

Proposal to reward Chief Gerren for benefits conferred on the Fallen Leaf Community due to the success of the Strike Team Program

Then vs Now

Geographically, Fallen Leaf Lake, whose main population centers and recreational amenities lie at its southern end, was, in 2010, isolated and vulnerable to both wildfire and emergency medical needs. Its sole vehicular access is by a narrow (at times just eight feet wide), twisting five-mile-long road whose potholes, blind turns, and frequent traffic jams make emergency ingress and egress highly dangerous and difficult. Those physical limitations, bad enough by themselves, were made far worse when added to increased usage (hence traffic) by the public because of its popular hiking trails and other attractions as well as an ever-increasing buildup of ladder fuels from the poorly managed and largely diseased fir and pine forest which surrounds it,

In 2010 Gary Gerren became the Fire Chief and General Manager at Fallen Leaf Lake. When he looked at his domain, he saw an annual Fire Department budget of \$212,220, a budget whose personnel line item was enough to hire three paid firemen – one for each shift, at the rate of \$10/hour. The department was also staffed by 15 unpaid volunteers most of whom lived elsewhere and were generally available only on weekends. The department also had one unreliable 28-year-old Mack fire engine, a brush rig on loan, a mini pumper, a pickup truck, an undersized outboard engine propelled aluminum boat with a portable pump, and a lot of enthusiasm. The boat had minimal capacity and usefulness due to the weight and limitations of its pump.

In short, what Gerren stepped in to run in 2010 was a well-meaning but underfunded and under equipped team of firefighters. Like all fire departments, this one was funded almost entirely by tax dollars; however, the amount of tax dollars allocated to Fallen Leaf by the County was (and incidentally, still is) a hopelessly inadequate .0097% which, in 2010, translated to approximately \$24,000. It is because of that inequity that the Fallen Leaf community, led by Stanford, stepped up and agreed to tax themselves through an inflation adjusted fire tax which is imposed on all homeowners at a current rate of \$640.94 per year and yields annually just over \$200,000 to the fire department. By its terms that fire tax sunsets every four years and must be renewed by vote of the community.

Since 2010, there has been a remarkable change in the department. Its head count has gone from 3 paid plus 15 part time volunteers up to a full-time force in the mid-twenties, and it has a full-service and fully equipped paramedic program (which costs about \$125,000 per year) on hand 24/7. It also owns a \$408,000 2015 HME fire engine, two 2020 model International Brush engine Type 3s, a 1994 brush truck with mini pumper, a pickup, a utility truck, two command vehicles, two extra fire engines in reserve, a \$308,000 self-contained fire boat and a second smaller fire boat on order. The fireboat, which can reach a speed of 42 mph and deliver 1,600 gpm of water a distance of 350' at 160 psi has been rated as an approved "water source" by ISO (the fire insurance rating agency).ⁱ

Yes, the department is still only open for about 7 months a year. However, that is not for lack of funds. Rather, and because only about 10 people live at the lake year-round, it would make no sense to staff it for operations during the winter months when the road is often not plowed. Still, during the five months when its doors are not formally open, the wheels are still turning, needed maintenance is being undertaken on apparatus, sources of federal and state grants are being sought out and funds applied for, equipment is being inspected, replaced, and often upgraded, prospective personnel, both experienced and trainee, are being recruited and evaluated, and forward planning is very much a part of Chief Gerren's day.

Where we are and how we got there

How did all this happen? First, the 2007 Angora fire was a wake-up call – an event which gave the community a better understanding of the jeopardy it faced both due to its isolation and to the dangerous conditions that surround it. Even so, when Gerren asked for retirement benefits to be a part of his initial compensation package, the then members of the board of the CSD declined, saying they didn't have the wherewithal to add that to his package. Despite that setback, Gerren accepted the deal that was offered and began his tenure as Chief.

Very quickly Gerren began to realize the hazards that faced the community as well as the financial risks which threatened the department's very survival. First, he realized that the combination of AB 8 funds and the community's self-imposed fire tax were never going to be enough to build a fire department which could provide full coverage to the entire district. Secondly, he realized that geography was going to always isolate the lake's population centers and that he therefore needed a department that was self-contained and self-sufficient, a department that would have both the tools and the capacity to fight fires coming from different directions at the same time as well as having personnel trained in search and rescue for both lake and trail mishaps.

CHIEF GERREN'S PLAN:

1. Purchase a real fireboat: (see supra) in order to dramatically improve fire protection to the West Side which was inaccessible other than by the undersized and unreliable old aluminum boat. It is also an excellent platform for enhanced water rescue purposes, and, very importantly, its speed and pump capacity enable it to far more efficiently use the lake as a fire suppressant resource both by enlarging the coverage area and enabling more hose on the ground. The second boat, to be delivered this coming summer, has the advantages of a shallower draft in response to recent trends toward longer fire seasons which extend deeper into the Fall when the water level drops, as well as greater maneuverability and extra hose deployment.
2. Recruit students from the Fire Academy in South Lake Tahoe who need firefighting hours for their firefighter 1 certificatesⁱⁱ. If they could, at no cost to the department, help with defensible space issues, as well as search and rescue, equipment checks, and frequent reliability inspections plus other needs, then his local manpower needs could be met. But how could he get buy in from the students whose needs were centered on real world firefighting experience?

