

# Municipal Services Agreements (MSA)

*File #2021-0235 | Agenda Item #12*

*June 15, 2021 BPC Meeting*

Draft Presentation- Subject to Change

## **MUNICIPAL SERVICES AGREEMENTS:**

**(A) RESOLUTION AUTHORIZING A 9-YEAR MUNICIPAL SERVICES AGREEMENT THROUGH JUNE 30, 2030 WITH THE CITY OF NATIONAL CITY FOR POLICE, FIRE, AND EMERGENCY SERVICES ON NON-AD VALOREM DISTRICT PROPERTY LOCATED IN THE CITY OF NATIONAL CITY, WITH BASELINE RESETS IN 2022 AND 2025**

**(B) RESOLUTION AUTHORIZING A 5-YEAR MUNICIPAL SERVICES AGREEMENT THROUGH JUNE 30, 2026 WITH THE CITY OF SAN DIEGO FOR POLICE, FIRE, AND EMERGENCY SERVICES ON NON-AD VALOREM DISTRICT PROPERTY LOCATED IN THE CITY OF SAN DIEGO, WITH BASELINE RESETS IN 2023 AND 2025**

**(C) RESOLUTION AUTHORIZING A 1-YEAR EXTENSION TO THE EXISTING MUNICIPAL SERVICES AGREEMENT THROUGH JUNE 30, 2022 WITH THE CITY OF CORONADO FOR POLICE, FIRE, AND EMERGENCY SERVICES ON NON-AD VALOREM DISTRICT PROPERTY LOCATED IN THE CITY OF CORONADO**

# History and Authority for MSA's

- The member cities provide emergency services to non-ad valorem tax paying tidelands such as parks and roads.
- For the purpose of staff's analysis, parcels were considered non-ad valorem taxpaying tidelands if they did not pay possessory interest tax.
- The concept of paying member cities for these services provided to the District dates back to the formation of the District. Section 31 of the Port Act expressly allows us to contract for services with the cities if we don't provide them ourselves.
- MSA payments from the District range from 0.02% of total member city budgets (including operating budget and other funds) to up to 15%

# MSA Negotiations Timeline



# Staff Actions Taken

- Completed production of GIS Maps / Possessory Interest Tax analysis.
- Distributed GIS Maps to all member cities (including CV and IB).
- Worked closely with Coronado and San Diego to refine parcel mapping.
- Met with San Diego, National City, and Coronado to continue discussions.
- Completed analysis of San Diego calls for service with alignment between the parties.
- Conducted preliminary analysis of Coronado calls for service but no final resolution reached.
- Reviewed budgets of San Diego and Coronado for relevant information.
- National City preferred delaying negotiations for a new baseline.

# Annual Payments and 3% Escalator

- Under the two new proposed MSA's, and subject to scheduled resets, the Baseline Rate would be **increased by 3% annually**.
- Over the current term of the existing MSA's, the annual adjustment has grown at a compound annual growth rate of **approximately 2%** with the **most recent annual adjustment at 2.6%**.
- Public safety / emergency services budgets in the member cities have grown at a median compound annual growth rate of **approximately 4.9%** over the last eight fiscal years.

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# Methodology

## **1. Identify applicable non-possessory interest taxpaying tidelands parcels in each member city**

- Obtained possessory interest tax data on all member cities from the county
- If a parcel paid even \$1 of possessory interest tax, it was excluded from the analysis
- GIS maps reflect best available information

## **2. Obtain calls for service data for police, fire, and emergency medical services**

- Exclude calls to other agencies within tidelands boundaries (airport, county, etc.)
- Exclude calls reasonably attributable to possessory interest taxpaying parcels
- Select representative as opposed to outlying or partial years
- Agree upon a calls for service number that's representative of service provided to tidelands

## **3. Review budget information and exclude irrelevant / inapplicable costs**

## **4. Apply negotiated calls for service number against applicable budget**

# San Diego – Fire / EMS Calls for Service Data

- **2-Year Average (2018/2019):** 735 calls for service on tidelands
- **2-Year Average Calls for Service:** 132,316
- **Tidelands calls as % of Total:** 0.56%

## Included in the data:

- Calls we believe SDFD provided to non-possessory interest taxpaying Tidelands.

## Excluded from the data:

- Calls inside the Convention Center.
- Calls to Port tidelands businesses that pay possessory interest tax.
- Calls to other City of San Diego addresses, the Airport, the County, and the Navy



# San Diego – Police Calls for Service Data

- Extensively reviewed and analyzed data provided by SDPD
- Proposed – and City agreed – that HPD and SDPD calls for service essentially offset each other
- Some services provided by SDPD do not necessarily have an offset at HPD
  - Detective costs, property handling, records, and labs
  - Agreed on a two-year average of these other costs \$225,264

## **Included in the data:**

- Calls we believe SDPD provided to non-possessory interest taxpaying properties on Tidelands.

## **Excluded from the data:**

- Calls inside the Convention Center.
- Calls to Port tidelands businesses that pay possessory interest tax.
- Calls to other City of San Diego addresses, the Airport, the County, and the Navy.

# Coronado Overview

- City retrieved calls for service data for FY 2018, 2019, and 2020.
- Based on the average of these three years, Coronado identified:
  - **2,685 police calls for service** (versus 45,968 citywide) and
  - **97 calls for fire and emergency services** (versus 2,128 citywide)
- Some of these calls were associated with addresses that pay possessory interest taxes on Coronado tidelands, and not all reporting addresses indicate where the service was rendered
- District and Coronado staff then began negotiating appropriate adjustments.

# Coronado MSA Extension

- Coronado staff reached out to the District to request additional time for negotiations.
  - Former City Manager Blair King recently left Coronado.
  - The process of selecting a new City Manager has not been completed.
  - Coronado requested more time to review the template and negotiate the baseline.
- As an alternative to accommodate Coronado, District staff negotiated a 1-year extension to the existing MSA at three percent (3%) and to otherwise keep the existing terms and service levels intact.
- District staff recommends a 1-year extension at a new rate of **\$1,186,119**

# National City MSA

- National City staff requested the new template, 9-year agreement with a baseline reset in 2022 and an increase to the existing MSA at three percent (3%).
- Baseline resets were negotiated for 2022 and 2025, with negotiations for 2022 to begin July 1, 2021 and to be complete by December 14, 2021.
- District staff recommends a 1-year extension at a new rate of **\$1,310,324**.

# Summary

- National City: New 9-year agreement with 3% increase and baseline reset in 2022 and 2025 and negotiations for 2022 to commence July 1, 2021 and be complete by December 14, 2021 BPC meeting.
- San Diego: New 5-year agreement with baseline adjustments in 2023 and 2025.
- Coronado: One-year extension to existing MSA at 3% increase.

		<b>FY 21</b>		<b>FY 22</b>
<b>IB (w/o maintenance)</b>	\$	4,071,914	\$	4,232,013
<b>Coronado</b>	\$	1,151,572	\$	1,186,119
<b>Chula Vista</b>	\$	1,103,646	\$	1,136,755
<b>San Diego</b>	\$	853,500	\$	1,550,699
<b>National City</b>	\$	1,272,159	\$	1,310,324
<b>IB (maintenance only)</b>	\$	1,053,406	\$	1,183,900
<b>TOTAL</b>	\$	9,506,197	\$	10,599,810

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