

Legislation Text

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Agenda Date: 09/19/2017

Subject:

Discussion and possible action to accept the mediation report regarding the Intergovernmental Agreement for Fire and Emergency Services and to instruct the City Attorney to prepare appropriate amendments to the Intergovernmental Agreement for Fire Dispatch Services and to work with staff to prepare an Intergovernmental Agreement for Fire Dispatch Services with South Metro Fire District.

Presented By: Stephen Kemp, City Attorney

POLICY QUESTION:

Does city council support accepting the mediation report regarding the Intergovernmental Agreement (IGA) for Fire and Emergency Dispatch Services?

BACKGROUND: The City of Littleton (City), Highlands Ranch Metropolitan District (Highlands), and the Littleton Fire Protection District (District) agreed to enter mediation to address Highlands and the District's concerns regarding dispatch for fire and emergency medical services. On September 6, 2017 a mediation was held with representatives from the City, Highlands and the District. Mr. John E. Hayes, a respected lawyer with a lengthy career in local government practice, served as the mediator. The City was represented by the city attorney, Acting Deputy City Manager Randy Young, and Fire Chief Chris Armstrong was present as a resource.

The only issue that was the subject of the mediation was the provision of dispatch services. While many other issues about Littleton Fire Rescue (LFR) have been raised in the past, none of those are relevant to this discussion and were not part of the mediation. Issues such as consolidation have no impact on the mediation and its results. Such issues are not part of the existing IGA which is the basis for the mediation.

In the last year, the Cunningham Fire Protection District has ended its relationship with the City. This shifts approximately \$330,000 of costs to the other three parties in the IGA. There is no opportunity to reduce costs from the ending of the Cunningham Fire Protection District as the existing city dispatch center is staffed at the minimum level. As part of addressing costs and use of resources in LFR, the City has explored the concept of using third parties for dispatch services. While there are three parties in theory that could be considered, only one party has common dispatch software that would work with the existing operation. That party is South Metro Fire District (South Metro).

STAFF ANALYSIS: This issue is centered on a single dispute, which is the cost of dispatch services. Using the cost of the existing in-house dispatch services that are managed by LFR, the cost of dispatch in FY 18 is estimated to be \$400,000 more than if the same services were provided by South Metro. This estimate is based on the number of dispatch calls in 2017 at LFR adopted budget and applying the rate South Metro proposes to charge to the same number of calls.

In FY 2018, the cost of dispatch if provided in house by LFR is projected to be \$400,000 more than if the same services were provided by South Metro. In subsequent years, savings will be less due to the fact that the fixed rate established for Fiscal Year 18 will be subject to cost increases due to inflation. The City had a number of concerns that have been addressed in the mediation. First, under prior concepts, the City would be billed for all of the costs of dispatch and Highlands and District would pay the City. While these were calculated for each party separately all of the revenue was paid to the city and placed in the general fund. Secondly, having all of these costs paid for by the City based on revenue collected by the City creates the possibility of future revenue limit issues under the Taxpayer Bill of Rights (TABOR).

The mediator's recommendation addresses the City's concerns. First, the parties would agree that any agreement with South Metro would have the dispatch services billed separately to the City, Highlands and District. Under this scenario, each entity would know exactly what they are paying for dispatch services. Secondly, because the City is not collecting these funds, the revenues collected from Highlands and the District would not be included in the City's revenue limit under Tabor reducing the risk of excess revenues in future years.

The mediator's recommendation has two other significant benefits to the City. First, dispatch services are an area of high liability. In many jurisdictions, cities can be held liable for mistakes made in dispatch. Traditional protections against liability have been eroded. (Illinois, 2016). Other states such as Iowa and California have faced liability over dispatch issues. The mediator's recommendation would minimize the risks to the City by moving dispatch over to a larger entity with substantially more resources. Dispatch operations are extremely personnel intensive. Unlike many other operations, they require consistent minimum levels of staffing resulting in higher overtime expense and staffing. The ability to share dispatch operations spreads the level of risk over a large entity.

Finally, the option of rejecting the mediator's recommendations as contained in his report will result in the termination of the agreement. As the termination provisions are open to a level of interpretation, it is highly likely that there will be litigation over termination issues with expense to the City, plus any award of damages and contract amounts. The mediator's recommendations avoid this issue.

OPTIONS/ALTERNATIVES: Option A: Accept the mediation report for Fire and Emergency Dispatch Services and direct the City Attorney to prepare the appropriate amendment to the existing IGA and the appropriate IGA with South Metro for dispatch services for council approval.

Option B. Reject the mediation report. Both Highlands and the District have indicated should the mediation report be rejected, they will issue a Notice of intent to terminate the IGA effective January 1, 2019.

FISCAL IMPACTS: Reduction in expenditures of \$400,000 for FY 2018 as the result of transferring dispatch to South Metro. Reduction in expenditures for FY 2019 of a lesser amount than 2018 based on increase in consumer price index for metro Denver area.

STAFF RECOMMENDATION: Staff recommends that city council accept the mediation report regarding the IGA for Fire and Emergency Dispatch Services and direct the city attorney and staff to prepare an amendment to the existing IGA paragraph 5 and approve an IGA with South Metro for dispatch services.

PROPOSED MOTION:

I move to approve and accept the mediation report regarding the IGA for Fire and Emergency Dispatch Services and direct the City Attorney to prepare the appropriate amendment to the existing IGA and the appropriate IGA with South Metro for dispatch services for council approval.