



**STAFF REPORT  
HOLLISTER CITY COUNCIL  
MEETING DATE: April 21, 2025  
REPORT # City Manager-2025-24**

**AGENDA ITEM: PROPOSED FIRE PROTECTION SERVICES CONTRACT AMENDMENT TERMS WITH THE COUNTY OF SAN BENITO AND THE CITY OF SAN JUAN BAUTISTA**

**DEPARTMENT:** City Manager

**DEPARTMENT HEAD:** David Mirrione, City Manager

**STAFF CONTACT:** David Mirrione, City Manager

**RECOMMENDED ACTION:** Receive report and provide City Manager direction regarding the Fire Protection Services contract amendment terms with the County of San Benito and the City of San Juan Bautista and the Fire District Feasibility Study.

**DISCUSSION:** Since 2013, the City of Hollister has provided fire protection services via a contract to the County of San Benito and the City of San Juan Bautista. Since the inception of the first contracts, the contracts were renegotiated in 2016 and 2019. At the request of the City Council, staff provided a presentation regarding the fire services contracts on May 6, 2024. On June 4, 2024, the City Council expressed the intent to issue a notice of termination regarding the fire services contracts with the County of San Benito and the City of San Juan Bautista. To comply with Council's direction, staff drafted the necessary resolution and notices of termination and received approval from the City Council on June 18, 2024 to issue the notices. These notices were issued on June 20, 2024 and would adjust the termination date of the contracts from December 31, 2025 to March 17, 2025. These documents formally informed the respective agencies of the City's intention to terminate the fire services contracts; however, the notices also indicated that the City was willing to work with the agencies in lieu of termination. City staff then worked with the staff from both agencies to renegotiate the terms of the contracts.

On January 7, 2025, the City Council created an ad-hoc committee to negotiate the fire protection contracts and appointed Mayor Stephens and Councilmember Resendiz to serve on the committee. On January 21, 2025, the City Council directed the City Manager to rescind both 270-day termination notices. By rescinding the notices, the contracts were then set to expire on their original expiration date of December 31, 2025. However, the current contracts have provisions to automatically extend an additional calendar year if the contracts are not terminated according to the contract terms. As such, on March 24, 2025, the City Council subsequently agreed to issue a new 270-day notice to prevent the contracts from being automatically extended. The new 270-notices were then issued to the County of San Benito and the City of San Juan Bautista on March 25, 2025.

Concurrently to the negotiations, the three jurisdictions have partnered to conduct a Fire District Feasibility Study with the City of San Juan Bautista serving as the lead agency. The City of San Juan Bautista issued a Request for Proposals for the study and recently awarded a contract to Baker Tilly. This project will be overseen by the Fire Protection Advisory Committee, which is comprised of two elected officials from each of the three jurisdictions.

Since the formation of the City of Hollister's ad-hoc committee, negotiations have been actively underway. As a result of these negotiations, the ad-hoc committee finalized a set of proposed terms for both the County of San Benito and the City of San Juan Bautista contract amendments which are included as attachments to this agenda item along with the current fire protection contracts for both agencies. These amendments were presented to the City Council at its March 17, 2025 meeting and consensus was reached to bring the amendments back to Council for approval of the proposed terms.

On March 18, 2025, the County of San Benito Board of Supervisors convened via a special meeting to review and discuss the proposed amendment terms. The Board of Supervisors voted to provide staff direction to return to legal to review and to return Amendment #1 for Board review and approval. On March 20, 2025, the County of San Benito Board of Supervisors convened via a special meeting to consider the approval of Amendment #1 to the Fire Protection Services Agreement and provide staff direction if desired. The Board of Supervisors voted to reject Amendment #1 and counteroffer with Amendment #1 contingent upon removal of the paragraph included in Section 1.C of the amendment that references the ability of the City of Hollister to "brown out" Station 3 at its sole discretion.

