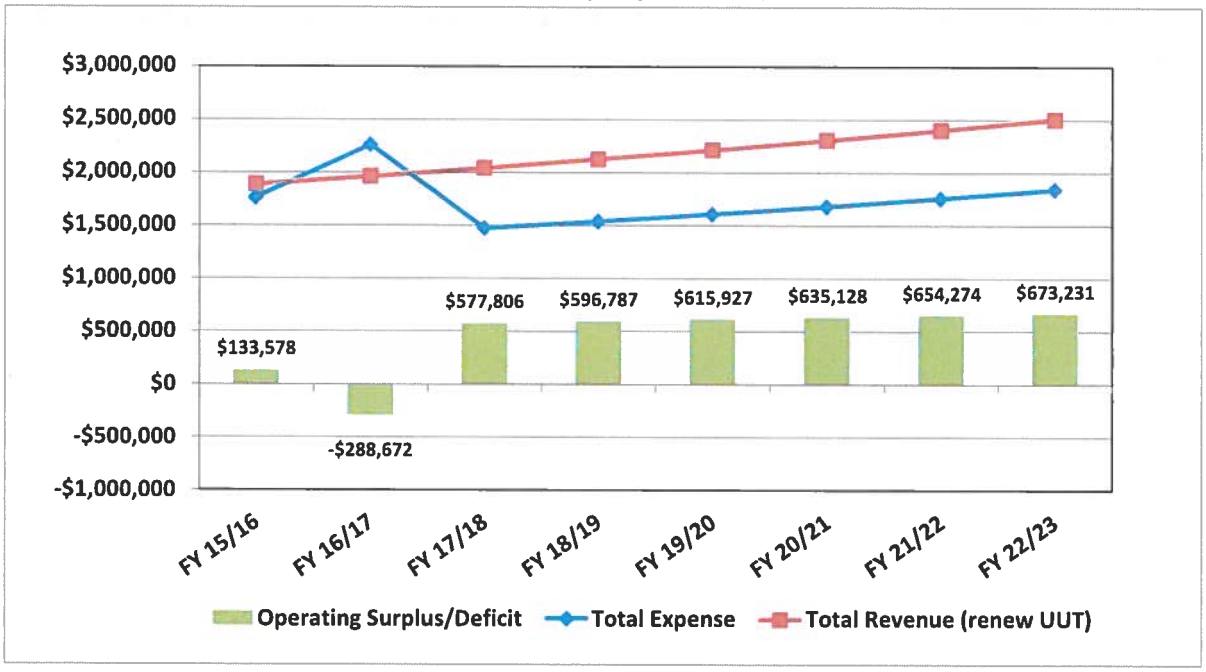
The figure below shows the impact of Option 3 on annual operating surplus/deficits given the sunset of the UUT in 2020. As with the other options, there is a first year operating deficit, although it is reduced to just under $300,000 due to the decreased personnel services costs. Operating surpluses are experienced over the next four years, averaging just under $600,000 per year for the first three years and dropping to $110,689 in FY 20/21 when the UUT sunsets. As in the other options, operating deficits are then experienced over the next two years of the forecast period on the order of just under $420,000 per year.

Figure 51: Option 3 Operating Surplus/Deficit, UUT Sunsets



The figure below shows the impact of this option if the UUT is extended by voters beyond 2020. The same trend of annual operating surpluses is observed after the start-up year although the surpluses are greater than in Options 2A and 2B due to the decreased costs of part-time versus full-time personnel. The operating surpluses grow annually from $577,806 in FY 17/18 to $673,231 in FY 22/23.

Figure 52: Option 3 Operating Surplus/Deficit, UUT Extended



Recommendation

This option would deliver to the community a lower level of fire/EMS protection than currently provided. ISO grading scores and the City's ISO rating may be raised, subsequently community and business insurance rates may climb. The firefighters themselves would be thrust into no-win tactical situations on incident scenes with no additional staffing and resources to assist. This potentially could create unsafe working environments for firefighters. The prospect of increased property loss may be expected. ESCI does not support this as a viable option to provide baseline levels of fire protection to residents of Canyon Lake.

With this option the city fire department would be completely independent, only relying on internal Canyon Lake resources to provide staffing to an emergency scene. With only one unit from the fire station serving the entire city, response times would likely increase, particularly during times of concurrent incidents.

At the outset of the project, city staff expressed interest and directed ESCI to examine this option. ESCI does not recommend this as a viable option going forward to effectively protect the citizens of Canyon Lake.

The concept of a purely volunteer department was discussed with city staff and briefly analyzed by ESCI. ESCI contends that for the same reasons described above a volunteer fire department system would provide an even lesser degree of service level and therefore was not considered a valid future opportunity for Canyon Lake.

