



## East Contra Costa Fire Protection District

Brian Helmick, Fire Chief

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October 13, 2020

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Oakley City Hall  
3231 Main St  
Oakley, CA 94561

### VIA EMAIL ONLY

Re: Statements issued on October 12, 2020 by Mayor Kevin Romick and the City's  
October 13, 2020 7:57 AM Facebook post on the fire district's funding situation

As president of the East Contra Costa Fire Protection District's Board of Directors, I would like to respond to the statements issued on October 12, 2020 by Mayor Kevin Romick and the City's October 13, 2020 7:57 AM Facebook post on the fire district's funding situation. The statements highlight the City's historic efforts to support the District, which the District appreciates. However, the City does not respond to any of the key concerns raised in the District's October 8, 2020 letter. In particular:

- The City does not deny that it has no mechanism to require developers to contribute their fair share of the District's operating costs (Community Facilities Districts).
- The City does not deny that it has systematically underfunded fire capital costs for almost two decades.
- The District has repeatedly borne the burden of Oakley's irresponsible development practices.

The District's request is simply that new development in Oakley pay its fair share of the District's capital and operating costs necessary for the District to provide service, that it require developers with projects in the City to do the same, and that Oakley fulfill the obligations under the Station 55 Agreement. Anything less will result in the District subsidizing future development in Oakley and degrade the District's ability to protect its existing service area.

### **The City does not deny that it has no mechanism to require developers to contribute their fair share of the District's operating costs.**

While the District acknowledges Oakley's leadership in forming a citywide community facilities district to generate annual operating revenue for the District, participation in the CFD is entirely voluntary for most projects. Many developers have refused to join the CFD or provide an alternative source of fire protection operations funding, and the City has no mechanism for requiring them to do so. Additionally, the District's current understanding is that none of the

community facilities districts Oakley has established require multifamily or nonresidential developments to pay anything for fire protection operating costs, which raises questions about what CFDs have been joined by some of the developments identified by the City as CFD participants in recent days.

The lack of communication and understanding around Oakley's CFD practices, even when required by contract, is concerning. The District has been seeking information for weeks about what rates the City is charging for its CFDs and what properties are participating. The "Joint Community Facilities Agreement for City of Oakley Community Facilities District No. 2018-1 (Fire Protection Services)" entered into between the City and the District, which the City references in its October 13, 2020 statement, requires the City to provide the District with the annual reports informing the District how much funding to expect each year from CFD No. 2018-1. (See Section 2.) The District has never received any such reports from the City, much less any actual funds. The information Oakley has provided has been inconsistent and incomplete, and Oakley still has not provided any of the supporting documents the District has requested. The District is also unaware of any formal consideration by the City Council of a policy to require agreements with developers to establish community facilities districts to provide operating revenue for the East Contra Costa Fire Protection District that would satisfy the City's commitment to the Contra Costa Civil Grand Jury in response to Report 1706. The District is working with Brentwood, Oakley, and the County to enact policies that will require all new development to generate sufficient operating revenue for the District, and to form a districtwide community facilities district that will apply the same rates to all new development in the District's service area.

**The City does not deny that it has systematically underfunded fire capital costs for almost two decades.**

While Oakley adopted impact fees to support the fire protection capital costs, Oakley refused to apply the automatic escalators in their impact fees to make sure that the fees keep pace with inflation for over 15 years, until 2018 when required by the Station 55 Agreement. Oakley has also suspended fire impact fees on residential development for six years from 2011 to 2017, and on nonresidential development for almost ten years from 2011 to present. Oakley even extended their suspension of impact fees on nonresidential projects on February 11, 2020, after signing a contract with the District in 2018 expressly agreeing not to do so. As a result, commercial development in Oakley has contributed next to nothing to the District's capital costs in the last decade, eroding the District's ability to provide service to all of its residents. We are concerned that the City will continue these practices by declining to update its impact fees to the level requested by the District. Brentwood has already updated its fees to the full rate requested by the District, and the District expects that the County will do so in November. The District simply requests that Oakley do the same.

**The District has repeatedly borne the burden of Oakley's irresponsible development practices.**

The City's historic neglect for fire capital funding resulted in the need for a transfer of funds from the District to the City to construct Station 55.

