

SANTA PAULA FIRE DEPARTMENT
ANNEXATION HARMS SANTA PAULA

PERMANENTLY

Presented by:
Concerned Santa
Paula Citizens

SANTA PAULA FIRE SERVICE - AN IMAGINARY CRISIS...



...MAKING REAL DISASTERS EVEN WORSE



SANTA PAULA IS EXCEPTIONALLY VULNERABLE TO HARM FROM ANNEXATION

- Santa Paula is one of the poorest cities in Ventura County
- City has scarce revenue and limited opportunity for growth (4.5 square miles)
- Property tax is the most reliable revenue source; by comparison, sales tax revenues have been historically weak
- **Annexation will result in a permanent fire service cost equivalent to 80% of the City's property tax revenues**
 - Proposed annexation requires 16.5% of City's total property tax to go to VCFPD; this translates to 79% of property tax revenues in the general fund budget

ANNEXATION CREATES FINANCIAL PROBLEMS SANTA PAULA CAN'T AFFORD

- Santa Paula's 2016/17 GF budget is approximately \$15M
- Annexation creates a budget shortfall in Santa Paula on Day 1
- **Santa Paula's Annexation budget shortfall grows to at least \$8M by Year 10**
- VCFD Annexation Fees exceed the cost of providing Fire service - Santa Paula cannot afford to pay more than the actual cost of service

ANNEXATION CREATES FINANCIAL PROBLEMS SANTA PAULA CAN'T AFFORD

- Santa Paula's own estimates show Annexation creates a Y1 Deficit Increase for the City
- Deficits will Continue to Grow over Time
- Core City Services will Continue to Suffer

FY 2017-18 GENERAL FUND BUDGET COMPARISON
WITH AND WITHOUT FIRE DEPARTMENT
DATA FOR CHARTS

REVENUES WITH FIRE		REVENUES WITHOUT FIRE	
	2017-18 Budget		2017-18 Budget
Other Departments	\$3,687,484	Other Departments	\$3,687,484
Fire Department:	\$312,320	Sales Tax	\$2,537,000
Sales Tax	\$2,537,000	Property Tax	\$738,981
Property Tax	\$3,884,900	Overhead	\$1,311,597
Overhead	\$1,311,597	Property Tax (VLF)	\$2,600,000
Property Tax (VLF)	\$2,600,000	Total - General Fund Revenue	10,873,042
Total - General Fund Revenue	14,133,331		

EXPENDITURES WITH FIRE		EXPENDITURES WITHOUT FIRE	
	2017-18 Budget		2017-18 Budget
Community Svcs	\$1,065,100	Community Svcs	\$1,065,100
Building & Safety	\$302,235	Building & Safety	\$302,235
Fire	\$3,130,772	Planning	\$790,903
Administration	\$3,008,812	Non-Departmental	\$216,500
Planning	\$790,903	Police	\$6,990,623
Non-Departmental	\$216,500	Public Works	\$386,089
Police	\$6,990,623	Administration	\$3,008,812
Public Works	\$386,089	Finance	\$484,826
Finance	\$484,826	Total - General Fund Expenditures	\$13,301,128
Total - General Fund Expenditures	\$16,439,900		

SANTA PAULA PAYS FOR ANNEXATION THROUGH LONG-TERM NEGLECT OF CORE SERVICES - UNACCEPTABLE

■ Essential City Services Remain Underfunded

- Public Works
- Facilities
- Planning
- Code enforcement

■ May 2017/2018 Budget meeting revealed a previously undisclosed Budget Crisis

■ Santa Paula balancing City budget with Temporary Measure T Funds - **Santa Paula is Neglecting its Long Term Financial Stability**

- Measure T will sunset, and can be repealed
- Annexation is permanent; Measure T is temporary
- Measure T and Enterprise Funds are being used to fill gaps exacerbated by annexation costs; further diminishes City's ability to fully fund basic services