Financial Impact Comparison – Options 1, 2, and 3

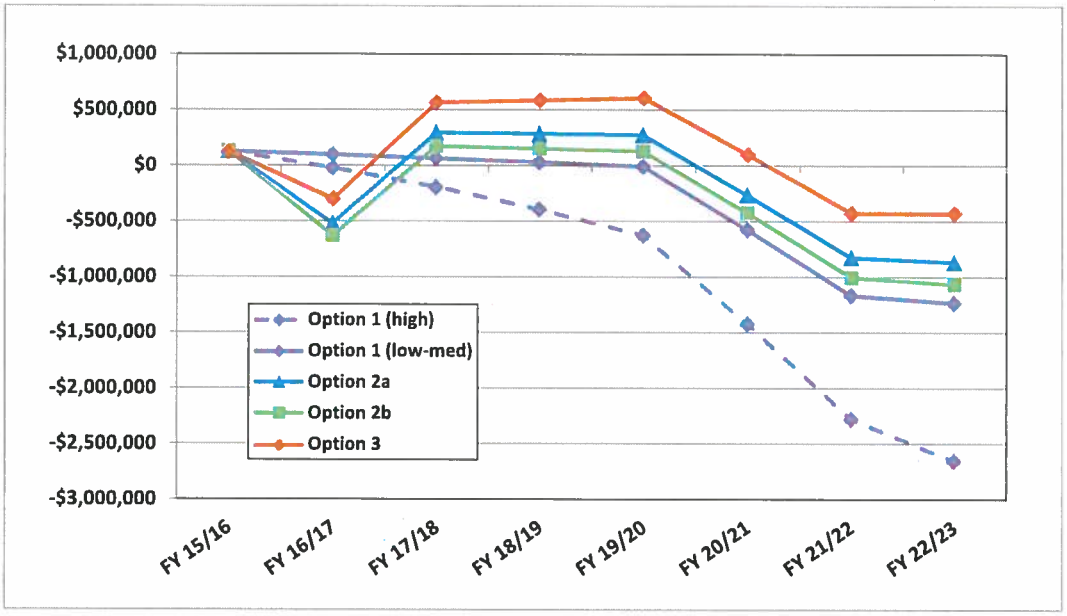
The following is a discussion comparing forecasted operating surpluses/deficits for all options presented in the case of the UUT expiring in 2020 and utilizing projected, recurring cost factors as identified elsewhere in this study.

The figure below shows that for Options 2A, 2B (BLS service level), and 3 where the city forms its own fire department, there is an operating deficit due to start-up costs for the first year of operation (FY 16/17).

With no start-up costs, either the high rate of contract change or the low-medium rate of contract change in the Cal Fire option (Option 1 purple dashed or solid lines, respectively) produces no first year deficit. Option 1 with a low-medium Cal Fire increase shows operating surpluses or at least no deficit through FY 19/20 after which it shows an increasing operating deficit as do Options 2A and 2B. Option 3 does not show an operating deficit until FY 21/22 after which it also shows an annual deficit.

Clearly, the Cal Fire contract (Option 1) with a high rate of increase is not sustainable at all after FY 16/17. The most important point of this figure is that in the event the UUT sunsets in 2020 and no other recurring revenue source is found to replace it none of these options is sustainable. Even the part-time staffed city fire department (Option 3), which is not recommended, becomes untenable after 2020.

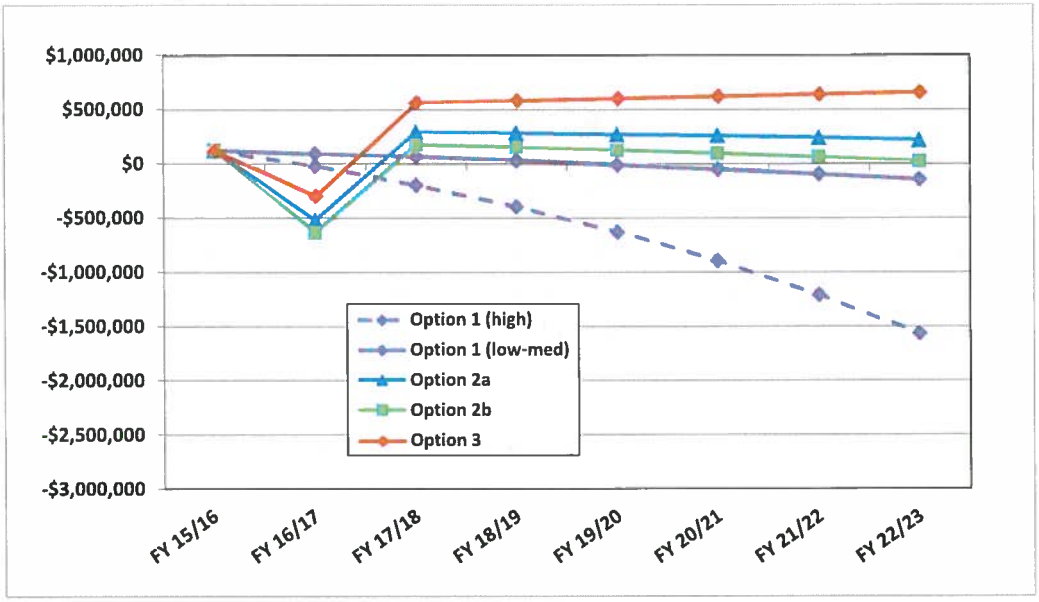
Figure 53: Comparison of Option Operating Surpluses/Deficits (UUT Sunsets)



The following is a comparison of forecasted operating surpluses/deficits for all options presented in the case of the UUT extending beyond 2020 and utilizing projected, recurring cost factors as identified elsewhere in this study with a stable, long term revenue stream.

The next figure compares the annual operating surpluses and/or deficits of all options presented in the event that the voters extend the Utility Users Tax beyond 2020. With the exception of the Cal Fire contract under a high rate of increase, all of the other options appear to be viable financially with only a slight operating deficit in the last three years of the forecast period for the Cal Fire contract if the rate of increase is 6 percent or less. However, in this instance, Option 1 would not have an associated start-up cost so would not incur an operating deficit that would need to be funded in FY 16/17. From a purely financial standpoint, disregarding the initial start-up costs and assuming the voters re-authorize the UUT, a fully paid city fire department under the CalPERS retirement system provides the highest level of service at the least cost to the city over the length of the forecast period.