At the March 18, 2025 San Juan Bautista City Council meeting, the San Juan Bautista City Council reviewed and discussed the proposed amendment terms. The San Juan Bautista City Council voted to reject the proposed amendment, requested their fire negotiations ad-hoc committee hold negotiations with both the City of Hollister's and the County of San Benito's fire negotiation ad-hoc committees, and to include the City of Hollister Fire Chief, the Interim City Manager of San Juan Bautista, and the City Manager of Hollister in these negotiations.

At the March 21, 2025 Special Meeting of the Hollister City Council, staff provided a report regarding the requests of both the County of San Benito and the City of San Juan Bautista. Staff also provided an update regarding potential options moving forward. Upon reviewing the potential options, receiving public comment, and holding a discussion, the City Council directed the City Manager via consensus on the option below.

### **Option E**

- Minimum 3-0 staffing at stations
- Prepare set of proposed terms that treat the County and City of San Juan Bautista as one partner
- One comprehensive price and set of terms
- Terms prepared in partnership with the Hollister Fire Negotiations Ad-Hoc Committee, Fire Chief, Fire Union President, and City Management
- County of San Benito and San Juan Bautista to work together to develop partnership to meet the proposed terms of the City of Hollister
- Each agency provides City of Hollister with one-time payment for Fiscal Year 2024-25 within 30 days to compensate the City of Hollister for the financial impact during the ongoing negotiating process
- Issuance of 270-day termination notices to the County of San Benito and the City of San Juan Bautista
- Inclusion of 90-day provision to complete negotiations

During prior legal review of the Contracts, it was determined that they would terminate on the 270th day after the provision of notice. This assessment remains correct; however, upon additional review and reassessment of potential implications regarding such notice, it was the recommendation of the City Attorney that the 270-day notice should be provided in a manner that ensures the 270-day expiration will occur within the current contract term. This approach provided greater procedural clarity and reduced potential complications related to the termination process.

Although it was the original intention of the City Council to consider all components of Option E concurrently at the April 7, 2025 Hollister City Council meeting, upon legal review, it was determined that the 270-day notice of termination should be issued separately, as described above, to ensure proper alignment with contractual timelines. This procedural necessity required staff to bring the termination notices forward for approval at the March 24, 2025 Special Meeting of the Hollister City Council. The termination notices were unanimously approved and the notices were issued on March 25, 2025.

Since receiving direction at the March 21, 2025 Special Meeting of the Hollister City Council, the City of Hollister's Fire Negotiations Ad-Hoc Committee (Mayor Stephens and Councilmember Resendiz) have been meeting with the City Manager, Fire Chief, and the President of the Firefighters' Union, to develop the proposed terms that align with Option E.

Past analysis of the cost of providing services to Hollister's partner agencies primarily focused on the time that Fire Department personnel spent on calls. To offer a different perspective, staff evaluated the perceived advantage to the City of Hollister of having four (4) stations/fire companies that could respond within the City, compared to having only two (2) stations if the City did not provide fire services to the County of San Benito and City of San Juan Bautista. This analysis included all calls from January 1, 2022, through March 28, 2025.

Staff evaluated the perceived benefit to the City of Hollister using a comprehensive two-step methodology. This analysis began with identifying which station was dispatched as the primary responding unit for each call and determining which jurisdiction received the service.

The first step in the analysis involved determining the total net cost of providing fire services. Staff began with the total fire department budget for the year. From this budget, they subtracted all collected revenue. They also subtracted projected revenue expected for the remainder of the year. Contract payments from partner jurisdictions (County and City of San Juan Bautista) were also subtracted. This calculation produced the total net cost of fire services that needed to be allocated among the three jurisdictions.

To fairly determine the City's proportional benefit from fire services, staff performed two distinct calculations. In the first approach, staff attributed to the City of Hollister all calls originating from Stations 1 and 2, regardless of where those units actually responded. Additionally, any calls where Stations 3 and 4 responded to incidents within City limits

were included. This produced a percentage of total calls that could be attributed to the City based on station origin plus in-City responses.