The answer to that was to have them paid for strike team callouts which they needed for licensure and which the department could also benefit from based on OES approved criteria.

3. Next, and in order to be a preferred part of the OES strike team call-out list, he had to have safe and modern apparatus. The way that was solved was through grants and lease programs by which he could seek funding for the types and sizes of apparatus and equipment he would need in order to provide a safe environment for the strike team responders. That apparatus not only works for the teams on the fire lines, but it also provides needed redundancy for times when, for example, an engine is out of service for maintenance.
4. Next, Gerren knew that, due to the lake's isolation and difficulty with emergency egress, he needed a fully licensed paramedic program, and he knew he would have to staff it with 3 licensed paramedics (one per shift). That program is now in place and costs us more than \$125,000 per year to keep operational. A paramedic is aboard whenever the department responds to a medical call, and the program is fully funded by the department's strike team earnings.
5. Next, he needed to increase wages in order to keep good personnel and maintain the standards of excellence which are now a part of its reputation. It is that reputation which causes fire academy students to now seek us out rather than the other way around, and it is also that reputation for promptness, excellence in the field, and reliability which translates to strike team call out priority, greater success in grant approval, and improved credit worthiness.

Chief Gerren's plan was launched in 2013. During the ensuing nine years, it has provided \$2,376,642.13 in net earnings to our Fire Department. In addition, the department's enhanced credit worthiness has borne fruit on a number of occasions including instances where federal, state, and local dollars have been contributed to cover most, and often all, the cost of acquisition of such assets as the fireboat, engine 9, and many other vessels, vehicles and equipment.

With all that our Fire Chief has accomplished, it is worth noting that we are debt free (with the exception of several equipment leases as to which grants are pending). and, as of May 1st, (the start of the fire season) we expect to have approximately \$2,500,000 of cash in the bankⁱⁱⁱ.

Chief Gerren's Role

What is the point of all this? Simply this: The Fallen Leaf Fire Department is two separate and distinct entities. On the one hand, it, like most fire departments, is a governmental agency which is overseen by elected officials and funded by community tax dollars. On the other hand, and here is why we are so unique, the department is no longer entirely beholden to tax dollars for its survival. Rather, it has overcome the unfair AB 8 funding debacle, and it has leveraged the community's generous parcel tax to the point of being able to consider various options including the possibility of reducing it to some extent.

Make no mistake - if the Fallen Leaf Lake Fire Department had just remained a governmental department, it would have gone out of business years ago because of the lack of AB 8 funding and the inability of our local fire tax, which brings in about \$209,000 per year, to keep pace with ever increasing advances in technology which have spawned both code changes and higher than ever expectations. To that add the mega fires which, over the recent past, have arisen and been fueled by climate change and which have shown that Mother Nature can often still find ways to win despite the best prepared and equipped defenses yet devised. No better example of that is the recent Caldor fire which sported multiple heads, each with the ability to throw live embers hundreds, and even thousands, of feet beyond its core, and which also demonstrated, last Fall, its capacity to generate its own wind and use other aggressive weaponry to overcome best efforts at controlling it.

Whatever might have been, however, is irrelevant. The fact is that even though the parcel tax can no longer provide the last dollars needed for a fully operational department, it has been, for many years, the primary source of funds to keep the doors of the fire house open. As importantly, those funds have also served as the seed money that has enabled a plan to take shape and provide the funding that tax dollars, in the end, have not been able to do. As a result the department has not only survived, but it has flourished while most, if not all, the other fire departments in the County continue to struggle^{iv}.

Recommendation

In addition to his duties as fire chief, Chief Gerren is also the creative mind and the manager of the Plan. If this were a private business, he would have original issue stock and annual stock options which would be making him a wealthy man; however, in fact Gerren has never been paid a nickel for his ingenuity, and management skills which, the strike team program, have so benefited the Fallen Leaf community.

To those who would argue that Gerren's plan is full of risk and that we should not be even talking about using strike team funds as a revenue line item, it seems appropriate to remind everyone that the parcel tax sunsets every four years. Why isn't that equally risky? How can we argue that a tax which only has an assured life of four years is a less risky pot to rely on than a track record of nine years of constantly upward trending strike team revenue?

This year we will start the fire season (May 1st) with approximately \$2,500,000 in the bank. Our budget is \$465,000 per year.^v Revenue from the combination of the two taxes totals about \$254,000, and donations generally bring in about \$35,000 more. So, a look at the worst case – one with zero money coming in from strike teams, shows that the Fire Department would lose roughly \$176,000 per year. Do the math, and it will be apparent that we currently have about 14 years of cushion if we saw no further strike team revenue and did nothing but passively allow our coffers to be drawn down to cover each year's loss. That, of course would be foolish, but there may be other good ideas that need to be considered, especially if the need for strike teams continues, as most professionals believe will happen.

