



**DATE:** November 14, 2017

**TO:** Mayor and City Council

**FROM:** Fire Chief

**SUBJECT** Approval of Resolution Authorizing the City Manager to Execute a Service Agreement with the Fairview Fire Protection District

**RECOMMENDATION**

That the Council authorizes the City Manager to execute an agreement with the Fairview Fire Protection District (District) consistent with the terms outlined in Attachment III.

**SUMMARY**

The City of Hayward has provided fire protection services to the Fairview Fire Protection District since July 1, 1993. The current five-year service agreement is scheduled to expire on June 30, 2018.

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, the 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 May 15, 2012, which is scheduled to expire on June 30, 2018. The current agreement set a baseline cost of the contract price for FY 2012/13, plus an annual increase equal to the Consumer Price Index (CPI). The annual increase has a floor of 2% and a ceiling of 5%. The FY 2016/17 revenue was \$2,847,321.

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 \$500,000,000 for property insurance.

## **DISCUSSION**

Similar to the current agreement, the proposed agreement would run for five years (from July 1, 2017 through June 30, 2022) and would be renewable by mutual agreement for an additional five years (through June 30, 2027). The proposed agreement sets a baseline cost of the contract price for FY 2016/17, 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 and for Alameda Dispatch System Charges, which will provide an offset of approximately \$42,500 to City costs annually.

The proposed agreement (Attachment III) includes all the same terms listed above. There are a few minor changes proposed, which are listed below:

- The District will continue to be named as an additional insured on Hayward's commercial general liability and property insurance policies. In the proposed agreement, the District's coverage will be the same as applied to Hayward, which increases the maximum limit for general liability to \$50,000,000 and \$1,000,000,000 for property insurance.
- The floor and ceiling to the CPI adjustment was changed from 2% and 5% to be 0% and 4%. From 2012 to 2016, the annual May to April CPI for the San Francisco Bay Area ranged from 2.1% to 2.7%.
- The agreement formalizes several performance measures (page 2 of Attachment III) and an annual contract review on or before July 1 of each year.

## **STRATEGIC INITIATIVES**

This agenda item is a routine operational item and does not relate to one of the Council's Strategic Initiatives.

## **FISCAL IMPACT**

Through the proposed agreement, the City will realize its budgeted revenue projection for FY2018 of \$2,847,321, plus an additional amount of \$42,500 to offset costs for gas, electric, and the County's dispatch system. The agreement provides annual increases in revenue equal to the CPI, with a 4% ceiling.

## **NEXT STEPS**

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

*Prepared and Recommended by:*      Garrett Contreras, Fire Chief

Approved by:



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Kelly McAdoo, City Manager