Figure 54: Comparison of Option Operating Surpluses/Deficits (UUT Extended)



Should the city desire to pursue city based fire department options, it is recommended to explore the possibility of extending the current interim contract with Cal Fire for an additional 12 months.

Conclusion

The purpose of this report was to validate information provided by Canyon Lake and, based on that information, determine whether the City can stand up a fire department. The identified options along with accompanying financial reviews provide data and analysis for the policy-makers to consider the future of their fire and EMS services.

ESCI began receiving data and information for this project in late January 2016 and the analysis presented in this report is comprised of data review and evaluation including one-on-one interviews with city department staff, City Council members, and the City Manager. ESCI conducted an evaluation and validation of internal documents, policies, rules and regulations, assessment of current service delivery, and created projected service demand and alternative service delivery models.

Recommendations

It is imperative the City secure a dedicated long-term revenue stream for fire protection services. With a solid, long-term financial foundation, the City can move forward with a decision on what type of fire protection system is best suited to meet the needs of the community.

- ESCI supports Options 1, 2A, and 2B as viable options for consideration. All three of these options afford quality fire protection and timely fire/EMS response in Canyon Lake.
- ESCI does not recommend Option 3 as viable.

Next Steps

If Canyon Lake decides to advance any of the stated options, ESCI suggests the following next steps:

- Convene a meeting of the elected officials and city staff and establish strategies to address and secure long-term financial resources to support option selected.
- Survey community members to determine perspectives and expectations of service levels.
- City staff and elected officials select an appropriate level of service for community.
- City begins working through transition process (as applicable).
- Establish a clear communications strategy to keep internal and external members informed of progress and status of selection service option.

It is ESCI's sincere hope that the information contained within this document provides policymakers with the information necessary to meet the emergency services needs of the citizens of Canyon Lake.

Appendices

APPENDIX A: LIST OF FIGURES

Figure 1: Forecast of Utility Users Tax through FY 22/23 With/Without Sunset 2
Figure 2: Comparison of Option Operating Surpluses/Deficits (UUT Sunsets) 4
Figure 3: Comparison of Option Operating Surpluses/Deficits (UUT Extended) 4
Figure 4: City of Canyon Lake Study Area Map 9
Figure 5: Canyon Lake Area Fire Stations 14
Figure 6: City of Canyon Lake Service Demand, 2013-2015 15
Figure 7: Canyon Lake Service Demand by Category, 2013-2015 16
Figure 8: Canyon Lake Geographic Service Demand, 2013-2015 17
Figure 9: NFPA 1710 Performance Measurement Recommendations 18
Figure 10: Canyon Lake Travel, NFPA 1710 Criteria 19
Figure 11: Canyon Lake Travel Time Model and Service Demand, 2013-2015 20
Figure 12: Canyon Lake-Percent of Service Demand within Four Minutes Travel 21
Figure 13: Canyon Lake Station Concentration (Station 60 in Service), Eight Minutes Travel Time 22
Figure 14: Canyon Lake Station Concentration (Station 60 Out of Service), Eight Minutes Travel 23
Figure 15: Canyon Lake Six-Minute Travel Time Model, Station 60 24
Figure 16: Canyon Lake Travel Time Performance, Cal Fire Monthly Reports 25
Figure 17: Cal Fire Dispatch Center Response Data, 07/2014 to 07/2015 25
Figure 18: Cal Fire Dispatch Center Response Data, 10/2015 to 02/2016 25
Figure 19: City General Fund Revenue Sources Specific to Fire/EMS 28
Figure 20: City Sales and Gas Tax Revenue Trends 29
Figure 21: Inflation Trends: Urban CPI-U for All Urban Consumers 30
Figure 22: Forecast of Utility Users Tax through FY 20/21 31
Figure 23: Forecast of Utility Users Tax through FY 22/23 With/Without Sunset 31
Figure 24: Forecast of Total Revenue, UUT (w/o Sunset) and Fire Tax through FY 20/21 32
Figure 25: Forecast of Total Revenue, UUT (w/Sunset) and Fire Tax through FY 22/23 33
Figure 26: City Fire Expenditures FY 09/10 through FY 15/16 Adopted and Amended Budgets 34
Figure 27: Total Fire Service Expenditures vs. Professional/Specialized Services Line Item, FY 09/10 – FY 15/16 34
Figure 28: General Fund Expenditures by Major Category FY 09/10 35
Figure 29: Comparison of General Fund Expenditures by Major Category FY 10/11 and FY 15/16 35
Figure 30: Recurring Expense, Dedicated Recurring Revenue and Operating Deficit/Surplus 36
Figure 31: Option 1 Organizational Chart 40
Figure 32: Notable Characteristics of Option 1 40
Figure 33: Option 1 Operating Surplus/Deficit, UUT Sunsets 42
Figure 34: Option 1 Operating Surplus/Deficit, UUT Extended 43
Figure 35: Option 2 Organizational Chart 45
Figure 36: Notable Characteristics of Option 2 46
Figure 37: Option 2A Pro-Forma Budget 48
Figure 38: Option 2B Pro-Forma Budget 49
Figure 39: Comparison of Option 2A & 2B Personnel Services Expenses 50

