

ALBANY CALIFORNIA



CITY OF ALBANY
1000 SAN PABLO AVENUE
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18 April 2022

MEMORANDUM

To: Albany City Council Members

From: Ad hoc committee regarding taxes supporting the Fire Department

Re: Potential 2022 tax measure to fund EMS/ALS and raise staffing to standard

RECOMMENDATIONS

That the Council direct staff to prepare a tax measure based on land area to fund 1) emergency medical services and transport (EMS) with advanced life support capability (ALS), 2) a seventh position on each of the three Fire Department shifts, and 3) emergency medical response and advanced life equipment replacement. This measure to replace both the existing property tax supporting EMS and the tax supporting ALS and to include exemption for households that own their residence and rebate for households that rent their residence and have very low incomes.

BACKGROUND

Emergency medical services and transport with advanced life support capability (EMS/ALS) are provided by Albany's Fire Department. Albany's provision of EMS/ALS is supported by two property taxes: for EMS, which appears on bills as "paramedic supplemental", and for ALS, which appears on bills as "ALS (Measure N)". The amount of revenue from these taxes is provided in the accompanying staff report. The accompanying staff report also provides the average amount of general fund revenue that has been required in recent years to complete funding of EMS/ALS.

The taxes supporting EMS and ALS are the same amount for each residence. For commercial and industrial property, the tax for EMS is the building square footage divided by 1,200 square feet times the amount levied per residence. The tax for ALS per commercial parcel is twice that per residence and per industrial parcel is four times.

DISCUSSION

Albany is one of four cities in Alameda County that preserves the right to provide emergency transport, the others being Alameda, Berkeley, and Piedmont. In the rest of the County emergency transport is provided by Falck, a private company, under contract with Alameda County. The

contract requires Falck to arrive on site within a certain number of minutes in at least 90% of calls. The number of minutes varies by portion of the County but ranges from ten minutes for the more urbanized areas, of which Albany would be a part, and up to a few minutes more for the most suburban/rural areas. In the last year Falck has failed to meet this service requirement in some areas of the County for most of the months.

In contrast, the Albany Fire Department has provided emergency transport response within ten minutes 98% of the time during the same period. Note an engine crew also responds to calls for EMS/ALS. In the event the ambulance and crew take longer to arrive, such as due to completing a prior call, the engine crew provides EMS/ALS on site for the interim period. Cross training of all members of each shift as paramedics allows this more rapid initiation of EMS/ALS.

Albany's provision of emergency transport has come to cost more than the revenue from fees from providing such service and the two taxes. This might suggest raising the fee but Albany is legally required to charge the same amount as Falck charges per its contract with the County even though Albany is providing a demonstrably better service.

The other reason for increasing reliance on the general fund for Albany's provision of emergency transport is that revenue from the two taxes has not increased as fast as the cost of providing service. Rather occurred, at least in part, because over the last two decades Albany's population grew more than twice as fast as the number of residences. Due to the predominance of residential land use in Albany more than 80% of the revenue from the existing taxes is paid by owners of residences. As such, when population increases faster than the number of residences the increase tax revenue based on the number of residences will not grow apace.

Due to the factors above, provision of this higher quality, but optional, service by Albany is contributing to its current structural deficit. There are various options in response for maintaining the City's finances:

1. Stop providing emergency transport service, which would result in Falck providing this service, and reduce Department staffing to provide the necessary savings,
2. Keep supporting EMS/ALS partially from the general fund and secure additional funding other than from a modification of the existing taxes partially funding this service, or
3. Modify the existing taxes to finance a larger portion or all of EMS/ALS

Because Albany firefighters are cross trained as paramedics reducing staff as per first option would result in the Department's fire suppression capability decreasing. As explained in the staff report, Albany's number of firefighters is already below the minimum standard. As such, the ad hoc committee recommends against the first option as it would make the current situation worse. Leaving the second and third options as the viable choices.

Setting aside those choices for a moment, the current number of firefighters falling below the minimum standard is its own problem separate from the question of providing emergency transport. While not as clear cut to analyze, this has likely occurred for the same reason of general fund revenues not keeping pace with population growth due to the slower growth in the number of residences. As explained in the staff report the number of firefighters needs to increase by one

member per shift in order to return staffing to above the minimum standard. As a matter of safety, the provision of which is the most fundamental charge of government, the ad hoc committee recommends seeking new revenue adequate to increase the number of Albany firefighters by one per shift, which is three total.

