



CITY OF POMONA

COUNCIL REPORT

July 7, 2025

To: Honorable Mayor and Members of the City Council

From: Anita D. Scott, City Manager

Submitted By: Mark J. Gluba, Assistant City Manager

**SUBJECT: NOTICE OF TERMINATION OF AGREEMENT FOR FIRE SERVICES
FROM LOS ANGELES COUNTY FIRE AND DISCUSSION OF OPTIONS
FOR PROVIDING COST-EFFECTIVE DELIVERY OF FIRE SERVICES**

RECOMMENDATION:

It is recommended that the City Council take the following actions:

- 1) Review the staff presentation outlining the structural financial challenges associated with the Fire District's request to amend the Fire Services contract to implement a full cost recovery model, and;
- 2) Direct staff to research and present alternative, financially sustainable models for fire service delivery for future City Council consideration/approval; **OR**
- 3) Direct staff to bring back a resolution for Council approval to proceed with implementing the Fire District's full cost recovery request, and;
- 4) In conjunction with the option at paragraph 3 above, direct staff to prepare programmatic General Fund reduction recommendations to offset the anticipated increased costs associated with continuing Fire Services with Los Angeles County

EXECUTIVE SUMMARY:

The City entered into a Fire Services Agreement with the Los Angeles County Fire Protection District (Fire District) in 1994. The agreement established a cost-sharing model for certain personnel and apparatus costs between the Fire District and the City to acknowledge regional benefits and expansion of certain apparatus availability effectuated by Pomona joining the Fire District. In November 2023, the Fire District sent a letter to the City requesting full cost reimbursement for services, to be phased in over three years (**Attachment No.1**). This change would result in an estimated \$9 million increase to the City over that period, compared to traditional annual increases averaging \$1.5 million observed over the past six fiscal years.

The City and Fire District have been in discussions and negotiations regarding this request, but no amicable resolution has been reached. Subsequently, on April 16, 2025, LA County Fire Chief

Marone, issued a formal 365-Day Notice of Termination (**Attachment No. 2**), indicating the Fire District’s intent to terminate services to Pomona effective April 15, 2026, if the City does not agree to the full cost recovery proposal.

The Fire District’s request for full cost recovery would result in an additional \$14.7 million in costs to the City over four fiscal years. When combined with the City’s updated 10-year forecasts and the ongoing fiscal impacts of implementing Measure Y, projections show that the City’s General Fund reserves would be depleted by FY 2028–29, one year earlier than previously projected under current service levels. These cost increases are not fiscally sustainable and would necessitate deeper General Fund reductions beyond those already adopted in the FY 2025–26 budget. Given this financial outlook, the City is in a position to potentially reimagine the structure and delivery of fire and emergency medical services.

SB1439/GOVERNMENT CODE §84308 APPLICABILITY:

☐ When this box is checked, it indicates the agenda item is subject to the Levine Act SB1439 requirements. Councilmembers are reminded to check their campaign contributions and determine whether they have received a campaign contribution of \$500 or more that would require disclosure and/or recusal from discussing or acting on this agenda item. Campaign contributions of \$500 or more made 1) by any person or entity who is identified in the agenda report as the applicant or proposer or 2) on behalf of the applicant or participant, including a parent, subsidiary or otherwise related business entity, or 3) by any person who has a financial interest in the agenda item requires a councilmember to comply with SB1439.

FISCAL IMPACT:

In FY 2024–25, the City budgeted \$36.6 million for Fire Services, with \$5.6 million of that amount covered by the Fire District under the existing cost-sharing arrangement. For FY 2025–26, the most recent contract—approved by the City Council on June 2, 2025—includes a total budgeted amount of \$37.8 million, with a Fire District cost share of \$5.7 million.

