



Agenda Report

TO: CITY COUNCIL

DATE: August 3, 2009

FROM: CITY MANAGER

SUBJECT: Approval of Amended and Restated Verdugo Fire Communication System Agreement between the Cities of Burbank, Glendale and Pasadena

RECOMMENDATION

It is recommended that the City Council authorize the City Manager to execute the "Amended and Restated Verdugo Fire Communication System Agreement between the Cities of Burbank, Glendale and Pasadena". This agreement is not subject to competitive bidding because it is a contract with other governmental entities (Charter Section 1002 H).

BACKGROUND

The Verdugo Fire Communications Center ("Verdugo") was established on August 1, 1979 by the cities of Burbank, Glendale and Pasadena to provide fire and EMS dispatch services for the three cities. The 1979 agreement was amended in March 1984 and again in September 1992. Per the 1992 agreement, the center is staffed by Glendale City employees, Glendale provides administrative support services for Verdugo, and the operation is located at a Glendale Fire facility. The cities of Burbank, Glendale and Pasadena are "member" agencies and contribute to the governance and annual operational funding of Verdugo. Additionally, Verdugo contracts with nine other agencies, (Alhambra, Arcadia, Monrovia, Montebello, Monterey Park, San Gabriel, San Marino, Sierra Madre and South Pasadena) to provide dispatching services for a set fee, the revenue from which supplements Verdugo's operational costs. During calendar year 2008, Verdugo dispatched apparatus to 63,776 incidents.

In November 2008, an operational analysis of the Verdugo Fire Communications Center was conducted by Tech/Knowledge, Inc. Management Consultants to evaluate Verdugo's governance, finances, staffing, operations, and technology as well as to introduce a comparative analysis to other dispatch centers. This analysis enabled all three cities to re-evaluate Verdugo's operations in their entirety and identify areas of concern and potential change. Since this time, the cities of Burbank, Glendale and Pasadena have been meeting on an on-going basis to discuss and implement the recommendations that have been mutually agreed upon in the areas of governance, financial management, capital expenditure plans, technology and operations. The approval of the "Amended and Restated Verdugo Fire Communications System Agreement between the cities of Burbank, Glendale and Pasadena" is the last step in implementing the recommendations stemming from the operational analysis.

Major Amendments in the Agreement

The significant provisions of the agreement provide:

1. **Governance.** The tri-city Fire Chiefs will comprise the Board of Directors. Chairmanship of the Board of Directors will rotate. The Glendale Fire Chief will continue to oversee the day to day operations of the Center, but all three of the tri-city Fire Chiefs will jointly supervise the newly created Executive Administrator position. The Fire Chiefs will meet at least quarterly. The following committees will also meet regularly:
 - a. Executive Administrator. In the past, Verdugo's top administrator was classified as a Communications Manager, responsible directly to Glendale's Fire Chief. In an effort to bring about more shared governance to Verdugo, the Communications Manager position was reclassified to Executive Administrator, which will be directly responsible to the three Fire Chiefs. The recruitment for this newly classified position is currently in progress, headed up by Glendale with Burbank's and Pasadena's Human Resources Departments assisting.
 - b. Operations Committee. The Operations Committee is to be comprised of the Executive Administrator and a representative of each of the tri-city fire departments. This committee will meet quarterly to review the operation of the Verdugo System, the capital spending plan and implementation, making recommendations to the tri-city Fire Chiefs.
 - c. Technical Committee. The Technical Committee will be comprised of the Executive Administrator, Sr. Administrative Analyst, the highest ranking Verdugo Information Technology staff member, one management-level representative of the radio communications personnel from each of the three cities, and one I.T. staff member from each city. This committee will meet regularly to review technical issues and provide technical recommendations to the tri-city Fire Chiefs.
 - d. Finance Committee. The Finance Committee will be comprised of the Executive Administrator and one representative from the Finance Department of each city. This committee will meet regularly to review budgetary matters, assist in the preparation of financial reports, provide assistance in financing capital expenditures and provide advice on all financial matters to the tri-city Fire Chiefs. The Finance Committee will review and develop the terms and conditions of proposed contracts for dispatching services along with periodic contract renewals, including rates. Financial information will be reported to the Fire Chiefs quarterly.
 - e. Verdugo Task Force. A Task Force comprised of a representative from each fire department receiving dispatch services from the Verdugo System will continue to meet monthly to discuss operational issues and make recommendations to the Operations Committee.