Figure 40: Option 2A Projected Expenditures by Major Category 51
Figure 41: Option 2B Projected Expenditures by Major Category 51
Figure 42: Paramedic Service Cost Analysis 52
Figure 43: Option 2A Operating Surplus/Deficit, UUT Sunsets 53
Figure 44: Option 2B: Operating Surplus/Deficit, UUT Sunsets 54
Figure 45: Option 2A Operating Surplus/Deficit, UUT Extended 55
Figure 46: Option 2B Operating Surplus/Deficit, UUT Extended 55
Figure 47: Option 3 Organizational Chart 58
Figure 48: Notable Characteristics of Option 3 58
Figure 49: Option 3 Pro-Forma Budget 61
Figure 50: Option 3 Projected Expenditures by Major Category 62
Figure 51: Option 3 Operating Surplus/Deficit, UUT Sunsets 63
Figure 52: Option 3 Operating Surplus/Deficit, UUT Extended 63
Figure 53: Comparison of Option Operating Surpluses/Deficits (UUT Sunsets) 65
Figure 54: Comparison of Option Operating Surpluses/Deficits (UUT Extended) 66

APPENDIX B: STAKEHOLDER INTERVIEW LIST

ESCI team members conducted one-on-one stakeholder interviews with city staff leadership, and the governing body to develop the following information:

- Identification of internal and external expectations.
- Determination of individual's vision for future fire protection.
- Discussion of organizational strengths and opportunities.
- Documentation and understanding of critical issues that may impact and shape the organization in the future.
- Critical and current budget information.

Person	Title
Tim Brown	Mayor
Dawn Haggerty	Mayor Pro Tem
Jordan Ehrenkranz	Council member
Vicki Warren	Council member
John Zaitz	Council member
Ariel Hall	City Manager
Kirsten Rowe	Administrative Services Manager

APPENDIX C: CITY PROVIDED DOCUMENTS REVIEWED

Demographics and Population Profile of Canyon Lake Report-Southern Area of Governments

Source: City
Date of document: May 2015
Notable findings:

- Useful document describing demography and human movement in Canyon Lake
- Total population: 10,826
- Median age: 41.4
- Residents driving alone to work: 87.2%
- Mean travel time to workplace: 43.4 minutes
- Population growth: 8.8% last 14 years (Riverside County rate-47.5%)
- Median home sales price: $320,000
- Transportation out of Canyon Lake to work: Increase of 4.7% in last 14 years
    - 5.4% work in Canyon Lake
    - 94.6% commute to work outside of Canyon Lake

2015-0929 AGR County of Riverside Cost Sharing Agreement Lake Elsinore, Menifee

Source: City
Date: September 29,2015
Notable findings:

- Interim agreement
- Cost sharing contract for services rendered by Cal Fire to Canyon Lake
- One year term ending September 30, 2016
- City shall give Riverside County six months' notice if City intends to establish a municipal fire department or negotiate a new agreement for fire services
- Resulted in reduction of level of service in community and closure of Station 60
- City costs under agreement $1,148,268
- Cal Fire provides:
    - All support services
    - Paramedic program elements
    - Battalion chief support
    - Fleet support
    - Emergency Command Center (dispatch) services
    - Communications and IT support
    - Haz Mat support

2016-0120-Full-City-Council-Agenda

Source: City
Date: January 20, 2016
Notable findings:

- Council agenda approving professional services contract with ESCI
- Contract:
    - Begin evaluation and validate the information provided by the City
    - Provide final recommendation/report to City Council on March 2, 2016

  - Provide immediate notification to city manager if additional time is needed
  - City manager notified by phone February 1, 2016 additional time will be needed until March 9, 2016

City Policies

Source: City
Date: January 20, 2016
Notable findings:

- City provided policies: 07-01, 08-01,08-02,08-03,08-05,08-06, 08-06 revised, 09-08,09-09,09-10, 10-11,10-12,11-01, 11-02,11-03,11-04,11-05,11-06, CL Code red update, Code of conduct 05-09,Policy title page, SOP template

Canyon Lake Fire Engine Inventory 2015

Source: City
Date: January 20, 2016
Notable findings:

- Location of engine 60 not confirmed
  - Pump condition not confirmed
  - Serviceability not confirmed
  - Power plant condition not confirmed
- Condition of engine 60 not confirmed
- Condition of equipment on engine 60 not confirmed

Canyon Lake Station Fire Equipment Inventory 2015

Source: City
Date: January 20, 2016
Notable findings:

- Condition of Station 60 unknown habitability for full time staffing not confirmed
- Condition/inventory of equipment in Station 60 not confirmed

Canyon Lake General Plan October 1996

Source: City
Date: October 1996
Notable findings:

- None noted

Canyon Lake General Safety Plan and Housing Element 2012

Source: City
Date: March 2012
Notable findings:

- None noted

General Plan Map 10-1-09 final

Source: City
Date: July 2009
Notable findings:

- None noted

Previous Study – Public Safety Advisory Committee-2011

Source: City
Date: October 2011
Notable findings:

- Report stated that the Public Safety Ad Hoc Committee analysis of a proposal submitted by a resident did not include specific operating costs. When combined with additional requisite operating costs the system "would be as costly, or more costly, than existing services provided by Riverside County/Cal Fire"
- Report failed to "monetary considerations for the maintenance of a paramedic program"
- Report underestimated benefit rates at 35 percent of total compensation
- Report did not address disaster management, facility maintenance and repairs, fleet maintenance and repair, fleet replacement budget program, materials and services charges, small equipment replacement budget, IT support, communications system/911 center support (including equipment capital replacement funding), hazardous materials response, other specialty resource costs if needed, health and safety reporting and management, fire prevention activities, fire investigation, public education.
- Report did not address assembly, recruitment and retention of part time/volunteer staff

