



Agenda Action Form Overview

Interlocal Agreement (ILA) with the City of Durham for the provision of consolidated fire, rescue, and first responder services in the southern part of Durham County and consideration of lease agreements with the City of Durham for the lease of DCFR Stations 81 and 83.

Background/Justification

The Board is requested to authorize the County Manager to enter into an interlocal agreement with the City of Durham for the provision of consolidated fire, rescue, and first responder services in the southern part of the County. In addition, the Board is requested to authorize the County Manager to enter into lease agreements with the City of Durham for Durham County Fire Rescue (DCFR) Station 81 and Station 83 until two (2) new City stations are built and occupied in 2020 and 2023, respectively. The proposed ILA includes a forty (40) year term to be automatically renewed unless terminated by either party. A ten (10) year payment schedule which includes personnel (salary and benefits) and capital (equipment and apparatus) is included in the appendices. After the first ten (10) years of the agreement (years 11-40) the County's annual contribution is increased by the percentage change in the Durham/Chapel Hill MSA CPI-U minus the annexation adjustment provided in Section 7.2. A maintenance of resources provision (Section 7.3) has been included in the agreement which provides a review of services every five (5) years to determine if any service deficiencies exist in accordance with industry best practices and provides remedies for addressing the deficiencies.

The ILA consolidates the DCFR and the Durham Fire Department (DFD) and creates one (1) consolidated fire department (operating as the DFD) that will provide the same or higher level of fire, rescue, and first responder services, and maintain or improve on Insurance Services Office (ISO) ratings in an effort to achieve the lowest insurance rates for residents and businesses in the DCFR Fire Service District (which includes the Research Triangle Park (RTP)). DFD is an accredited department by the Commission of Fire Accreditation International (CFAI).

ISO Ratings

Within one (1) year of the consolidation an ISO assessment will be conducted by the Insurance Services Office and the North Carolina Office of the State Fire Marshal. Until that time, residents within five (5) miles of the closest station in the DCFR District (legacy Bethesda and Parkwood Fire Districts, including RTP) will continue at the current DCFR ISO 3 rating. Once the assessment is completed, it is anticipated that businesses within the five (5) radius will receive a lower ISO rating helping them realize a lower insurance premium. Residents do not necessarily receive a lower insurance premium below ISO 6.

Residents that are farther than five (5) miles from the closest DCFR station are currently rated at an ISO 9E or ISO 10 (unprotected). These two (2) ratings receive the most expensive insurance premiums for residents and businesses. Once the consolidation takes place and a new ISO assessment is conducted, the residents in the District currently farther than five (5) miles from a station will be able to receive a significantly lower ISO rating because DFD Station 16 brings them within five (5) miles of the closest station. The lower ISO rating will likely result in decreased insurance premiums for residences and businesses in this part of the District.



Personnel

The Agreement transfers 53 DCFR FTEs to the DFD. These employees will be placed in a pay step within the DFD pay grade that is closest to, without being less than, their current salary and they will be eligible for the DFD's annual 5% salary increase. The DCFR Captains and Drivers were recently assessed by a joint City/County team and all of the Captains and Drivers are slated to transfer over at their current rank.

Transferred employees will also retain all their service time, vacation, and sick leave that has accrued up to the transfer date. The transferred DCFR employees with a hire date prior to July 1, 2008 will be included in the City's retiree insurance plan through a cost share provision that is detailed in the Agreement. Employees hired after July 1, 2008 will be automatically enrolled into the City's Retirement Health Savings (RHS) account. Transferred DCFR employees will enjoy the same compensation, incentives, benefits, and employment policies as all other DFD employees.

Equipment and Apparatus

The Agreement transfers front line, reserve, and other fire and support apparatus to the DFD. As part of the Agreement, a capital improvement plan (CIP) has been developed to replace eleven (11) pieces of aging apparatus during the first ten (10) years of the Agreement. The County and City agree that all assets, rolling stock, equipment and apparatus will be located so that they support training, fire protection, and first responder services in the DCFR District.

Facilities

The Agreement includes provisions for leasing DCFR Stations 81 (Old Page Road) and 83 (Seaton Road) to the DFD while City Stations 18 and 19 are being built. Station 18 will replace DCFR Station 83 and is scheduled for construction in 2020, and Station 19 will replace DCFR Station 81 and is scheduled for construction in 2023. The City of Durham is responsible for maintenance of the DCFR stations during the lease period.

The ILA identifies a cost share between the City and County for the total project cost of these stations. For each station, the percentage of land parcels that are in the City and County determines the cost share model. For Station 18 this equates to an 18% County cost and 82% City cost split. Station 19 is an 8% County cost and 92% City cost split. The cost share for each station is determined after the anticipated EMS co-location cost share of 24% (Section 9.2).

As a result of this ILA, all five (5) DCFR stations will eventually become County General Fund supported properties. Stations 82, 84 and 85 will not be used as part of this agreement and can be immediately repurposed by the County. The General Fund will be used to maintain these facilities in good working order. Stations 81 and 83 will be leased to the City of Durham until the new City fire stations can be built and occupied. Once the lease agreements end for these stations, the General Fund will be used to maintain these facilities in good working order. Both of these facilities can also be repurposed by the County.



Policy Impact

This Agreement is similar in nature to the fire protection, rescue and first responder contracts that the County has with the Bahama, Lebanon, and Redwood Volunteer Fire Departments. It is a comprehensive service agreement with funding provided by the DCFR Fire Service Tax District.

Procurement Background

NCGS 153A-233 states that a County may contract for fire-fighting or prevention services with one or more counties, cities, or other units of local government. With DFD currently providing automatic response with and in support of DCFR, it is logical and appropriate to contract with the DFD for these services.

Type of purchase

- Goods
- Services
- Architect, Engineer or Surveyor Services
- Construction and Repair

Did this request for purchase go through a bid process? Yes No

Goods: Bids required if \geq \$30,000, BOCC approval if \geq \$90,000

Services: Bids required if \geq \$30,000, BOCC approval if $>$ \$40,000

Construction/Repair work: Bids required if \geq \$30,000, BOCC approval if \geq \$500,000

If yes, attach a copy of bid tab and the minority and women business enterprise (MWBE) compliance review form provided by the Purchasing Division.

If no, why?

- Sole source exemption (documentation included)
- Cooperative purchasing program exemption
- State and federal contract exemption
- Contract is an amendment to an existing contract
- Other (please explain)

The DFD is the only entity that is geographically located to provide fire protection services in the DCFR Fire Service District.

If exempted from bidding, has this request been reviewed and approved by the Purchasing Division in the agenda Legistar system? Yes No

If no, why?



Fiscal Impact

The DCFR Fire Service Tax District revenues will be the sole funding source for this agreement. An annexation adjustment formula has been built into the ILA (Section 7.2) to address future annexations in the District. The formula shifts the financial burden of fire, rescue and first responder services to the City as the DCFR District shrinks due to annexation. The annexation adjustment formula begins in the second year of the agreement and continues for the term of the agreement.

A two (2) cent tax increase has been proposed in the FY18-19 budget to cover next year's costs identified in Appendix A. The County will review and make recommendations on the District's tax rate annually to ensure that the District can cover the costs identified in the ILA. Future tax increases will be necessary to cover future costs (both operational and capital) identified in Appendix A.

Recommendation

The Manager recommends that the Board consider the proposed ILA with the City of Durham and authorize the County Manager to sign and execute the ILA for the provision of consolidated fire, rescue, and first responder services in the DCFR Fire Service District, as well as approve and execute the leases for DCFR Station 81 and DCFR Station 83.