ESSENTIAL UNDERFUNDED CITY SERVICES



DURING SANTA PAULA'S BUDGET CRISIS - ANNEXATION CREATES A VCFD SURPLUS - NO GUARANTEE OF INVESTMENT IN SANTA PAULA

VC Fire Numbers						
Fiscal Year	Prop Tax Revenue	RDA Revenue	Prop Tax Harvest Project	Total Revenue	Incremental Costs	Remaining for Improvements
17/18	\$2,947,938			\$ 2,947,938	\$2,655,655	\$292, 283
18/19	\$3,036,376			\$ 3,036,376	\$2,735,325	\$ 301,051
19/20	\$3,127,467		\$170,600	\$ 3,298,067	\$2,817,384	\$ 480,683
20/21	\$3,221,291		\$341,200	\$ 3,562,491	\$2,901,906	\$ 660,586
21/22	\$3,317,930		\$511,800	\$ 3,829,730	\$2,988,963	\$ 840,767
22/23	\$3,417,468		\$682,400	\$ 4,099,868	\$3,078,632	\$ 1,021,236
23/24	\$3,519,992		\$853,000	\$ 4,372,992	\$3,170,991	\$ 1,202,001
24/25	\$3,625,592	\$298,476	\$878,590	\$ 4,802,658	\$3,266,121	\$ 1,536,537
25/26	\$3,734,360	\$614,861	\$904,948	\$ 5,254,168	\$3,364,104	\$ 1,890,064
26/27	\$3,846,390	\$633,307	\$932,096	\$ 5,411,793	\$3,465,027	\$ 1,946,766
Total	\$10,171,975					\$ 9,879,691

LEGAL PROBLEMS FOR SANTA PAULA AND VENTURA COUNTY

- The annexation process is built on obvious conflicts of interest
- LAFCo's decision is based on a conflicting and contradictory Public Record
- Paying more than the cost of service violates Proposition 218

OBVIOUS CONFLICTS OF INTEREST

- Fire Union has influenced every Santa Paula decision maker
 - Contributed to every SP City Council Member's campaign, walked door to door
- Fire Union members benefit immediately from annexation – significant raises
- SP City Council has publicly endorsed annexation on Fire Union website
- SPFD employees were directly involved in providing assumptions used to justify annexation and to gain increased compensation and benefits
- Rick Araiza, acting as both fire chief and then as interim city manager, directly negotiated annexation rate and draft plan of service with VCFPD; violates Government Code section 1090
- Three assistant fire chiefs (one former VCFPD chief) were hired in 2016 with the express goal of facilitating the annexation happen

CONFLICTS AND CONTRADICTIONS IN THE PUBLIC RECORD

- Public Disclosures have been Inaccurate, Inconsistent, and Incomplete
- SP City Claims Real Need for Immediate Fire Department Upgrade
 - SP Fire Department currently responds **Better than VCFD**
 - City has publicly acknowledged that Annexation is a “POLICY” decision, i.e. **NOT NEEDS BASED**
(VC STAR - 5/26/17)
- Sustainability analysis is based on 10% sales tax growth when 7% growth is the City’s own forecast
- Santa Paula’s Annexation Budgets are Designed to Exclude Significant New and Unsustainable Budget Obligations
 - SP Approved Massive Staff and Compensation Level Increases in October 2017
 - Approved Budget Increases Create a new cumulative Budget Obligation of \$28M by 2027
 - **SP’S OCTOBER COST INCREASES NOT INCLUDED IN ANNEXATION PROJECTIONS**