Canyon Lake Draft Fire Operating Procedures Draft documents

Source: City
Date: September 2015
Notable findings:

- Various emergency operating procedures, and standard operating procedure draft documents
- Source development unknown
- Procedures appear to have been created prior to a level of service/staffing has been identified
- Documents do not address all procedures and will require further development if fire department is initiated
- A myriad of "sample" standard operating procedures were noted and received from the City. Documents were copies of procedures from fire departments across the nation and may or may not be applicable

2015 DRAFT Audit Report

Source: City
Date: June 2015
Notable findings:

- Annual financial report
- Public safety largest expense $3,010,785, FY ending June 2015

Canyon Lake Budget 2007/08 Final

Source: City
Date: June 2008
Notable findings:

- None noted

Canyon Lake Budget 2008/09 Final

Source: City
Date: June 2009
Notable findings:

- None noted

Canyon Lake Budget 2009/10 Final

Source: City
Date: July 2009
Notable findings:

- None noted

Canyon Lake Budget 2010/11 Adopted

Source: City
Date: May 2011
Notable findings:

- None noted

Canyon Lake Budget 2011/12 Adopted

Source: City
Date: July 2011
Notable findings:

- None noted

Canyon Lake Budget 2012/13 Adopted

Source: City
Date: February 2016
Notable findings:

- None noted

Canyon Lake Budget 2013/14 Final

Source: City
Date: February 2016
Notable findings:

- None noted

Canyon Lake Budget 2014/15 Adopted

Source: City
Date: February 2016
Notable findings:

- None noted

Canyon Lake Budget 2015/16 Final

Source: City
Date: February 2016
Notable findings:

- None noted

Mid-Year Budget Adjustments FY1516

Source: City
Date: January 2016
Notable findings:

- None noted

Debt Outline -2016

Source: City
Date: January 2016
Notable findings:

- None noted

Fire Force One Report - Concepts & Options for City of Canyon Lake

Source: City
Date: Unknown
Notable findings:

- Unknown date of submission to City
- Provides limited overview of pros and cons of various models of service
- Career/volunteer option has numerous, clear challenges according to author that seem in line with industry discussion
- Minimal information provided, mostly not verified, or useful in current project

Map - Incident Response Areas Station 60 closed Station 5 moved closer to Canyon Lake

Source: City
Date: January 2016
Notable findings:

- Map showing Cal Fire stations 5,94 and 97 response area
- No travel times are noted

Map - Incident Response Areas Station 60 Closed

Source: City
Date: January 2016
Notable findings:

- Map showing Cal Fire stations 5,94 and 97 response areas
- Station 5 location is a future consideration and not in current development planning stages
- No travel times are noted

Map - Incident Response Areas with Station 60 Open

Source: City
Date: January 2016
Notable findings:

- Map showing Cal Fire stations current location 5, 60 (open) and 97 response areas
- No travel times are noted

Cal Fire Monthly Fire Stats

Source: City
Date: February 1, 2016
Notable findings:

- Monthly statistics reviewing incidents in Canyon Lake
- December 2013
- All reports for 2014
- Most reports for 2015
    - Missing July, August, September 2015
- January 2016 report
- Time increments do not display
    - Call processing time
    - Turnout times
    - Arrival times each incident
- From January 2015 to June 2015 the average response time to an incident within 0-5 minutes was 83.4 percent
- From October 2015 to January 2016 the average response time to an incident within 0-5 minutes dropped to 65.4 percent
- The slower response times are attributed directly to the closure of station 60, an d the dependence on outside resources to drive further distances to serve an incident

Ordinance of the Voters No. 156-Utility Users Tax Final

Source: City
Date: January 2016
Notable findings:

- Ordinance imposing a 3.95 percent utility users tax on residents within Canyon Lake
- Ordinance passed by 50.79 percent of the vote on November 4, 2014
- Ordinance expires in November 2020

Utility Tax July to December Spreadsheet

Source: City
Date: January 2016
Notable findings:

- Modeling showing utility tax performance

Utility Users Tax Remittances - FY 15-16

Source: City
Date: January 2016
Notable findings:

- Summary of utility tax remittances FY 2015/16

Utility Users Tax Remittances 1-1-2015 to 6-30-2015

Source: City
Date: January 2016
Notable findings:

- Summary of utility tax remittances FY 2015/16

2015-18 Council Resolution Wage Schedule FY 15-16

Source: City
Date: July 2015
Notable findings:

- Resolution establishes salaries and wages for employees

2015-18 Council Resolution Wage Schedule for Fire Employees FY 15-16

Source: City
Date: July 2015
Notable findings:

- Resolution establishes salaries and wages for employees
- Created and adopted by interim city manager and interim fire chief

CalPERS Public Agency Contribution Rates

Source: City
Date: July 2015
Notable findings:

- List of California cities CalPERS contribution data

Cafeteria Benefit Policy-final adopted

Source: City
Date: July 2015
Notable findings:

- Contribution data for full time employees

Personnel Policies and Procedures-final adopted

Source: City
Date: July 2015
Notable findings:

- Document outlining Canyon Lake personnel policies and procedures

Letter from Cal Fire Chief Hawkins Automatic Aid Scope

Source: Cal Fire
Date of document: February 18, 2016
Notable findings:

- Letter clearly answers the question of automatic and mutual aid provided both ways between Cal Fire and City of Canyon Lake Fire Department in the various models presented in this report
- Option 1: Riverside County Fire would provide a full integrated response within the regional fire protection system
- Options 2a and 2b: Cal Fire would provide one engine on automatic aid to Canyon Lake for structure and wildland fires. Cal Fire would request Canyon Lake provide one engine to surrounding jurisdiction where Canyon Lake is second due. Any mutual aid requests from Canyon Lake would be considered and resources provided if available.
- Option 3: Cal Fire would not provide automatic aid to or request from Canyon Lake. Any mutual aid requests from Canyon Lake would be considered and resources provided if available.