Combining the above suggests seeking a revenue increase to cover both the continuing provision of emergency transport service and returning firefighter staffing to standard. Between accomplishing this via the second and third options above, the ad hoc committee recommends the third. The ad hoc committee prefers this option because the resulting revenue would be dedicated to the provision of emergency transport and fire suppression as those are basic services. The other option is seeking an increase in general fund revenue. This provides the advantage of flexible use of the resulting revenue but at the consequence of potential future portrayal of the Fire Department as underfunded and not being able to convey a commitment to the voters that the new revenue measure would fund the Department.

Considering the third option, the ad hoc committee recommends proposing to the electorate replacing the two existing taxes with a single new tax for the purpose of funding emergency transport and increased staffing. This instead of proposing a third tax or alteration of one of the existing taxes. This is because replacing both taxes with one tax allows also modernizing the basis of the tax, providing various advantages.

One of these advantages is taxing residential and commercial property owners on a more equitable basis than currently. There are commercial parcels many times the average amount of space per Albany residence, such as some along San Pablo Avenue, and others that are tens to hundreds of times of the size, such as some along Eastshore Highway and Cleveland Avenue. Both taxes are also the same per residence no matter the number of bedrooms, whether a studio or a five-bedroom house (which do exist in Albany).

A more equitable basis is to charge each property owner the same amount per unit of space. The tax could be by either land or building square footage. The table below provides the tax per square foot on each basis to provide revenue sufficient to meeting the goals indicated in the staff report.

	Land basis	Building basis
Tax rate per square foot	\$0.074	\$0.215
Average tax per residence	\$163.64	\$197.22
Average increase per residence	\$50.14	\$83.72

As shown, using the land basis would increase taxes by less than half per residence but would more than double the revenue, from \$900,000 to \$1,950,000. In addition, the tax would secure the three benefits of securing emergency transport services, firefighter staffing meeting standard, and funding for equipment replacement for only \$50 per residence per year on average.

Note the amounts in the table assume 660 households are either exempted or receive a rebate because they have a very low income. This is about the number of Albany households enrolled over the last years in California's program to reduce building energy prices for such households. It is aspirational with regard to the number that have enrolled for Albany's tax reductions, which

has averaged 100 per year over the last two years. Increasing this number is referenced in the City Council Strategic Plan work item 1 under Objective 2 of Goal 2.

Taxing land rather than buildings has another advantage. It provides an incentive for the owner of the land to either maximize its use to amortize the cost of the tax over that greater usage or pay a premium for the benefit of enjoying relatively undeveloped land. This in turn supports housing construction, be it accessory dwelling units, duplexes, or multi residence buildings as allowed by Albany's zoning and State law.

For the reasons described above the ad hoc committee recommends asking the voters to replace the existing property taxes to fund EMS/ALS with a single tax based on land area to fund the three goals described above and in the staff report.

SUSTAINABILITY CONSIDERATIONS

There are nominal environmental sustainability considerations associated with the recommendation.

SOCIAL EQUITY AND INCLUSIVITY CONSIDERATIONS

The two existing taxes proposed for replacement do not have exemptions and rebates for households with very low incomes that own or rent, respectively. Replacing these taxes with a tax that does, in accord with existing City policy, will advance economic equity in Albany by reducing taxes for these households. In combination with those of Albany's property taxes that do have such provisions, it will also increase the total tax relief available through a single application. This will increase the utility of eligible households to expend the effort to apply, supporting City efforts to have more households apply.

For households with very low incomes that rent in Albany, the proposed rebate provision in combination with the others that already exist would boost the total from around \$200 to \$300 per year. To the extent tax increases cannot be passed on by property owners to renters due to market forces, the rebate provides income support. As Albany progressively updates its property taxes to include a rebate provision, the annual rebate will grow towards an amount that functions in practice as a portion of a basic income.