The second calculation focused exclusively on where incidents occurred. All incidents occurring within City limits were attributed to the City, regardless of which station responded. Incidents outside City limits were attributed to the appropriate partner jurisdiction. This produced a percentage based purely on geographic location of incidents.

Staff then averaged these two percentages to determine the “perceived benefit” to the City of Hollister. This average percentage was applied to the remaining net cost of fire services (the total budget minus all revenues and contract payments). After accounting for all current payments from partner jurisdictions, staff calculated that the remaining balance was \$3,914,711. This amount was rounded down to determine the shortfall in combined payments from the partner agencies, meaning these jurisdictions were not covering their proportional share of costs based on the benefit they received. This methodology provides a balanced approach that considers both station utilization and geographic service distribution when determining the equitable cost allocation among the three jurisdictions.

Based on this methodology, the Fire Negotiations Ad-Hoc Committee developed the following terms which were approved by the City Council on April 7, 2025.

### **Option E: Proposed Terms**

- Fiscal compensation based on Fiscal Year
- Fiscal Year 2025-26 Compensation increase for both County of San Benito and City of San Juan Bautista:
  - \$3,900,000 increase for Fiscal Year 2025-26
  - Annual cost escalator: 8.0%
  - New combined compensation rate with cost share to be determined amongst the County of San Benito and the City of San Juan Bautista.
    - Fiscal Year 2025-26: \$6,520,945
    - Fiscal Year 2026-27: \$7,042,621
    - Fiscal Year 2027-28: \$7,606,031
- One-time payment
  - \$1,150,000 to assist in the offset of fire services costs during Fiscal Year 2024-25. This is due to the prolonged negotiation period.
- Term End Date:
  - June 30, 2028
- Lease and Utilities at San Juan Bautista Fire Station #4
  - Section D-6 of Attachment D (“Specific Terms and Conditions”) of San Juan Bautista’s Agreement entitled “Facility Agreement” to be removed in its entirety and no longer be in effect.
- Impact Fees
  - Allow for reimbursement for allowable expenses per both agencies impact fee study. Reimbursements allowable from the effective date of studies through the end of the term
- Development Review and Inspection Fees
  - County and City of San Juan Bautista to reimburse City of Hollister quarterly

for all fees collected by County for development review and inspections per City of Hollister current fee schedule at the time of service delivery.

- Santa Cruz Regional 911
  - County shall reimburse City of Hollister for SCR911 County ambulatory expenses charged to the City of Hollister since January 1, 2019, which were previously to have been reimbursed by County. Reimbursement to be made within ninety (90) days of receiving the final calculations from SCR-911.
  - Additionally, parties shall collaborate with the Santa Cruz County Regional 9-1-1 Dispatch Center to develop and implement protocols that effectively prioritize emergency service calls within San Benito County. These protocols shall aim to reduce unnecessary public service calls, false alarms, and long-distance resource dispatches. The parties acknowledge that service levels within the incorporated areas of Hollister and San Juan Bautista will exceed those provided to unincorporated areas of San Benito County. In non-exigent circumstances, as determined by established dispatch protocols, EMS ambulances may be dispatched without accompanying firefighting resources.
- Any additional cost recovery efforts implemented by the City of Hollister will not result in a reduction of compensation from the County of San Benito or the City of San Juan Bautista.
- Termination provision
  - 270-day notice required
  - The intrinsically interdependent nature of fire services between San Juan Bautista and the County of San Benito creates a situation where neither entity can effectively maintain adequate service levels independently. This interdependence is evident in the shared personnel, equipment, training resources, dispatch systems, and mutual aid arrangements that have evolved to serve our communities efficiently. To protect both jurisdictions from severe operational disruptions, unsustainable cost increases, and potential public safety compromises that would result from unilateral withdrawal, the City's proposal must include robust mutual cancellation provisions whereby termination by one party (County of San Benito or San Juan Bautista) automatically triggers service cancellation for both entities. This approach recognizes the practical reality that our current service model's financial viability and operational effectiveness depend on continued participation from both the City of San Juan Bautista and the County of San Benito, with neither entity possessing the independent capacity to maintain equivalent service levels without the other's involvement in the established collaborative framework.