APPENDIX D: LETTER FROM RIVERSIDE COUNTY FIRE DEPARTMENT

RIVERSIDE COUNTY FIRE DEPARTMENT

John R. Hawkins - County Fire Chief
210 West San Jacinto Avenue, Perris, CA 92570-1915
Bus: (951) 940-6900 Fax: (951) 940-6373
www.rvcfire.org

PROUDLY SERVING THE UNINCORPORATED AREAS OF RIVERSIDE COUNTY AND THE CITIES OF:

BANNING
BEAUMONT
CALIMESA
CANYON LAKE
COACHELLA
DESERT HOT SPRINGS
EASTVALE
INDIAN WELLS
INDIO
JURUPA VALLEY
LAKE ELSINORE
LA QUINTA
MENIFEE
MORENO VALLEY
PALM DESERT
PERRIS
RANCHO MIRAGE
RUBIDOUX CSD
SAN JACINTO
TEMECULA
WILDOMAR

BOARD OF SUPERVISORS

KEVIN JEFFRIES
DISTRICT 1

JOHN TAVAGLIONE
DISTRICT 2

CHARLES WASHINGTON
DISTRICT 3

JOHN BENOIT
DISTRICT 4

MARION ASHLEY
DISTRICT 5

Mr. Cameron Phillips: 02/18/16

This letter is in response to your e-mail dated February 12th 2016. The questions you posed in that e-mail are listed below:

On Fri, Feb 12, 2016 at 7:39 AM, Cameron Phillips <CameronRPhillips1@gmail.com> wrote:
Morning Chief

Here at ESCI we have been reviewing former studies and reports, current data, minutes of various meetings, policies, etc related to the fire protection of Canyon Lake.

Could you please articulate the current position of Riverside County Fire in terms of a potential future mutual and/or automatic aid relationship with a Canyon Lake in the following forms (these option forms are just for discussion in this email):

- Long term contract with Riverside County resetting Canyon Lake with level of protection seen prior to Station 60 closure
- Fully staffed (24X7) three person BLS engine-City of Canyon Lake Fire Department
- Part time/volunteer BLS engine-City of Canyon Lake Fire Department (manned and operated by local residents)

Thank you in advance for your responses.

Sincerely,
Cameron Phillips

Our position on automatic aid and or mutual aid based on the hypothetical situations you present above are as follows:

- Long term contract with Riverside County resetting Canyon Lake with level of protection seen prior to Station 60 closure

Riverside County Fire would provide a full integrated response within the regional fire protection system according the department's standard response plan.

- Fully staffed (24X7) three person BLS engine-City of Canyon Lake Fire Department

Riverside County Fire would provide one engine on automatic aid to Canyon Lake for structure and wildland fires. Riverside County Fire would request Canyon Lake Fire to provide one engine to surrounding jurisdictions where the Canyon Lake Fire Engine is second due. Riverside County Fire would consider all requests for mutual aid from Canyon Lake Fire and would provide a response if resources are available.

- Part time/volunteer BLS engine-City of Canyon Lake Fire Department (manned and operated by local residents)

Riverside County Fire would not provide automatic aid to or request automatic aid from Canyon Lake Fire. Riverside County Fire would consider all requests for mutual aid from Canyon Lake Fire and would provide a response if resources are available.

Please feel free to call me if you need any clarification or have additional questions.

John R. Hawkins
Riverside County Fire Chief

APPENDIX E: RIVERSIDE COUNTY FIRE DEPARTMENT POLICY PO-155, REGARDING FIREFIGHTERS WORKING FOR OTHER FIRE AGENCIES

OF CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION

DEPARTMENTAL INCOMPATIBLE ACTIVITIES STATEMENT

PO-155 (REV. 11/09) page 1 of 2

State officers and employees of the Department are responsible to all of the people of the State rather than to any special segment or group. The business and affairs of the State must be conducted in such an impartial manner that all persons understand that no State officer or employee can be influenced by other than proper methods. In a preventive sense, State officers and employees also must anticipate and avoid all situations where prejudice, bias or opportunity for personal gain could influence their decisions. They must avoid circumstances suggesting that favoritism or personal gain is the motivating force in the conduct of State government.

The intent of this statement is to set forth the minimum ethical standards to be followed by all officers and employees. By prohibiting activities that might permit opportunity for personal gain or personal preference to influence decisions, the standards require officers and employees to avoid activities that might result in using a public office or employment for private gain or the giving of favored treatment to any organization or person. The broad objectives are to maintain an impartial administration of the State government and to maintain public confidence in government.

Within the general intent of Section 19990 of the Government Code, the Director prescribes the following as personal objectives for employees of this Department.

. (a) To provide any service to the public with courtesy, consideration, and promptness in action.

. (b) To refrain from exhibiting any form of discrimination during the performance of assigned duties and responsibilities on account of age, sex, race, religious creed, color, national origin, ancestry, marital status, pregnancy, sexual orientation, physical disability or mental disability. To refrain from exhibiting any form of bias during the performance of assigned duties and responsibilities on account of political affiliation.

. (c) To exhibit good behavior outside of duty hours so as not to cause discredit to the Department or to the State service, or to adversely affect the public's attitude towards the Department or the State service.

