

**Imperial Beach and Chula Vista MSAs****Summary of Major Differences between Current MSAs, MSAs proposed at the December 8, 2020 BPC Meeting, and MSAs proposed at the December 28, 2020 Meeting**

**\*Note: unless indicated, terms are applicable to both IB and CV. Provisions that were specific to one City are noted below.**

<b>Provision</b>	<b>Current MSA</b>	<b>MSA Proposed at the 12/08/20 BPC Meeting</b>	<b>MSA Proposed at the 12/28/20 BPC Meeting</b>
IB Scope of Services	IB previously had two MSAs – one for sheriff, fire, emergency medical, lifeguard, and animal control services, and one for tidelands maintenance services. These two agreements were substantively the same other than the services being provided under each agreement, the associated costs, and the exhibits describing those services. (Section 1.A and Attachment A of Current IB MSAs)	One MSA to govern IB’s provision of sheriff, fire, emergency medical, lifeguard, animal control, and tidelands maintenance services. “Scope of Services” attached as Exhibits 2-A and 2-B includes description of all such services. IB’s Scope of Services, including maintenance, was updated from their previous MSA based on new services and costs. (Section 1 and Exhibits 2-A and 2-B of December 8 Proposed IB MSA)	No change.
CV Scope of Services	Police, Fire, and Emergency Services (Section 1.A and Attachment A of Current CV MSA)	CV’s scope of services was proposed to be continued from the existing agreement until the first baseline reset in 2022. At that time, CV would submit a new baseline proposal and negotiations would commence. (Section 1 and Exhibit 2 of December 8 Proposed CV MSA)	No Change.
Term	Nine (9) years commencing on July 1, 2012 through June 30, 2021. (Section 2 of Current IB and CV MSAs)	Forty (40) years commencing on July 1, 2020 through June 30, 2060. Upon execution, new MSAs provide for automatic termination of prior MSAs.	Ten (10) years commencing on July 1, 2020 through June 30, 2030. Upon execution, new MSAs provide for automatic termination

		(Sections 2 and 17 of December 8 Proposed IB and CV MSAs)	of prior MSAs. (Sections 2 and 17 of Updated Proposed IB and CV MSAs)
Termination	Terminable by either party without cause upon six (6) months' notice prior to start of next FY (cannot terminate mid-fiscal year). (Section 14 of Current IB and CV MSAs)	<p>IB: terminable by either party without cause upon six (6) months' notice at any time. (Section 17 of IB MSA)</p> <p>CV: terminable by mutual agreement in first ten (10) years; thereafter terminable by either party without cause upon six (6) months' notice at any time. (Section 17 of December 8 Proposed CV MSA)</p>	<p>IB: no change.</p> <p>CV: until July 1, 2023, terminable by mutual agreement except in the event that (i) the Board fails to approve of an updated Baseline Rate as part of 2022 Baseline Rate reset discussions, in which case either party can terminate upon six (6) months' notice, or (ii) as part of 2022 Baseline Rate reset discussions, the Board approves of a Baseline Rate that the City finds unacceptable, in which case the City can terminate by providing six months' notice within sixty (60) days of the Board's action.</p> <p>From and after July 1, 2023, terminable by either party without cause upon six (6) months' notice at any time.</p> <p>(Sections 3.b and 17 of Updated Proposed CV MSA)</p>
Yearly Baseline Rate Adjustments	Annual escalations based on San Diego County CPI and capped at 4%; provided that if the District's operating revenue	Automatic 3% yearly annual increases; minimum increases also applicable to	Automatic 3% yearly increases, provided that no minimum increase applicable to Baseline

	<p>growth is less than the CPI adjustment, compensation to be adjusted based on District's financial performance and service levels adjusted accordingly.</p> <p>If District's revenue growth is negative, downward adjustment floor of -4%.</p> <p>(Section 3 of Current IB and CV MSAs)</p>	Baseline Reset Dates. (Section 3.c of December 8 Proposed IB and CV MSAs)	Reset Dates; Board may approve increase, decrease, or no change to Baseline Rate as part of Baseline Rate reset discussions. (Sections 3.b and 3.c of Updated Proposed IB and CV MSAs)
Baseline Rate Reset Discussions	<p>District and City shall have the option to reevaluate service needs every three (3) years as needed. If need for reevaluation is mutually determined by District and City, discussions may start on third contract year with adjustments to apply in fourth contract year. (Section 1.E of Current IB and CV MSAs)</p> <p>*NOTE: Even if the parties reach mutual agreement on the need to reevaluate service levels, the current MSAs lack detail to govern process for reaching agreement on service needs going forward.</p>	<p>CV Baseline Reset Dates of July 1, 2022, July 1, 2025, July 1, 2030, July 1, 2040, July 1, 2050. (Section 3.b of December 8 Proposed CV MSA)</p> <p>IB Baseline Reset Dates of July 1, 2030, July 1, 2040, and July 1, 2050. (Section 3.b of December 8 Proposed IB MSA)</p> <p>City to provide a new proposed Baseline Rate to the District six (6) months prior to any Baseline Reset Date, including reasonable justification and supporting documentation for new Baseline Rate and an updated Scope of Services. Parties to use good faith efforts to negotiate and agree on a new Baseline Rate; if parties fail to agree on or before twelve (12) months after District receives a new Baseline Rate proposal, current Scope of Services to remain in effect and existing Baseline Rate subject to annual 3% escalation. (Section 3.b of December 8 Proposed IB and CV MSAs)</p>	<p>CV Baseline Reset Dates of July 1, 2022, and July 1, 2025. (Section 3.b of Updated Proposed CV MSA)</p> <p>IB Baseline Reset Date of July 1, 2025. (Section 3.b of Updated Proposed IB MSA)</p> <p>For both Updated Proposed IB and CV MSAs, and as part of Baseline Rate reset discussions, any updated Baseline Rate (and accompanying Scope of Services) to be approved by the Board in its sole and absolute discretion. If Board fails to approve of an updated Baseline Rate on or before twelve (12) months after District receives a new Baseline Rate proposal, then either (i) current Scope of Services to remain in effect and existing Baseline Rate subject to annual 3% escalation, or (ii) either party</p>