After the approval of proposed terms by the Hollister City Council, staff delivered the proposed terms to the County of San Benito and the City of San Juan Bautista. The County of San Benito and the City of San Juan Bautista would then determine how they propose to share the proposed costs. The City would then add the new cost share ratios along with the other proposed terms into new contract amendments with both parties.

One condition of Option E is a 90-day negotiation period upon approval of the proposed terms by the Hollister City Council. If the 90-day negotiation period lapses prior to reaching an agreement with the County of San Benito and the City of San Juan Bautista,

the City of Hollister will continue to provide services until the expiration of the agreement on December 20, 2025.

The ad hoc committees of the County of San Benito and the City of San Juan Bautista met on April 11, 2025, to evaluate the City of Hollister's recent proposal. Since the Hollister City Council's proposal was for the County of San Benito and the City of San Juan Bautista to meet to work on the fire protection services contract amendments under the parameters approved by the Hollister City Council on April 7, 2025, the City of Hollister's ad hoc committee did not attend the first meeting although the Fire Chief did attend the meeting as Chief Goulding serves as the Fire Chief for all three jurisdictions. The Hollister Fire Negotiations Ad-Hoc Committee did not have the authority to attend this first meeting.

On April 15, 2025, the County of San Benito Board of Supervisors held a Special Meeting where the board received an update from staff and their ad-hoc committee regarding the proposed amendment terms. The Board of Supervisors voted to reject the City of Hollister's amendment terms and propose the terms that they approved on March 20, 2025. Additionally, the Board of Supervisors has created a new County Fire Department Ad hoc to explore the formation of a County Fire Department. On April 22, 2025, the Board of Supervisors will receive a report on fire protection services where staff is recommending, "moving forward with scheduling a meeting with the County Fire Department Ad hoc to proceed and initiate recommendations with the assistance of the consultants with the creation of a new fire department, and further discuss prospects for a fire protection partnership with San Juan Bautista." Additionally, County staff is recommending "that the County pause its participation in the Fire Feasibility Study until a later date to be determined so the County can redirect its portion of the cost to its own fire protection services." This proposal is requesting a minimum of 2-0 staffing at Fire Station #3 which is a City of Hollister owned fire station located at the Hollister Municipal Airport.

On April 15, 2025, the San Juan Bautista City Council received an update from staff and their ad-hoc committee regarding the proposed amendment terms. The San Juan Bautista City Council gave the following direction to staff:

- Propose the contract amendment that their City Council rejected on March 18, 2025.
- Continue moving forward with the Fire District Feasibility Study
- Consider a Request for Proposal (RFP) to secure long-term comprehensive fire protection and emergency medical services.
- Consider a regional fire protection services partnership with the County of San Benito via an RFP

It should be noted that both the County of San Benito and the City of San Juan Bautista's contract amendment proposals call for a minimum of 2-0 staffing which is outside of the City of Hollister's parameters as defined in Option E of a minimum of 3-0 staffing at all City of Hollister operated fire stations.

City of Hollister staff will provide a presentation on the proposed terms approved by the County of San Benito and the City of San Juan Bautista and will seek further direction from the City Council. Additionally, staff will seek direction regarding proceeding forward with the Fire District Feasibility Study.

**FISCAL IMPACT:** N/A

**PREVIOUS COUNCIL OR COMMISSION ACTION:** April 7, 2025: The City Council approved new Fire Protection Services contract amendment terms. These terms are included in this staff report.

**CEQA:** Not a project under CEQA.

**ATTACHMENTS:**

1. 2019 County of San Benito Fire Protection Services contract
2. 2019 City of San Juan Bautista Fire Protection Services contract