



City Council

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EUGENE CITY COUNCIL AGENDA

July 8, 2024

5:30 p.m. CITY COUNCIL WORK SESSION

City Council meetings will continue to be held in hybrid format using in person and virtual meeting technology. Information about online or other options for access and participation will be available at <https://www.eugene-or.gov/3360/Webcasts-and-Meeting-Materials>

Meeting of July 8, 2024; Her Honor Mayor Lucy Vinis Presiding

Councilors

Matt Keating, President
Jennifer Yeh
Mike Clark
Lyndsie Leech

Randy Groves, Vice President
Alan Zelenka
Greg Evans
Emily Semple

5:30 p.m. CITY COUNCIL WORK SESSION

1. WORK SESSION: Eugene Springfield Fire Governance Review Update

The Eugene City Council welcomes your interest in these agenda items. This meeting location is wheelchair-accessible. For the hearing impaired, an interpreter can be provided with 48 hours' notice prior to the meeting. Spanish-language interpretation will also be provided with 48 hours' notice. To arrange for these services, contact the receptionist at 541-682-5010. City Council meetings are telecast live on Metro Television, Comcast channel 21, and rebroadcast later in the week.

El consejo de la Ciudad de Eugene agradece su interés en estos asuntos de la agenda. El lugar de la reunión tiene acceso para sillas de ruedas. Se puede proveer a un intérprete para las personas con discapacidad auditiva si avisa con 48 horas de anticipación. También se puede proveer interpretación para español si avisa con 48 horas de anticipación. Para reservar estos servicios llame al 541-682-5010. Las reuniones del consejo de la ciudad se transmiten en vivo por Metro Television, Canal 21 de Comcast y son retransmitidas durante la semana.

For more information, contact the Council Coordinator at 541-682-5010,
or visit us online at www.eugene-or.gov.

July 8, 2024 Work Session

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session: Eugene Springfield Fire Governance Review Update

Meeting Date: July 8, 2024
Department: Eugene Springfield Fire
www.eugene-or.gov

Agenda Item Number: 1
Staff Contact: Chief Caven
Contact Telephone Number: 541-682-7115

ISSUE STATEMENT

In 2022, the City of Eugene and City of Springfield formed a Eugene Springfield Fire Governance Review Panel to evaluate current system structure and consider options to create the most efficient and effective system for fire and life safety services for the community. In the fall of 2023, the cities hired a consultant to conduct a feasibility study. The study is focused on the governance structure, administrative staffing, and functional considerations to address current system challenges. City Council will receive an executive summary of the study and consultant recommendations for next steps .

BACKGROUND

In 2009, Eugene Fire and Emergency Medical Services (EMS) Department and Springfield Fire and Life Safety Department commissioned a Cooperative Services Feasibility Study with Emergency Services Consulting International (ESCI). The study determined a merger was both feasible and advisable for the two cities. In 2010, the two cities entered into a functional consolidation which involved the sharing of several key management and administrative positions through an Intergovernmental Agreement (IGA). Since 2010, Springfield and Eugene have been working as a functionally consolidated agency. As the next step in this process, the Cities of Eugene and Springfield are examining governance models for Eugene-Springfield Fire.

In 2022, a joint-elected Governance Review Panel (GRP) was formed. The GRP consists of two City Council members from Eugene and Springfield and the City Manager for each City. The Eugene Springfield Fire Governance Review Panel was established in 2022 to evaluate and identify the next steps for the governance of the two departments. This work continues efforts to create the most efficient and effective system for fire and life safety services within our community. The panel spent several months discussing current operations and functional delivery. The GRP is also discussing whether the current structure and governance method continues to be the best method or if additional efficiencies can be created through a different governance and service delivery model. The goal of these discussions is to provide sustainable Fire and EMS services to the citizens of Eugene and Springfield.

In August, 2023, the cities hired AP Triton to complete a Feasibility Study. The consultant team has extensive experience evaluating service operations, finances, and service delivery models. AP Triton began meeting with the GRP to provide a full overview of the study and capture their thoughts about the process.