. (d) To pay just debts and obligations to avoid judgment actions and recurring liens, attachments or garnishments by creditors.

The Director has determined that the following employments, activities or enterprises by officers and employees under the jurisdiction of the Department are considered inconsistent, incompatible, or in conflict with their duties. This statement should not be construed by any employee as the sole provision of law, regulation, or policy which must be observed by each State officer and employee.

An employee who is engaging in, or plans to engage in, any employment, activity, or enterprise which appears to be inconsistent or incompatible or interferes in any way with his/her duties as a Department employee should consult with his/her first-line supervisor. If unable to resolve at that level, the employee may appeal to his/her first-line manager. If unable to resolve at that level, the employee may appeal to the Legal Office, which will make recommendations to the Director or designee for the final decision.

Incompatible activities include, but are not limited to:

. (a) Using the prestige, influence, official uniform or badge of an office or employment in the Department (or other State agency) for the officer's or employee's private gain or advantage, or the private gain or advantage of another.

. (b) Using time, staff, facilities, equipment, or supplies of the Department for the officer's or employee's private gain or advantage, or the private gain or advantage of another.

. (c) Using confidential information acquired by virtue of employment by the Department for the officer's or employee's private gain or advantage, or the private gain or advantage of another. If an employee has some reason to believe the activities of an acquaintance or someone with whom he/she has a business relationship should be inspected or investigated under Department (or other State agency) regulations, the matter should be brought to the attention of the supervisor in writing and should not be handled personally.

. (d) Receiving or accepting money or any other consideration from anyone other than the State for the performance of an act or for omitting to perform an act which the officer or employee would be required or expected to render in the regular course of hours of his/her State employment or as part of his/her duties as an officer or employee of the Department.

1

STATE OF CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION

DEPARTMENTAL INCOMPATIBLE ACTIVITIES STATEMENT

PO-155 (REV. 11/09) page 2 of 2

. (e) Performing, without prior approval, an act or activity in a capacity other than that of an officer or employee of the Department when the act or activity performed is subject to the direct control, inspection, investigation, review, audit or enforcement by the officer or employee, or is normally subject to control, inspection, investigation, review, audit or enforcement by the Department. As an exception to this rule, an employee is permitted to prepare a timber-harvesting plan for himself/herself, immediate family members, close personal friends, or a tax-exempt organization of which the employee is a member. However, the employee should receive no compensation of any kind for such activity and the employee should not inspect or approve such a plan or take any official action with respect to any dealings such persons may have with the Department.

. (f) Receiving or accepting, directly or indirectly, any gift, including money, any service, gratuity, favor, entertainment, hospitality, loan, or any other thing of value, from anyone who is doing or is seeking to do business of any kind with the Department, or whose activities are regulated or controlled by the Department, under circumstances from which it reasonably could be inferred that the gift was intended to influence him/her in his/her official duties or was intended as a reward for any official action on his/her part. This rule should not apply to such gifts or gratuities received in circumstances that are clearly within a family or personal social setting. Nor should the rule apply to items of nominal value such as coffee or to items, which may be offered as an integral part of an occasion, such as a professional seminar, where the employee is properly participating as part of his/her official duties. All employees with direct purchasing responsibility and their supervisors are required by Public Contract Code Section 10331 to be free from conflict of interest. (Please refer to the CAL FIRE Material Management Handbook, Section 2600, for more information.)

. (g) Divulging confidential information, data or records of the Department to any person to whom issuance of such data, information or records has not been authorized, or divulging or making use of any records of the Department for a mailing list or any other purpose unless such action has been authorized.

. (h) Receiving compensation for the preparation, presentation or publication of any article or other writing or any speech, or lecture relating to the operations of the Department unless the employee has informed the supervisor involved and obtained the Director's approval. Teaching, writing, and lecturing are encouraged as long as conflicts of interest are avoided and the regulations pertaining to outside employment are observed.

. (i) Engaging in any activity or employment which will so interfere with his/her health or efficiency as to prevent the officer or employee from performing the duties of

his/her job in the Department in an efficient and capable manner, or that will, for employees on standby, on-call, or similar assignment, prevent prompt response to a call to report to State duty in an emergency or when otherwise urgently required to be present by Department rules.

. (j) Recommending the employment of any particular forester or consultant with respect to a matter pertaining to the laws and regulations administered by the Department.

. (k) Investigating fires for insurance companies, private investigators, or other nonpublic entities while off duty or during non- working hours, whether or not a fee is involved.

. (l) Participating in any activity of an illegal nature, the violation of which constitutes a felony.

. (m) Subject to any other laws, rules, or regulations as pertain thereto, not devoting his or her full time, attention and efforts to his or her state office or employment during his or her hours of duty as a state officer or employee.

The Departmental Incompatible Activities Statement identifies those activities which, for all California Department of Forestry and Fire Protection (CAL FIRE) employees, are inconsistent, incompatible or in conflict with their duties as State officers or employees. I have been given a copy and I have read the CAL FIRE Departmental Incompatible Activities Statement.

Signature

Date

TYPED OR PRINTED NAME	TELEPHONE NUMBER (INCLUDE AREA CODE)
CLASSIFICATION	UNIT NAME

2

APPENDIX F: ESCI PROJECT SCOPE OF WORK

PROFESSIONAL SERVICES CONTRACT

This agreement made this **18** day of **January 2016**, by and between **City of Canyon Lake (City)** and ***Emergency Services Consulting International*** doing business as an Oregon corporation in Wilsonville Oregon, hereinafter called ***ESCI***.