With respect to the construction of Station 55, the District did agree to waive fire impact fees for the Summer Lake North development as part of a development agreement the City negotiated. However, the District did so in exchange for the developer's agreement to build Station 55 and purchase a fire apparatus, the very capital facilities that those fees would have funded. When Oakley was unable to hold the developer to this agreement, the District agreed to

accept a smaller financial contribution from the developer towards the station's construction costs as part of a settlement agreement so the City could avoid additional costly litigation with the developer. Ordinarily, the source of funds to make up the difference would be impact fees. However, the City did not have sufficient impact fee revenue due to its historic failure to collect adequate impact fees. As a result, the City requested funds from the District to make up the difference. The District provided these funds to Oakley "subject to reimbursement." The mayor can dispute whether this arrangement constituted a "loan," though the City's obligation to reimburse the District is incontrovertible.

The agreement between the City and the Logistics Center developer will cost the District hundreds of thousands of dollars in impact fee revenue if the City updates its fees as the District requested.

The City's conduct in attracting the Logistics Center exemplifies the challenges that the District faces ensuring that development in Oakley pays its fair share to support the District. The Mayor is correct that the Logistics Center developer will pay the full amount of impact fees pursuant to Oakley's current impact fee resolution, though his statement is misleading. City staff is and was well-aware that the City's impact fees are out of date and do not capture the full impact of new capital costs on the District. To be certain, the District informed the City of this concern in its response to a draft environmental report on the Logistics Center. The City also knew the District was working to update its fees, as City staff has been involved in the process. Nonetheless, the City entered into an agreement with the developer stating that any fire impact fee updates would not apply to the Logistics Center. The amount of impact fees due is ordinarily calculated when developers receive their building permits. The Logistics Center developer has already obtained building permits and paid the current impact fees on the first two buildings. If the City were to raise its impact fees to a rate that reflect the actual impacts on the District before the Logistics Center developer applies for their building permits for the final three buildings, the developer would ordinarily pay the updated rate. In this case though, the developer would still pay the current discounted rates due to their agreement with the City, which would cost the District hundreds of thousands of dollars in capital funds. In the same agreement, the developer agreed to pay \$850,000 to the City for the City as a "community benefit."

The City made no effort to determine how much operating revenue the District will need to provide services to the Logistics Center.

The City has repeatedly touted the fact that the Logistics Center will create as much as \$400,000 in annual tax revenue for the District. However, the City does not know and, did not even attempt to determine, how much it will cost the District to provide service to the Logistics Center. The City's fiscal impact studies omitted an evaluation of how much fire protection service would cost, and the City made no attempt to obtain this information from the District. To the contrary, the City ignored the District when District staff raised operating costs as a concern to the City. In fact, the District's studies show that the Logistics Center may not generate sufficient revenue to pay for its share of the District's operating costs. District staff have developed collaborative relationships with Brentwood and County development staff, and are disappointed with Oakley's unwillingness to engage with the District in the development process.

## **Conclusion**

The District's goal is to provide service to its entire service area at levels consistent with national standards. The only way the District will be able to do so is if both new development across its service area pays its fair share towards the District's capital and operating costs, and deficits attributable to existing development are rectified. The District recognizes that development

practices within each of the jurisdictions in its service area have been uneven in the past. The District is working with the City of Brentwood, the City of Oakley and Contra Costa County to rectify these inequities and ensure that all existing and future development pays its fair share going forward, both in terms of capital costs and operating costs.

Sincerely,

DocuSigned by:

*Brian J Oftedal*

Brian J. Oftedal

President, Board of Directors  
East Contra Costa Fire Protection District

*Also on behalf of:*

Stephen Smith, Vice President

Adam Langro, Director

Carrie Nash, Director

Joe Young, Director

References: (available upon request by email to Regina Rubier at [rrubier@eccfpd.org](mailto:rrubier@eccfpd.org)):

- Mayor Kevin Romick's Statement, dated October 12, 2020
- City of Oakley Facebook Post, dated October 13, 2020 7:57 AM
- Joint Community Facilities Agreement for City of Oakley Community Facilities District No. 2018-1 (Fire Protection Services)