SIGNIFICANT COSTS OMITTED FROM ANNEXATION PROJECTIONS

Real SP Cost					
Fiscal Year	Fire Cost	NEW RAISES	NEW STAFF INCREASES	ALL OTHER EXPENSES	GRAND TOTAL
17/18	\$ 2,947,938	\$ 400,000	\$ 600,000	\$ 12,276,575	\$ 16,224,513
18/19	\$ 3,036,376	\$ 1,000,000	\$ 618,000	\$ 12,644,872	\$ 17,299,248
19/20	\$ 3,298,067	\$ 2,200,000	\$ 636,540	\$ 13,024,219	\$ 19,158,826
20/21	\$ 3,562,491	\$ 2,266,000	\$ 655,636	\$ 13,414,945	\$ 19,899,072
21/22	\$ 3,829,730	\$ 2,333,980	\$ 675,305	\$ 13,817,393	\$ 20,656,409
22/23	\$ 4,099,868	\$ 2,403,999	\$ 695,564	\$ 14,231,915	\$ 21,431,347
23/24	\$ 4,372,992	\$ 2,476,119	\$ 716,431	\$ 14,658,873	\$ 22,224,416
24/25	\$ 4,802,658	\$ 2,550,403	\$ 737,924	\$ 15,098,639	\$ 23,189,624
25/26	\$ 5,254,168	\$ 2,626,915	\$ 760,062	\$ 15,551,598	\$ 24,192,743
26/27	\$ 5,411,793	\$ 2,705,723	\$ 782,864	\$ 16,018,146	\$ 24,918,525
	\$ 40,616,081	\$ 20,963,139	\$ 6,878,328		

ANNEXATION IS BASED ON NEGLECTED DATA

- City's cost estimates fail to include:
 - Loss associated with giving fire service equipment and real estate to VCFPD for free or nominal amounts
 - Loss of a \$4M grant from Limoneira to be used for police and fire service in the City
 - The loss of revenues typically generated by SPFD (~\$400K/year)
 - The loss of property taxes associated with development other than EA1
 - The costs of certain retained pension liability
- Additional Costs are Ignored by the City and there are no Plans for Recovery

VCFPD PROFITS FROM ANNEXATION AT SANTA PAULA'S EXPENSE

- VCFPD will immediately reduce local SP Fire Service by closing Station 26 to benefit VCFPD's budget
 - Closure provides annual cost savings of ~\$5 million based on County figures
- VCFPD will take a \$4M grant earmarked for local Santa Paula police and fire station improvement
- VCFPD may take Santa Paula's recovery in the multi-million dollar Mission Rock incident
- VCFPD will continue to stockpile millions of Santa Paula property tax revenue in perpetuity, none of it required to be spent in Santa Paula

SANTA PAULA SHOULD NOT PAY A POLITICAL PRICE FOR FIRE SERVICE

- Current fire service response times are superior to VCFPD at lower cost
- Service response time goes down
 - VCFPD plan involves moving station 82 outside the City limits to cover area previously covered by Station 26
 - There will be slower service times according to documents recently produced by the City
- 16.5% rate charged by VCFPD is not based on cost
 - Rate based on department policy aimed at avoiding renegotiation of older contracts
- Fire Service cost goes up dramatically over time with no change in service
 - Santa Paula will pay an additional \$450K a year by year 10 - **FOR THE SAME SERVICE AS YEAR 1**
 - **New Service Costs are structured to increase in perpetuity with no change in service.**

OVERWHELMING PUBLIC CRITICISM

- Nearly 1,000 SP signatures opposing Annexation - **SO FAR**
- **Opposed by 5 Past Santa Paula Mayors, Former Vice-Mayor, Former Police Chief**
- **“CONFLICT OF INTEREST”** - *VC STAR* (4/17/17)
- **“NO ONE WANTS TO SEE”** a Budget Like Santa Paula’s - *VC STAR* (5/27/17)
- **“AN APPALLING TAX GIVEAWAY”** - *VC STAR* (10/18/17)
- **“WHO IS RUNNING THE SHIP IN SANTA PAULA”** - *VC REPORTER* (11/8/17)

WHAT CAN LAFCO DO?

■ Deny Approval

- Too many Conflicts of Interest
- Too much Bad Data
- Too many Legal Problems

■ Continue the Item

- Investigate Conflicts of Interest
- Scrutinize the cost estimates provided by the City's politically compromised decision makers
- Resolve Proposition 218 Conflicts

■ Extend the LAFCo Protest Period

- Santa Paula residents do not want annexation, but there are 12,600 registered voters
- Give a fair opportunity for residents to be contacted and make their voices heard