Coordination between Eugene Springfield Fire (ESF) and City staff launched in September. ESF Staff completed requests from the consultant related to data, operational and structure information to support a full assessment of current conditions.

In late October, the consultant team was on site in Eugene/Springfield to conduct stakeholder interviews. The team engaged with more than 50 people, including elected officials from both cities and the fire districts receiving service from ESF, city administration and support, ESF Staff, and IAFF Local 851. In addition, they also toured key facilities in both Eugene and Springfield.

In February, 2024, City Council received an update on the complete of Phase I of the Feasibility Study. Phase I included assessment of the current conditions to include Fire Administration, internal services provided by City Departments, departmental revenue and expenditures. AP Triton identified effective and efficient operational deployment and increased capacity in delivery of services to the Eugene and Springfield communities as critical system advantages as a result of the functional consolidation. AP Triton reported inefficiencies in day-to-day operations, financial management and reporting to two city structures creates challenges for the ESF and staff for both cities.

The assessment of current conditions provided the foundation for completing a strategic analysis of five governance models. The analysis considers information received through the stakeholder interviews and analyzes existing conditions in the organization for the following options:

1. Continue as currently organized with some modifications to existing IGA
2. One City providing service to another
3. Establishing an Intergovernmental Entity through an IGA
4. Establishing a Fire District
5. Dissolving Functional Merger

A summary of the five options is included in Attachment A. The assessment of each option considers governance structure, financial impacts, and operational advantages for each of the options. AP Triton will provide a detailed overview of each option at the upcoming work session.

For additional information related to the GRP process please refer to the [Governance Review Panel website](#).

RELATED CITY POLICIES

This work session relates to two [2023-2026 City of Eugene Strategic Plan](#) focus areas.

- Urgent Community Needs: strategic goal to achieve a greater sense of safety.

- Organizational Wellbeing: strategic goal to improve organizational processes to increase efficiency, balance workload, and meet strategic priorities.

PREVIOUS COUNCIL DIRECTION

[January 24, 2024 Work Session](#)

Brief update on the status of the Governance Review Panel process and Feasibility Study work in progress.

[February 26, 2024 Work Session](#)

AP Triton representatives provided an update on Phase I of the Feasibility Study. Phase I assessment included a review of the current governance structure, departmental revenue and expenses, service system strengths and challenges.

COUNCIL OPTIONS

Information Only.

CITY MANAGER'S RECOMENDATION

None.

SUGGESTED MOTION

None.

ATTACHMENTS

A. Feasibility Study Administrative Staffing & Governance Structure Executive Summary

FOR MORE INFORMATION

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Staff E-Mail: mcaven@eugene-or.gov



Eugene Springfield Fire Department

June 25, 2024

FEASIBILITY STUDY

Administrative Staffing &
Governance Structure

EXECUTIVE SUMMARY



AP TRITON
VISION • INNOVATION • SOLUTIONS

INTRODUCTION

The Cities of Eugene and Springfield retained AP Triton (Triton) to conduct a study to review the feasibility of five governance options for Eugene Springfield Fire (ESF): continuing the existing operational merger between the cities of Eugene and Springfield with a few modifications, establishing an IGA that allows one city to provide service to the other, establishing an IGA to form an intergovernmental entity, establishing a fire district, and dissolving the functional merger and returning to individual city departments.

This study focused on the governance structure, administrative staffing, and functional considerations for ESF. The evaluation of current operational performance was not included in the scope of work for this study.



Triton spent considerable time interviewing stakeholders, assessing

the current conditions, and evaluating the options available. ESF Staff, Eugene and Springfield City Administrations, and Lane Council of Governments worked with the Triton Team to ensure the options explored in the report were fully assessed and evaluated on the following desired outcomes that were expressed by the stakeholders:

- Single governance and administration are achieved.
- Operational advantages of functional consolidation are retained.
- Oversight by the Cities on service levels, policy, and financial issues is ensured.
- Financial impacts are manageable.
- ESF staff's experience is positive.
- Impact on City Administration and Support Services is reduced.
- Financial, administrative, and service delivery sustainability is achievable.
- Long-term planning for Fire/EMS is achievable.
- Recommendation is implemented within a reasonable timeframe.

