



May 21, 2026

TO: Emergency Services Advisory Committee (ESAC)

FROM: Ron Munds, General Manager

**SUBJECT: Agenda Item 5 – 05/21/2026 FAC Meeting
Cal Fire Contract**

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STAFF RECOMMENDATION

Informational

DISCUSSION

Background

Since May 2025, Staff, ESAC and the Board of Directors have been evaluating alternatives to the current fire protection and emergency medical services contract with San Luis Obispo County Fire. This evaluation is driven by escalating staffing costs, increasing administrative overhead, and accounting discrepancies that have resulted in District overpayments.

At the September 2025 Board meeting, the Board identified two potential service providers for further evaluation:

- Cal Fire (direct contract)
- City of Morro Bay

Following that direction, staff engaged both agencies to determine their interest and ability to provide services. Both agencies responded:

- Cal Fire submitted two contract options, each with a three-year term and differing staffing models.
- City of Morro Bay provided a letter of interest including a scope of services, personnel cost estimates, and a sample operational budget.

Cal Fire Contract Proposal(s) Summary

Cal Fire provided two separate agreements to address both the short-term funding constraints the District is currently under and the long-term service level goals to move to a higher staffing level to meet the community's goals and needs. Both Cal Fire agreements estimate staffing costs at the highest step of the salary range for each employee classification which has been standard practice in the past.

Interim Cal Fire Contract Proposal

Cal Fire provided an interim three-year agreement which is basically equivalent to the District's current level of service which is three regular employees, two of which are required to be paramedics, and a reserve fire fighter. It does add the partial payment for a dispatcher salary, uniforms and minor vehicle maintenance.

This staffing option provides a short-term bridge to the higher level of staffing desired by the District. The downside of this option is the continued reliance on the reserve program to provide the fourth employee.

The contract cost for this interim level of service is summarized as follows:

Year 1 Cost: \$3,110,491

- Includes staffing, benefits, dispatcher salary, uniforms and minor vehicle operational cost and a 10.77% administrative fee

Personnel Cost:

- \$3,081,472 includes dispatch cost

Additional Costs:

- Uniforms and minor vehicle operations (~\$29,018)

Contract Term: 3 years

Annual Escalation: 3.5%

Cal Fire 4-person Staffing Proposal

Year 1 Cost: \$3,845,661

- Includes staffing, benefits, dispatcher salary, uniforms and minor vehicle operational cost and a 10.77% administrative fee

Personnel Cost:

- \$3,751,277 without dispatcher salary

Dispatch Costs:

- Based on 0.6% of a dispatcher salary
- Approximately \$94,384 annually (including administrative fee)
- Separated out from personnel costs for comparison of services

Additional Costs:

- Uniforms and minor vehicle operations (~\$29,024). Provided in the contract but not used in the cost comparison.

Contract Term: 3 years

Annual Escalation: 3.5%

Both proposals identified operational costs that can be taken out of the contract to avoid the administrative fee and placed in the station's operating budget to be directly paid by the District.

City of Morro Bay (City) Cost Proposal Summary

The City provided a high-level proposal with a detailed cost breakdown for staffing and operational costs. The staffing level in the proposal is for four regular employees with a similar staffing structure as Cal Fire's proposal. The proposal details a clear scope of services to be delivered to the District and an itemized budget breakdown for personnel and operating costs.

Key Assumptions

- Salaries at highest step
- All positions include paramedic certification (most conservative)
- Retirement calculated at PERS Tier 1 (most conservative)
- Includes PERS unfunded unaccrued liability cost of \$408,506 annually

Note, for comparison purposes, it is not clear at what level the retirement benefit was calculated in the Cal Fire agreements and a Fire Apparatus Engineer and Fire Fighter II positions in their agreement are not required to be paramedics.

Cost Summary

- **Personnel Cost:** \$3,669,415
- **Dispatch Estimate:** \$150,000
- **Administrative Fee:** 5% (applied to personnel costs only)

Implementation Considerations

- Requires hiring approximately 12 new personnel
- Estimated 6-month transition period
- Includes recruitment, training, and equipment acquisition

SUMMARY

The following table provides the best estimates to summarize the costs for better understanding of the differences between the four regular employee staffing model.

Category	CAL FIRE (Year 1 Estimated)	Morro Bay (Year 1 Estimate)	Notes
Personnel	\$ 3,845,661.00	\$ 3,669,415.00	MB assumes paramedics at top step/ both include overtime/MB includes Chief, Fire Marshal, Admin Tech
Benefits	Included in Personnel Cost	Included in Personnel Cost	
Admin Fee	10.77% - \$373,908 -Included in Personnel Cost	5% - \$158,197 - Included in personnel costs	
Dispatcher Salary	\$ (94,384.00)		Subtracted from personnel costs/added below
Total Personnel	\$ 3,751,277.00	\$ 3,669,415.00	Diff in Personnel cost s= \$81,862
Schedule A OE w/ Admin Fee	\$29,024 not included in cost estimates	N/A	
Station 15 Operations	TBD	TBD	MB developed an itemized budget based on CSD budget + additional costs - Cal Fire based on current District budget (not included in comparison costs)
Dispatch	\$ 94,384.00	\$ 150,000.00	MB estimates dispatch service in ops budget/Cal Fire funds portion of employee
Annual Total	\$ 3,845,661.00	\$ 3,819,415.00	Includes dispatch cost/Cal Fire OE not included/ diff \$26,246
Startup Costs	Minimal	~\$202,000	PPE + hiring
Staffing Impact	Existing system	+12 new hires	High upfront additional costs

The main material differences are:

Category	Cal Fire	City of Morro Bay
Contract Term	3 years	Requested 15 years
Cost (Year 1)	Slightly higher	Slightly lower
Staffing	Existing workforce	Requires new hires
Startup	Minimal	Significant
Chief Officer Coverage	Immediate/local	Limited after-hours
Implementation Time	Immediate	~6 months

Next Steps

Staff will be moving forward with an analysis to move to the four regular employee model and the revenue versus costs considerations. The results of the analysis will be used to evaluate the need for an increase in the Special Fire Tax in 2028. Having the cost information from the two proposals received will assist in creating a baseline cost to include in the Special Fire Tax model. The model will provide the cost projections out five to seven years and identify the revenue requirements to support those costs.