For households that pay the tax, the recommended approach will scale the amount of the tax to the amount of land enjoyed by each residence. Residences that enjoy 5,000 square feet of land, typically the largest amount, will pay proportionally more than residences that enjoy smaller amount of property, such as those in the Gateview, which reside on 630 square feet of land each dividing the parcel among them. To the extent the amount of private property a resident enjoys correlates with the wealth and income of their household, the amount of tax each pays will be in proportion. Taxing land by value rather than area would be more equitable, given the exemption and rebate provision, but cities are not legally allowed to do so other than as part of taxing total property values for bond repayments.

CITY COUNCIL STRATEGIC PLAN INITIATIVES

The recommended action, if it results in voter approval, advances Workplan item 2 of Goal 2, Objective 2. This is to “evaluate opportunities to reform taxes and franchise fees to include exemptions, rebates, and discounts for households with low incomes and to scale cost to residence size”. The Objective is to “maintain/increase economic diversity”. The Goal is to “engage our diverse community”.

The recommended action advances Objective 2 of Goal 5, which is “assure rates of revenue sources are kept current, that revenues are collected, and Albany is informed of funding mechanisms in use in other California cities”.

FINANCIAL CONSIDERATIONS

The financial considerations motivating the recommendation are described above. With regard to the cost of formulating the recommended measure and placing it on the ballot, these are generally not considerations because they are required for the City to generate local revenue.

The cost of placing a measure on the ballot is negligible though as long as it is placed on a general election ballot that includes a Council election or other City ballot measures. This is because most of the fee the Registrar charges for conducting Albany’s elections is per registered voter without consideration of how many items Albany has placed on the ballot. The only hard cost that scales is the charge for printing the measure. This is generally in the thousands of dollars and consequently nominal in the context of the City’s total budget.

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April 11, 2022

MEMORANDUM

Submitted by:

Heather Rowden, Finance & Administrative Services Director

Jim Boito, Fire Chief

Nicole Almaguer, City Manager

Re: ALS/EMS Tax Background and Overview of Revenue Needs

The following is intended to provide a brief background summary regarding the existing ALS and EMS parcel taxes that are used to fund services provided by the Albany Fire Department, as well as a summary regarding related funding needs.

ALS/EMS Parcel Tax Background

In 1997, Albany voters approved a special tax to continue funding for Emergency Medical Services (EMS), included in the Albany Municipal Code as Section 4-7. The purpose of the funding for “the sole and exclusive purpose of providing paramedic and ambulance transport services”. The current tax rate is \$89.45 per residential unit, with commercial/industrial buildings calculated by area in square footage/1,200 square feet. In FY2020-21 this parcel tax generated \$708,346.37. The tax can be increased annually by consumer price index (CPI).

In 2000, Albany voters approved a special tax to provide funding for paramedic advanced life support fire engines and ambulance purchases. This tax allowed the Fire Department to increase service levels from providing a Basic Life Support (BLS) level of service on fire engines and Ambulances to an Advanced Life Support (ALS) level of service. The current tax rate is \$24.07 for a residential unit. In FY2020-21, this parcel tax generated \$190,610.74. The tax can be increased annually by CPI.

Revenue Overview

Historically, by charging fees, Albany EMS has generated revenue of approximately \$750,000 per year. As previously mentioned, over the past three years, the EMS and ALS parcel taxes have generated average revenue of \$815,000 per year. Even with fees and taxes, the EMS fund

has cost the general fund between \$510,000 and \$1,000,000 a year between FY2016-17 and FY2020-21. An increase to the ALS/EMS tax could help offset the amount that is typically transferred in from the General Fund.

The estimated revenue need is detailed as follows:

Amount	Type	Description
\$900,000	Existing Taxes	As noted above, the two existing taxes brought in just under \$900,000 in FY2020-21. Both taxes increase with CPI, capped at different amounts.
\$475,000	3 Additional Staff	This estimate is budgeted at top step and average benefits available for the firefighter position and includes all salary incentives and benefits. In addition to the service benefits outlined below, additional staffing would help defray the overtime needed for routine absences based on minimum staffing levels.
\$525,000	General Fund Contribution	Over the last several years the General Fund has contributed an average of \$525,000 to the EMS fund. As the City has had a budgeted deficit over the last few fiscal years, reducing reliance on the General Fund will protect the City's ability to provide exceptional emergency medical services.
\$50,000	EMS/ALS equipment reserve	Revenue to fund the EMS/ALS/Fire suppression equipment reserves at a more sustainable pace
\$1,950,000	Total	This is the total for the three items above. The total does not account for future asset repair or replacement.