OPTIONS EVALUATED

Each of the five options are detailed in the full report, however, a summary of each option and how it meets the desired outcomes, including challenges, risks, and additional evaluation required are described in this executive summary.

Through functional consolidation, the capacity of ESF to manage both routine and significant emergencies has significantly improved. This collaboration allows for a more consistent response to emergencies and more effective preparation for the next event compared to operating as individual cities.

Functional consolidation has allowed the cities to collectively eliminate 11.25 administrative positions, resulting in an annual cost reduction of an estimated \$2.5 million in 2023 wages and benefits. The City of Eugene's portion of the cost reduction is \$1.2 million, and the City of Springfield's is \$1.3 million.

Continue as Currently Organized with Some Modifications to the IGA

The key challenges of functional consolidation involve the administrative management and coordination with two separate city councils, and city managers, with differing delegated authority. ESF staff also serve as employees of either Springfield or Eugene with different policies and benefit systems. This structure of governance creates complexity and inefficiency for ESF staff and both cities. The impacts are mostly related to administrative processes, including budgeting, purchasing, payroll, human resources, labor negotiations, disciplinary actions, health benefits, and hiring processes. The different operational processes and policies create complexities often resulting in duplication of effort and additional time. These challenges occur almost daily and create inefficiencies.

In the administrative and support areas, both cities and ESF have made progress in managing the complexities, but persistent issues remain, some large and some small, that cannot seem to be solved.

The following table identifies the findings for this option related to the desired outcomes identified from stakeholder interviews.

Desired Outcomes	Continuing as Currently Organized with Some Modifications
Single Governance and Administration	The current model does not provide single governance or administration, however, modifying the IGA to include a shared governance/City Manager role to oversee ESF could streamline oversight, including the budget process for ESF.
Operational Advantages of Consolidation	Both cities retain the operational advantages gained from functional consolidation.
Oversight by City	Both cities retain oversight of their city's financial obligations.
Financial Impacts	<ul style="list-style-type: none"> Five additional administrative positions are recommended as part of managing the administrative complexities of ESF at an estimated cost of \$900,000. Potential increased costs for city departments to manage the existing complexity of the system.
ESF Staff Experience	<ul style="list-style-type: none"> Employees work well together as a team; however, they work for different employers and experience frustrating administrative challenges daily. Administratively, the duplication of work with both cities is not sustainable.
Impact on City Administration and Support Services	The workload for the City Administration will continue to be inefficient and complex compared to other city departments. ESF staff employed by either Eugene or Springfield is a significant cause of this inefficiency.
Sustainability	The workload involved in managing the challenges and inefficiencies is not sustainable.
Long-Term Planning for Fire/EMS	<ul style="list-style-type: none"> Each city can plan for its needs in the long term. ESF is unable to plan long-term due to the ability to terminate the agreement; however, enhancing the involvement of both City Managers in working with ESF Staff could allow for longer-term planning.
Time to Implement	This model is currently in place and would only require time to implement any enhancements or modifications.

One City Providing Service to Another Through an IGA

This option would transition the day-to-day operation and employment of staff for ESF to be administered and supported by one of the cities; however, the two City Managers could agree to collaborate in addressing issues such as budgeting, strategic planning, standards of cover, and other items that can have a future financial and service level impact on both cities fire and EMS service.



The following table identifies the findings for this option related to desired outcomes identified from stakeholder interviews.

