June 21, 2016

Marin County Board of Supervisors
3501 Civic Center Drive
San Rafael, California 94903

SUBJECT: Lease Agreement and a Joint Powers Fire Protection Services Agreement between the County of Marin, County Service Area (CSA) 19 and City of San Rafael for land at the Fire Station located at 3530 Civic Center Drive and the provision of shared fire protection services to CSA 19 and the City of San Rafael

Dear Board Members:

RECOMMENDATIONS:
1. Authorize the President to execute the Lease Agreement between the County of Marin, CSA 19 and the City of San Rafael for a 40-year lease of County land for the fire station located at 3530 Civic Center Drive; and
2. Authorize the President to execute a new joint powers Fire Protection Services Agreement between the County, CSA 19 and the City of San Rafael for 10 years (automatically renewing up to 40 years) to provide fire protection services.

SUMMARY: County Service Area 19 (CSA 19) and the City of San Rafael have had an ongoing agreement since 1976 to provide fire protection services to a number of unincorporated areas within CSA 19 which are contiguous to the City of San Rafael. In 1976, the County leased the land, approximately 35,284 square feet, on a 30-year lease term to the City of San Rafael, and the City constructed the fire station at 3530 Civic Center Drive. Current lease and service agreements were extended in 2006 for an additional 10 years, expiring June 30, 2016.

As the current fire station has reached its useful life, County, CSA 19 and San Rafael have reached recommended terms to extend both agreements, including shared costs for construction of a new fire station on the existing site.

Fire Protection Services Agreement
Under the new services agreement, the City will continue to utilize equipment and personnel at Fire Station #57, as well as from its other fire stations in the City, to provide fire protection services to residents of CSA 19 that are comparable to the services being provided by the City's Fire Department within the incorporated boundaries of the City. The City will continue to provide fire protection services to the same areas as have been served under the current agreement.

For the first year of this Agreement, CSA 19 will pay the City $1,850,000, adjusted annually thereafter by the greater of 3.0% or the annual percentage growth in base property tax revenues attributed to CSA 19 (up to a maximum of 7.0% per year),
approximately $200,000 per year more to the City on a net basis than the expiring agreements in acknowledgement of the City’s increased cost of providing services.

The term of the new Fire Protection Services Agreement will commence on July 1, 2016 and continue through June 30, 2026. The agreement will automatically renew for subsequent 10 year periods on the same terms and conditions through 2056, consistent with the Lease Agreement, unless either party terminates the Fire Protection Services Agreement with 36 months’ advance written notice relative to each 10 year anniversary date of the agreement.

**Lease Agreement**

Parties have also agreed to a new lease agreement for the County-owned land that provides for the City to continue to maintain the fire station, and provides both accessibility and hazardous materials indemnifications to the County. The County will continue to lease the land to the City, and the County will receive the fair market rental rate on the land, starting at $142,257 per year, increasing by 3% annually.

The City will design and construct a new Fire Station #57 on the existing site as described in Exhibit A to the lease agreement – a two company prototype of approximately 10,000 square feet with three drive-through bays. Your Board reviewed the City designs and plans for the new fire station at a public workshop May 24, 2016.

The City will bear 54% of the estimated $12.0 million total project cost, with CSA 19 funding 46% in a not-to-exceed sum of $5,520,000. The City will bear any project costs in excess of $12.0 million. The lower CSA 19 share is in recognition that the City is consolidating Medic Unit #53 at 30 Joseph Court into the proposed new Fire Station #57 to meet projected EMS service needs while CSA 19 may only fund fire protection services. The County will also have the option to purchase 30 Joseph Court for $1.0 million for one year commencing upon City occupancy of the new Fire Station #57, which could potentially house the County’s Tamalpais Fire Crew.

The lease term is 40-years, with either party having the ability, upon a three-year notice of any 10-year anniversary period, of intent to terminate the previously referenced Fire Protection Services Agreement. Should either party terminate that Agreement early, the other party shall have the right to purchase the other party’s remaining amortized share of the original capital construction costs of the new fire station (assuming a 40-year amortization of the other’s remaining percentage share of the total $12.0 million gross project costs at a 3.0% discount rate per year) in order to ensure continuity of fire protection services to the community. In any event, the improvements on the site would ultimately revert to the County or CSA 19 in 2056, after the leasehold interest to the City expires.

**FISCAL IMPACT:** There is no cost to the County’s General Fund. The General Fund will maintain its existing rent receipts from the City for use of the County land, generating $142,257 in revenue in year one and inflating 3.0% annually. In addition, the County will have the option to purchase 30 Joseph Court for $1.0 million once the City takes occupancy of the new Fire Station #57 for a one year option period.
These agreements will cost CSA 19 approximately $1.85 million annually for continued operations, inflating between 3% and 7% per year, as well as up to $5,520,000 one-time for CSA 19’s share of the projected $12.0 million total project costs. Funds are available within CSA 19’s budget for this purpose.

REVIEWED BY:  
[ ] Department of Finance  [X] N/A  
[X] County Counsel  [ ] N/A  
[ ] Human Resources  [X] N/A

Feel free to contact me with any questions or concerns.

Respectfully submitted,

Matthew H. Hymel  
County Administrator

Attachments:
1. Lease Agreement  
2. Fire Protection Services Agreement

cc: Jason Weber, Chief, Marin County Fire Department  
    David Speer, Facilities Planning and Development Manager