Staffing Needs Overview

As noted in the revenue needs listed above, there is an addition of three personnel at a cost of \$475,000. The current staffing level of 18 response personnel has not changed since 1994, despite a 23.2% increase in population and a 61% increase of our 911 call volume during the same period. This has occurred while the number of households, upon which taxes revenue is partially based, has increased just 9.5%, meaning the average number of people per household has increased. This is one of the reasons tax revenue has not kept pace with cost.

The Albany Fire Department (AFD) currently has a ratio of 18 suppression staff protecting 20,271 people (US Census, 2020) or 0.89 firefighters per 1000 people, in 1994 that ratio was 1.09; the current ratio is well below the national average of 1 to 1.37 per 1000 citizens. The addition of one firefighter/paramedic to each of the three shifts would assure a level of 1.04 firefighters per 1000 residents 24-hours per day every day of the year.

Currently, medical responses comprise roughly 73% of our total call volume. Each day averages 3.14 transports; each transport, at a minimum, takes both of our firefighter/paramedics out of the city decreasing our firefighting force by a third. During the previous 12-month period each transport has taken the crew toward two hours (102.91 minutes) on average. before our crew is available for another call. That equates to roughly five hours per day, or 22.5%, of a 24-hour shift. During these periods of time AFD responds to other calls with a two-person engine company, one less than the industry standard of three, leaving an additional two-person company to cover the city for additional calls. These circumstances have led to a heavier reliance on other agencies, mainly Berkeley Fire Department, to provide mutual aid ambulance response for the additional medical calls in Albany. During the same 12-month period, we have received over 85 ambulance mutual-aid ambulance responses into Albany.

When compared to other transporting fire departments in Alameda and Contra Costa Counties, AFD is the only fire department that utilizes a cross-staffing model to staff their front-line ambulance and fire apparatus. In comparison, the Piedmont Fire Department, also a .201 transporting fire department operating out of a single station to serve a community smaller than Albany, is currently staffing with eight personnel a day every day of the year, of which # are fire fighters and # are paramedics. This provides Piedmont the staffing levels that meet the industry standard on all their response units (three on a fire engine, three on their aerial apparatus, and two on an ambulance) and eliminate the need for cross-staffing equipment. The City's current understaffed situation will be heightened due to the increase in housing developments as required by the State.

In the interest of maximizing the opportunities to acquire funding to provide needed services, an application was submitted, through the Staffing for Adequate Fire and Emergency Response (*SAFER*) Grants program, for increased staffing by Albany Fire Department. If awarded, the fire department would potentially receive funding to cover the costs of three firefighter/paramedics on a short-term basis for the first three years of the new positions.

The immediate hiring of three firefighter/paramedics would provide for a seven-person shift per day every day of the year. Moreover, this would provide a three-person engine company to respond to second medical incidents with three personnel (industry standard) for fire calls.

Additionally, this three-person engine company will provide an opportunity for on-the-job training outside of their normal position and assist with fire prevention activities. Our current cross-staffing model does not allow a firefighter/paramedic to be assigned primarily to the fire engine for their shift. The addition of a third firefighter/paramedic per day would allow for true on the job training to occur and strengthen the knowledge, skills, and abilities of all department members. The shifts that the firefighter/paramedics are assigned to the engine provides opportunities to improve their skill sets in a variety of methods, in non-emergency situations, learning from those in the positions they may like to promote, while under the supervision of the company officer. These types of on-the-job training experiences are invaluable because they are done in the "real-world" with affects from factors that cannot be duplicated in the controlled environment of the training grounds.

Furthermore, this improved training experience is also realized by the fire engineers acting as the company officer when the firefighter/paramedic is improving their skills driving the fire apparatus, all this happening during the normal daily activities of the fire department.

An ongoing increase in funding is essential to create the additional three firefighter/paramedic positions to better handle our current call volume demand, and anticipated growth in the City. In addition, there may be a future need to eventually fund a plan to increase our staffing to eight persons a day every day of the year, as well as funding to restore an Assistant/Division Chief position for overall operational depth.