Desired Outcomes	One City Providing Service to the Other
Single Governance and Administration	Provides single governance and administration from the city chosen to oversee and support ESF
Operational Advantages of Consolidation	Both cities retain the operational advantages gained from functional consolidation.
Oversight by City	The city providing the service would have more decisionmaking authority and influence over ESF, however, this could be minimized with language in the IGA providing collaboration between the two cities.
Financial Impacts	<ul style="list-style-type: none"> Five additional administrative positions are recommended as part of managing the administrative complexities of ESF at an estimated cost of \$900,000. Increased costs for the city selected to provide service and a potential challenge in "right sizing" the support costs for the city no longer supporting the fire department. If Springfield provides the service, the cost of health benefits and PERS costs would be reduced by an estimated \$3.2 million for ESF, however, a new actuarial evaluation of Springfield's PERS rate may impact all Springfield employees.

Desired Outcomes	
	<ul style="list-style-type: none"> • If Eugene provides the service, the cost of health benefits and PERS retirement would be increased by an estimated \$1.2 million for ESF. • Either City not providing health benefits may be challenged in sustaining their city's health plan.
ESF Staff Experience	This option would streamline administrative services for ESF Staff while maintaining the operational benefits of the functional consolidation.
Impact on City Administration and Support Services	<ul style="list-style-type: none"> • The city taking on the responsibility will need to determine if they can manage a larger workforce and additional facilities for the Fire Department and at what cost. • The city not assuming the responsibility would need to "Right Size" their support services, leading to sharing the infrastructure costs among a smaller number of city departments. Both cities have indicated they may not be able to reduce these support service costs.
Sustainability	This option would be sustainable if the city selected determines it has the capacity to provide the service.
Long-Term Planning for Fire/EMS	This option would improve the long-term planning for ESF, however, the city not providing the oversight may not have as much influence in its fire service delivery.
Time to Implement	Both cities' administrations would require time to assess the capacity and cost of the transition and then determine the time it would take to develop capacity for the city selected to provide service.



Establishing an Intergovernmental Entity through an IGA

An intergovernmental entity (IGE) is a public body and a municipal corporation with governmental powers and responsibilities provided to the entity by the cities through an IGA (an IGA does not have the ability to levy taxes).

An IGE is created when two or more governments enter into a written agreement, approved by a vote of the founding governments' governing bodies (for example a city council). This agreement delegates certain governmental tasks and responsibilities to a newly created Board with representatives from the governments creating the IGE. Intergovernmental entities typically provide a single government service.

AP Triton has proposed a member fee structure to provide accurate and transparent cost sharing and allow each city to add unique services that do not impact the other city. A detailed review of this is available in the full report.

The following table identifies the findings for this option related to the desired outcomes identified from stakeholder interviews.



Desired Outcomes	
Desired Outcomes	Establishing an Intergovernmental Entity
Single Governance and Administration	Forming an IGE Board with representatives from both Councils along with the City Managers will provide a single governance and administration for ESF.
Operational Advantages of Consolidation	Both cities retain the operational advantages gained from functional consolidation.
Oversight by City	Both cities maintain policy and financial oversight through representation on the IGE Board and each council retains the authority to approve the proposed ESF budget.
Financial Impacts	<ul style="list-style-type: none"> Five additional administrative positions are recommended as part of managing the administrative complexities of ESF at an estimated cost of \$900,000. Forming a new entity provides the option to use either independent or pooled rates (SLGRP) from PERS. The independent rate could offer an estimated \$4 million per year in savings on PERS costs for the first two years. However, the PERS actuaries will reassess the liabilities
	<p>approximately two years after forming the IGE, which could result in an increase in rates.</p> <p>The SLGRP Pool Rate will increase PERS costs for ESF by an estimated \$630,000 each year. This rate could also change after the actuaries assess ESF, however, employers in the pool are more insulated from certain impacts to their rate through the “pooling” of the risk, leading to potentially more stable rates over the long term.</p> <p>Note: If ESF chooses to be rated as an Independent, they can move to the SLGRP in the future. Once an entity joins the SLGRP, that decision is irrevocable.</p> <ul style="list-style-type: none"> Health Insurance costs will need to be evaluated further. If all employees are transferred to the Springfield plan, ESF could experience an estimated savings of \$1.3 million each year. If all employees are transferred to Eugene's health plan, ESF would see an estimated increase of \$580,000. Either City not providing health benefits may be challenged to maintain sustainability of their health plan.