2. **Financial Management.** Since its inception, Verdugo has operated as a special fund within the City of Glendale; however, as reflected in the revised agreement Verdugo is now set up as an enterprise fund within the City of Glendale and continues to have no legal standing as a separate organization. Operating costs in the past were split between the three cities based on a ratio that only took into consideration the population and assessed valuation of each city. Under this agreement, the operational costs are to be allocated to the tri-cities based on the number of incidents dispatched, population, and assessed property values in the ratio of 70:15:15, respectively. The 10% administrative fee contained in the original agreement has been replaced by a cost allocation formula that more accurately reimburses the City of Glendale for its indirect costs associated with running Verdugo. The revised agreement also includes a budget amount which will allow the cities of Pasadena and Burbank to be reimbursed for extraordinary indirect costs. Like the operating costs, this allocation is also shared between the tri-cities using above 70:15:15 ratio. The total cost allocation is \$194,138 in FY 09/10, as shown below. In addition, new with this agreement Verdugo will be paying rent for the space it occupies, which has been identified as \$140,160 for FY 09/10.

<u>FY 08/09</u>	<u>Fee</u>	<u>10% Admin</u>	<u>Equip</u>	<u>Total</u>
Burbank	449,449	44,945	64,641	559,035
Glendale	747,150	74,715	64,641	886,506
Pasadena	586,227	58,623	64,641	709,491
Total	1,782,826	178,283	193,923	2,155,032

<u>FY 09/10</u>	<u>Fee</u>	<u>Allocation</u>	<u>Capital Reserve</u>	<u>Total</u>
Burbank	352,486	45,186	207,360	605,032
Glendale	599,486	76,850	207,360	883,696
Pasadena	562,439	72,101	207,360	841,900
Total	1,514,410	194,138	622,080	2,330,628

3. **Capital Reserve.** Historically, the tri-cities have been paying a flat amount each year toward equipment replacement. In recent years, the amount has been \$64,641 each, per year. The new agreement establishes a capital replacement reserve for planned purchases that will be funded equally by the tri-cities based on a detailed capital spending plan conceived by the Technical Committee and approved by the three Fire Chiefs. Several major capital purchases are planned in the next five years, including replacement of the mobile data system, radio consoles, and the computer aided dispatch system hardware, among others. Tri-city contributions to the new capital replacement reserve have been calculated to accumulate sufficient funding for planned purchases.

4. **Termination.** The revised agreement establishes a requirement for two years' notice before one of the tri-cities withdraws from joint operation of the Center to allow the remaining parties sufficient time to reorganize the Center. Previously only a one year notice was required. Disposition of assets upon termination is also delineated in the new agreement, including determination of fair market value of the assets and allocation of shared radio frequencies.

FISCAL IMPACT

Under the proposed agreement Pasadena's apportioned share for FY 09/10 will be \$841,900, which is an increase of approximately \$132,500 over last year's fee. It should be noted that in the absence of this agreement the anticipated fee for FY 09/10 would have been \$752,060, an increase of approximately \$42,500. The increase associated with this agreement was anticipated and adopted as part of the Fire Department's FY 09/10 Budget.

Respectfully Submitted,



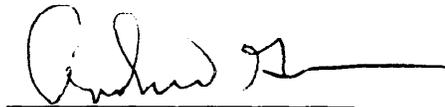
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