



DATE: July 6, 2021

TO: Mayor and City Council

FROM: Fire Chief

SUBJECT: Adopt a Resolution Authorizing the City Manager to Execute a Service Agreement with the Fairview Fire Protection District

RECOMMENDATION

That Council adopts a resolution (Attachment II) authorizing the City Manager to negotiate and execute a five-year service agreement with the Fairview Fire Protection District, with one five-year option to extend, in a form approved by the City Attorney, consistent with the terms outlined in Attachment III.

SUMMARY

The City of Hayward has provided fire protection services to the Fairview Fire Protection District (District) since July 1, 1993. The current five-year service agreement is scheduled to expire on June 30, 2022.

The attached resolution authorizes the City Manager to execute a new five-year service agreement with the District. The terms of the proposed agreement are essentially equivalent to the current agreement, with some slight updates to the insurance terms, and the Consumer Price Index (CPI) increase floor and ceiling. The proposed agreement also formalizes performance metrics and an annual contract review.

BACKGROUND

The City and District have been working cooperatively since 1993 under a service agreement. Both organizations recognize the mutual benefits of continuing the contractual partnership. The District benefits from having outstanding fire protection services provided by the Hayward Fire Department that would not be easily attainable in a standalone district. The City of Hayward benefits by having additional resources available in case operational support is needed in a potential mutual aid situation.

Council authorized the current five-year agreement on November 14, 2017, which is scheduled to expire on June 30, 2022. The current agreement set a baseline cost of the contract price for FY 2017/18, plus an annual increase equal to the Consumer Price Index

(CPI). The annual increase has a floor of 2% and a ceiling of 4%. The FY 2020/21 revenue was \$3,206,992.

The key terms of the current agreement are listed below:

- The City provides fire protection services within the District at the same service level that it provides within the Hayward's corporate limits, including emergency preparedness programs, fire prevention activities, and weed abatement.
- The City provides one fire company, which is located at Fire Station 8 (Station) on Five Canyons Parkway, as well as equipment and supplies.
- The District provides the Station to the City of Hayward at no charge.
- The District provides vehicles, including one Engine, one Type III Patrol, and one Type VI Patrol, which remain primarily within the District to provide services.

The District is named as an additional insured on Hayward's commercial general liability and property insurance policies, with a maximum limit of \$5,000,000 for general liability and \$1,000,000,000 for property insurance.

DISCUSSION

The terms of the proposed agreement are essentially equivalent to the current agreement, with some slight updates to the insurance terms, and the CPI increase floor and ceiling. The proposed agreement also formalizes performance metrics and an annual contract review.

Similar to the current agreement, the proposed agreement would run for five years (from July 1, 2021 through June 30, 2026) and would be renewable by mutual agreement for an additional five years (through June 30, 2031). The proposed agreement sets a baseline cost of the contract price for FY 2021/22, plus an annual increase equal to the CPI. The proposed annual increase has no floor and a ceiling of 4%. In addition, the District agrees to continue to pay for gas and electric bills for the Station.

ECONOMIC IMPACT

There is no measurable economic impact related to this item.

STRATEGIC ROADMAP

This agenda item is a routine operational item and does not relate to any of the six priorities outlined in the Council's Strategic Roadmap.

FISCAL IMPACT

Through the proposed agreement, the City will realize its budgeted revenue projection for FY2022 of \$3,323,858. The agreement provides annual increases in revenue equal to the CPI, with a 4% ceiling.

SUSTAINABILITY FEATURES

There are no sustainability features associated with this report.

PUBLIC CONTACT

The agenda for this item was posted in compliance with the California Brown Act.

NEXT STEPS

If authorized, the City Manager will negotiate and execute an agreement with the District consistent with the terms outlined in Attachment III.

Prepared by: Tara Reyes, Fire Services Supervisor

Recommended by: Garrett Contreras, Fire Chief

Approved by:

A handwritten signature in black ink, appearing to read 'K. McAadoo', is written over a horizontal line.

Kelly McAadoo, City Manager