For example, Federal, state, and often local governments too are frequently late payers, whereas the Fire Department obviously has to pay its personnel, including all strike team members, on a timely basis. Therefore, a certain level of cash on hand is necessary. However, it may be prudent to obtain a line of

credit to even out the peaks and valleys of cash management. Furthermore, it may be wise to endow programs like the paramedic program in order to lessen the risk that it could be a casualty of any significant drop in revenue. Another potential use of funds could be to reduce (and conceivably in time repeal entirely) the special fire tax. I don't mean any of this to constitute a recommendation but rather to simply raise issues for possible future consideration if and when such conversations might responsibly be undertaken.

In the meantime, I want to thank Chief Gerren for allowing us to even have this conversation, and I want to reward him for what he has done. After all, without the Chief's efforts, none of this windfall would or could have happened, and we wouldn't be looking at how to manage this nest egg that just fell into our laps.

At the March meeting, I intend to make two motions.

1. That as a result of the success of Chief Gerren's efforts to create and manage our strike team program, the Department's bank account has been enriched dramatically and will probably continue to grow. There will undoubtedly be many ideas discussed about using some of those funds from time to time to fund causes that in many cases will make the department stronger and/or otherwise benefit the community as a whole. Ideas such as refunding all or a part of the fire tax might sound appealing, as might the concept of endowing our paramedic program, and those are just two ideas among many that are sure to arise. I move that this Board create a Committee of the Board to study and make recommendations with respect to the allocation of future funds both from the special Fire Tax and from Strike Team revenues, subject to the condition that such funds be described as "surplus to money needed by the Fire Department to cover operating costs" and subject to the further condition that the Fire Chief shall be a permanent voting member of such committee.
2. My second motion is that Chief Gerren's contract, and specifically his compensation package, be amended to include three categories of bonuses. First, it shall include the same language as in his prior two contracts which gives the board latitude, but no requirement, to award him an annual performance bonus.
3. The second bonus shall be a one-time bonus of \$375,000 which is about 16% of the money which has been brought into the community by the strike team program from its inception in 2013 up to the present day. This bonus is awarded in gratitude for all the hard work, long hours, and dedication Chief Gerren has put in as the founder of our strike team program and the party responsible for its success. Approval of this motion will mean the Fire Department will have \$2,125,000 free and clear in the bank. As for Gary, this bonus works out to approximately 31,250 per year of service by the man who earned the over \$2M windfall by which this community has been enriched.
4. The third bonus shall be 20% of strike team net earnings for the four years remaining on the Chief's term. This 3rd bonus is set up intentionally to preserve the \$2,175,000 nest egg from

erosion. If strike team revenue continues its upward trend, the community will see that nest egg grow significantly, while, at the same time, assuring that it is free of risk of loss in the event strike team revenues dry up.

This motion includes the following conditions: Bonus #2 is fully earned, and in the event of the death or incapacity of the chief shall be paid to the Chief's estate. Similarly, any further revenue earned pursuant to bonus #3 shall be considered earned as of the date it is billed, at which point it too shall be paid to his estate in the event of his demise or incapacity.

Finally, this proposed arrangement shall, for all purposes, be considered to be a one time only happening and shall not be considered as precedent setting.

Dated February 26, 2022, and Respectfully submitted,

Mike Casey

END NOTES

ⁱ The new ISO rating for our fireboat did in fact result in reduced insurance premiums for a time. Currently, and because of the huge losses insurers have had to absorb in recent years due to the sheer size of recent wildfires, most insurers have abandoned much of California, and they decline to underwrite fire coverage at all in or near the Tahoe basin and other areas which they consider too much of a risk. The ISO rating is, unfortunately, not helpful where a carrier has decided to leave the market entirely. On the other hand, Chief Gerren's foresight in obtaining the fire boat he did as well as adding the manpower to the department that he has left us far better protected than most, if not all, other fire districts in wildfire prone areas of the State.

ⁱⁱ The students are interns who assist paid and volunteer staff in daily operations and responses. These interns receive on the job training at no cost to the department; however, they are sent out on strike team responses for which they are paid by the state and for which our department receives funds under various categories and classifications in accordance with OES regulations. This is clearly a win win, and we generally have our pick of the best students at the academy, many of whom land permanent jobs at Cal Fire and other departments because of the quality of the training we provide and because of the work they do on the fire lines.

ⁱⁱⁱ In fact, as of January 31, 2022, the bank balance stood at \$2,155,754.57 with approximately \$500,000 in receivables still outstanding.

^{iv} Former El Dorado County Supervisor, Sheva Fransen, told me in 2019 that the Fallen Leaf Fire Department is the only fire department in the County that was not asking the County for additional funding in order to survive.