ESF Staff Experience	This option would streamline the experience and provide additional control of some administrative services for ESF Staff while maintaining the operational benefits of the functional merger.
Impact on City Administration and Support Services	<ul style="list-style-type: none"> The new IGE would have the opportunity to determine where they will receive support services for finance, HR, and IT. This process will require each city to consider if it can support ESF and what the cost would be. ESF would consider the services they would retain, and which would be contracted to one of the cities. Facilities and apparatus maintenance and replacement are proposed to remain the responsibility of each city.
Sustainability	ESF should be sustainable once the cities reach consensus on the development of the IGA and see value after the review of the costs.
Long-Term Planning for Fire/EMS	This option provides reasonable long-term planning if a tenyear agreement is established, however, the ability for either city to terminate the agreement will hamper true long-term planning and infrastructure development for ESF.
Time to Implement	Implementing this option is anticipated to take 12–18 months to work through all the specifics of the agreement and finalize cost estimates. Implementation may take another 3-6 months.

Establishing a Fire District

Special districts are a form of local government that provide specific services within a defined local service area. A special district is an independent entity with its own elected Board and the ability to levy taxes, separate from the governance and funding from a city or county.

The following table identifies the findings for this option related to the desired outcomes identified from stakeholder interviews.

Desired Outcomes	Establishing a Fire District
Single Governance and Administration	The new Fire District Board provides single governance and administration.
Operational Advantages of Consolidation	Both cities retain the operational advantages gained from functional consolidation.
Oversight by City	Neither city will have oversight of the Fire District; the Board of Directors would be elected by the citizens.

Desired Outcomes	
Financial Impacts	<ul style="list-style-type: none"> The initial estimate of a tax rate for ESF would be at least \$2.52 per \$1,000. Both cities should reduce their property tax collection by an equal amount. Springfield could eliminate their fire levy and reduce the overall city tax rate equivalent to \$2.52. Springfield is currently experiencing compression for its two local option levies. With the elimination of the fire levy, the \$155,000 current tax compression loss in the Fire Levy may have an impact across the other levies. However, that impact could be reduced if Springfield reduces their overall tax collection greater than \$2.52. Forming a new fire district provides the option to use either independent or pooled rates (SLGRP) from PERS. The independent rate could offer an estimated \$4 million per year in savings on PERS costs for the first two years. However, the PERS actuaries will reassess the liabilities approximately two years after forming the district, which could result in an increase or decrease in rates. The SLGRP Rate will increase PERS costs for ESF by an estimated \$630,000 each year for the first two years. This rate could change after the actuaries assess ESF, however, employers in the pool are more insulated from certain impacts to their rate through the “pooling” of the risk, potentially leading to more stable rates over the long term.
	<p>Note: If ESF chooses to be rated as an Independent, they could move to the SLGRP in the future. Once an entity joins the SLGRP, that decision is irrevocable.</p>
ESF Staff Experience	This option would streamline and provide additional control of administrative services for ESF Staff while maintaining the operational benefits of the functional merger.
Impact on City Administration and Support Services	Both cities will be required to “right size” their support service functions without their former Fire Department sharing in the costs, both cities have indicated they may not be able to reduce these support service costs.
Sustainability	This option is sustainable and will provide a level of service consistent with the existing growth and limitations of the Oregon Property Tax system.
Long-Term Planning for Fire/EMS	This option provides long-term planning for Fire and EMS in the total response area for ESF.

Time to Implement	Forming a Fire District will require several steps, including a vote of the people to accept the new taxing district and election of the Board of Directors.
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Dissolving the Functional Merger

Dissolving the functional merger and returning ESF to individual city fire departments may be necessary if none of the other options are palatable for both cities. The following table identifies the findings for this option related to the desired outcomes identified from stakeholder interviews.

Desired Outcomes	Dissolving the Functional Merger
Single Governance and Administration	The cities would be providing governance and administration services for their Fire Department.
Operational Advantages of Consolidation	The cities would not retain the benefit of the shared operational services, however, retaining the same operational protocols would assist in interoperability between the two agencies for major emergencies.