WITNESSETH:

1. For and in consideration of the payment, agreements, and scope of work described herein to be made and performed, City and ESCI hereby agree to commence the work described, and comply with the terms of the contract to provide Cameron Phillips as fire service development consultant for City until this agreement is terminated by the City Council as set forth herein.

2. Scope: *ESCI* shall provide Cameron Phillips as a fire service development consultant to serve at the will of the City Council.

3. *ESCI* will furnish labor and other services nece sary outlined in paragraph 2 above City shall provide to *ESCI* the information, materials, and other assistance requested or required for Cameron Phillips to perform the duties as fire service development consultant.

4. Term: The initial term for this agreement shall be as follows:

   a) Jan. 21 to Mar. 2, 2016 -- Begin evaluation and validate the information provided by the City. This should be completed in six weeks. Provide final recommendation/report to city council at its March 2, 2016 meeting. Cameron Phillips will notify the city immediately if additional time is needed to complete this phase of the project, understanding that the city must notify CALFIRE of its intent to terminate their contract by the end of March if that becomes the recommendation.
   b) March 3 to April 14, 2016 – If a stand-alone fire department is recommended, Cameron Philips will begin the task list provided as an attachment to this agreement. This includes advising the City in the hiring process for Fire Chief, negotiating mutual aid agreements, negotiating a dispatch contract, negotiating a medical transport agreement, and ordering any needed equipment.
   c) April 14, 2016 – The City may continue this agreement on an as needed basis until either party gives two weeks written notice of termination of the contract.

5. City Council, or council's designee, will make themselves, city staff and other contractors pertinent to this project available to Cameron Phillips as necessary to complete the assignment. Cameron Phillips will not be expected to maintain a physical presence on site, except as necessary to conduct meetings, interview, and research or investigate as it relates to this project Cameron Phillips will be expected to be available by phone, text and email during regular business hours for consultation.

RECEIVED BY: AN 19 2016
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6. Fees.
   a) For the initial term of the Agreement, City shall pay a flat fee of $9,600 per month for the fire service development consultant fee, not to exceed $30,000, plus mileage expenses. If termination of the agreement is between months, the fee paid will be per week at $2400 per week. If the Agreement is extended, the payment provisions shall remain the same.
   b) City shall reimburse ESCI for mileage expenses incurred by Cameron Phillips during this period. Cameron Phillips will submit expense reports for reimbursement, including back up receipts, as the standard practice of other ESCI employees. Reimbursement will be at the IRS rate.
   c) Upon invoice acceptance, City shall make payment to ESCI on a monthly basis.
   d) The City Financial Advisor, Planning Dept. and City Manager will be available to work with Cameron Phillips for any information needs.

7. This agreement shall be binding upon all parties hereto and their respective heirs, executors, administrators, successors, and assigns.

8. The laws of the State of California shall govern this agreement.

9. *ESCI* shall comply with all federal, state, and local laws applicable to the work under this agreement.

10. Termination: Either party may terminate this agreement for any reason upon two weeks written notice to the other party. Payment for all work and expenses shall be due immediately upon termination..

11. Amendment: This agreement may be amended by mutual written agreement of all parties. No waiver of any term or condition of this Agreement shall be a continuing waiver thereof.

12. Independent Contractor: *ESCI* is engaged as an independent contractor and will be responsible for any federal or state taxes applicable to the payments under this agreement. *ESCI* is not currently employed by City and will not be under the direct control of City. Because *ESCI* is an independent contractor, City will not be liable for any tax withholding, social security payments, state workers' compensation insurance, unemployment insurance, retirement system payments, or other similar expenses normally payable on behalf of employees of City.

13. Indemnification: *ESCI* shall indemnify, defend, and hold harmless City and its officers, agents and employees, from and against any and all claims, losses, actions, or judgments for damages or injury to persons or property arising out of or in connection with the acts or failure to act and/or any performances or activities or failure to perform or act of *ESCI*, *ESCI*'s agents, employees, or representatives under this Agreement. Cameron Phillips will be an employee of ESCI and will be afforded the same protections under ESCI's liability insurance policies as other employees.

14. Attorney Fees: If suit, action, or arbitration is brought either directly or indirectly to enforce the terms of this agreement, the prevailing party shall recover, and the losing party hereby agrees to pay, reasonable attorney's fees incurred in such proceeding, in the trial and appellate courts, as well as costs and disbursements as ordered by a court of competent jurisdiction.

15. This agreement is an integrated writing, executed by the parties after negotiation and discussions of all material provisions. None of the parties to this agreement have relied upon inducements,

concessions, or representations of fact, except as set forth in this agreement.

16. **Records Created as Part of ESCI's Performance.** All reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form that ESCI prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of the City. ESCI hereby agrees to deliver those documents to the City upon termination of the Agreement. It is understood and agreed that the documents and other materials, including but not limited to those described above, prepared pursuant to this Agreement are prepared specifically for the City and are not necessarily suitable for any future or other use. City and ESCI agree that, until final approval by City, all data, plans, specifications, reports and other documents are confidential and will not be released to third parties without prior written consent of both parties unless required by law.

17. **Notices.** Any written notice to Consultant shall be given personally, by confirmed fax or by first class mail; receipt shall be the date on which the note actually is received or five (5) days after deposit in the U.S. mail, postage prepaid, addressed as follows:

ECSI: Emergency Services Consulting International
25030 SW Parkway Ave., Suite 330
Wilsonville, OR 97070

CITY: City of Canyon Lake
Attention: City Manager/City Clerk