			may terminate by providing six (6) months' advance written notice. (Section 3.b of Updated Proposed IB and CV MSAs)
Service Level Adjustments	<p>District permitted to adjust service levels or adjust compensation based on unanticipated events, including but not limited to: (i) unanticipated events that would require budget cuts; (ii) significant bad debt, pension cost increase, pollution remediation, significant loss or settlement payment from litigation; (iii) major maintenance projects needed to preserve revenue streams or capital investment; (iv) unforeseen need to comply with current regulatory requirement or legal mandate; (v) need to replenish reserves when reserves drop below current policy.</p> <p>District or City may adjust service levels in the event of exogenous shocks as a result of acts of nature or catastrophic events (<i>e.g.</i>, storms, wildfires, and/or 9/11 type incidents).</p> <p>(Sections 3.C, D, and F of Current IB and CV MSAs)</p> <p>*Note: no mention of compensation adjustment for exogenous shocks. General lack of detail regarding how</p>	<p>"Adjustment Events" defined as (i) unanticipated events that would require District budget cuts in the Service Year during which the events or needs occur and/or the Service Year immediately thereafter, (ii) force majeure type events beyond the control of a party, (iii) expenses associated with bad debt, benefit cost increases, pollution remediation costs, judgments, and/or settlement costs, (iv) unanticipated costs associated with regulatory requirements or legal mandates, or (v) a need by District to replenish reserves should reserves fall below levels then required by Board policies. (Section 3.d of December 8 Proposed IB and CV MSAs)</p> <p>In the District's case, following any Adjustment Event, or in the case of the City, following Adjustment Event (ii) noted above or the City providing reasonable justification that the Baseline Rate then in effect is insufficient to pay for the services being provided, the applicable party can request a service level adjustment. Any final adjustment is ultimately subject to</p>	<p>No change, except that Baseline Rate floor not applicable during Baseline Rate reset discussions. Service levels still cannot be adjusted to a level to where the value of the services is less than the Baseline Rate then in effect. (Section 3.b and 3.c of Updated Proposed IB and CB MSAs).</p>

	<p>service levels and/or compensation would be adjusted following an enumerated event.</p>	<p>the District's prior written approval, not to be unreasonably withheld, conditioned, or delayed. Following approval of an adjustment, levels of service and compensation to be adjusted accordingly. (Section 3.f of December 8 Proposed IB and CV MSAs)</p> <p>*Note: Baseline Rate floor (initial rate plus 3% annual adjustments) in place despite any service adjustment, but service levels are never to be adjusted to a level to where the value of the services is less than the Baseline Rate then in effect. (Section 3.c of December 8 Proposed IB and CV MSAs)</p>	
Deferred Payments	Not applicable.	<p>Following occurrence of one of more Adjustment Events (described above), District may defer an amount equal to the annual 3% Baseline Rate increase attributable to a given future Service Year or Years provided that District cannot defer such amount attributable to more than five (5) years during the term on a cumulative basis. Amounts deferred in a given year or years shall be repaid in the years that follow the deferral period (<i>e.g.</i>, if District elects to defer annual increase attributable to one year, amounts must be repaid in the year thereafter; if the District elects to defer three concurrent years, amounts must be repaid over the three</p>	No change.

		years that follow the three year deferral period). (Section 3.e of December 8 Proposed IB and CV MSAs)	
Lifeguard Equipment	In connection with provision of lifeguard services, District would periodically reimburse IB for equipment needed in connection with lifeguard services; however, reimbursement procedure was not provided for in MSA.	Each year, IB to submit to District a New Lifeguard Equipment Budget outlining equipment that is reasonably necessary in connection with providing lifeguard services. District to approve or deny reimbursement in its sole and absolute discretion. (Section 3.g of December 8 Proposed IB MSAs)	No change.
Updated Record Retention Audit Rights			<p>Updated records provision expand on records to be retained by cities in connection with the services provided.</p> <p>Updated audit rights contemplate the District, at its discretion but no more than once per FY, completing a performance audit/service study to establish metrics to measure the costs of the services for the FY under review and expected costs for future years. Cities to reasonably cooperate with the District in connection with any audit and the results of any performance audit/service study are to be taken into account during Baseline Rate reset discussions.</p>

			(Sections 3.b and 4 of Updated Proposed IB and CV MSAs)
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