Desired Outcomes	
Oversight by City	Each city will provide full oversight for its Fire Department.
Financial Impacts	<ul style="list-style-type: none"> • Triton recommends Eugene add a minimum of five positions at an estimated cost of \$1.1 million. • Triton recommends Springfield add a minimum of three positions at an estimated cost of \$800,000. • Springfield support services have allowed the City of Eugene to take responsibility for several support functions; Springfield would need to enhance their support for fire department support service requirements.
ESF Staff Experience	The ESF staff would be separated and operate only in their city; very few of the staff desire a separation.
Impact on City Administration and Support Services	Each city would support its individual city fire department, reducing the complexity of its support services.
Sustainability	Returning to individual city fire agencies is sustainable, however, the depth of service experienced with ESF would not be achievable for either city.
Long-Term Planning for Fire/EMS	Both cities would be able to plan long-term for their city's needs.
Time to Implement	Triton estimates it would take approximately 12 months to work through the action items identified for separation, however, the existing IGA allows for two fiscal years to terminate the agreement.

Recommendation

The creation of a new intergovernmental entity (IGE) with shared governance provided by both cities best meets most of the desired outcomes we heard from stakeholders.

Creating a new IGE to operate the fire department would provide a feasible solution to many of the challenges faced while maintaining accountability to both governing bodies. This new entity can be structured in a way that ensures appropriate representation and decision-making power from both cities. The Cities will have to determine if the governance is equally distributed or weighted in some manner to the larger city.



Both entities stand to benefit from ongoing annual cost reductions from the shared administration. Triton is recommending the addition of five additional administrative positions as part of operating ESF at an estimated cost of \$900,000.

ESF may see an initial decrease in PERS costs amounting to an estimated \$4 million per year in the first two years by establishing a new entity the independent rate or see an initial increase of \$630,000 per year for the first two years using the SLGRP “Pool” rate. Both rates are subject to adjustment once the PERS actuaries evaluate the new entity. The SLGRP rate shares the cost of certain rate impacts with a pool of employers where the individual rate is directly impacted by their experience. The cities will have to determine which plan they want ESF to participate in. If the independent rate is initially chosen, ESF can move to the SLGRP rate in the future. Once the SLGRP rate is chosen the decision is irrevocable.



The suggested member fee model, tailored to reflect the demand for services, ensures that the shared expenses of ESF are precisely defined and transparently accounted for in a fair proportional manner.

Triton is recommending that all ESF staff transition to employment with the new entity and the bulk of city-level support services be provided by one city or the other or by ESF itself. Eugene and Springfield would retain ownership and responsibility of their fire stations and apparatus.

Implementation

Triton has developed action plans to advance toward the development and implementation of an IGE. Triton advocates taking incremental steps, focusing on a few action items at a time. This approach allows both cities to ensure their needs are addressed and that the chosen solutions for each issue are mutually acceptable.

CRITICAL ISSUE

The Cities will need to agree on Governance as the first step in establishing an IGE.

While there are a multitude of issues that need to be evaluated by both cities as they work through the action items, the most critical issue to address is defining governance and the voting weight for each city for the new entity.

Closing

Through functional consolidation, the capacity of ESF to manage both routine and significant emergencies has significantly improved for both cities. The cities also benefit from some cost reductions through shared administration, however, the value of ESF is more in the depth of service to the community than the cost savings.

Triton considers the IGE is the best option for continuing to provide this higher level of service in a sustainable manner for both communities. The remaining three options (continuing with functional consolidation; one city contracting with the other; or forming a fire district) did not meet enough of the desired outcomes to be a consideration.

If the cities are unable to reach a consensus as they work through the action items or find insufficient value in this endeavor, Triton advocates for dissolution of the functional consolidation agreement and a return to individual fire departments. As part of this study, Triton has developed detailed action plans for dissolution, ensuring a smooth transition if such a decision is reached.