As indicated above, the Fire District requested full cost reimbursement, thus eliminating the long-term arrangement of cost-sharing (with the Fire District covering its share) beginning in FY 2025-26. This includes a proposed three-year phased implementation beginning in FY 2025-26 that would cost the City \$9M in total annual increases (annual increase includes phased cost recovery, plus assumptions of \$1.5 million annual increase) and \$14.7M over the next four fiscal years (FY 2025-26 to FY 2028-29) as displayed in Table 1: *Fire Contract with Full Cost Recover*, below. This would also include annual increases thereafter. The increases from the Fire District propose that the City agree to reducing the Fire District’s cost share in an incremental approach as follows:

- *City cost share increase by 1/3 in FY 2025-26*
- *City cost share increase by 2/3 in FY 2026-27*
- *Full payment in FY 2027-28 and the Annual Fee Limitation temporarily removed from FY 2025-26 through FY 2027-28*
- *The Annual Fee Limitation would resume in FY 2028-29 by the average of the preceding four years of Annual Fee % increases plus 1%*

Table 1: Fire Contract with Full Cost Recovery

Fiscal Year	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Proposed Contract Amount	\$36,629,479	\$40,439,909	\$45,015,038	\$48,716,673	\$51,310,320
Annual Increase*		\$3,810,430	\$4,575,129	\$3,701,635	\$2,593,647
<i>The proposed cost-recovery starting in FY 2025-26 increases the City's Fire Services expenditures by an estimated additional \$14.7M over the next four fiscal years.</i>					
<i>*The Annual Increase includes phased cost recovery, plus assumptions of \$1.5 million annual increase.</i>					

When compared to the prior six fiscal years—during which annual increases to the fire services contract averaged approximately \$1.5 million—the Fire District’s proposed cost increases represent a significant and unsustainable departure from historical trends. If implemented, the District’s full cost recovery model would substantially escalate the City’s annual financial obligation, placing additional strain on the General Fund.

These proposed increases would further compound existing fiscal pressures, including those resulting from the implementation of the voter-approved Measure Y charter amendment in November 2024. The combined impact of these financial demands would require the City to implement service reductions beyond those already adopted in the FY 2025–26 General Fund Budget, and in future budgets, in order to avoid a structural fiscal crisis.

Table 2: *Fiscal Outlook* below illustrates the most recent 10-year General Fund forecast, which uses the FY 2025–26 Adopted Budget as the baseline. It also includes a scenario reflecting the financial impact of the Fire District’s proposed increases, clearly demonstrating the accelerated depletion of reserves under that model.

Table 2: Fiscal Outlook

General Fund Fiscal Outlook by the Numbers				
	Baseline Forecast Updated for FY 2026		Scenario Forecast (see above for scenarios included)	
Forecast Year	Annual Operating (Deficit)/Surplus	Fund Balance	Annual Operating (Deficit)/Surplus	Fund Balance
FY 2026	\$ (5,518,204)	\$ 47,906,453	\$ (8,199,186)	\$ 45,225,471
FY 2027	(13,216,626)	34,689,827	(18,944,319)	26,281,152
FY 2028	(15,185,574)	19,504,253	(23,061,241)	3,219,912
FY 2029	(16,653,589)	2,850,664	(25,581,285)	(22,361,373)
FY 2030	(17,211,649)	(14,360,985)	(26,473,140)	(48,834,514)
FY 2031	(17,677,716)	(32,038,700)	(27,282,890)	(76,117,403)
FY 2032	(17,028,473)	(49,067,173)	(26,993,220)	(103,110,623)
FY 2033	(16,522,069)	(65,589,242)	(26,853,005)	(129,963,629)
FY 2034	(16,133,999)	(81,723,242)	(26,846,108)	(156,809,737)
FY 2035	(15,263,345)	(96,986,587)	(26,368,685)	(183,178,422)
FY 2036	(14,886,463)	(111,873,050)	(26,402,946)	(209,581,368)

The recent forecast shows that if the City continues funding services at current levels, accounting for ongoing increases in Measure Y transfers and historical fire contract growth, General Fund reserves would be depleted by FY 2029–30. However, under the scenario that includes the Fire District’s proposed cost increases and elimination of the District’s cost share, reserves are projected to be exhausted one year earlier, by FY 2028–29.

Given this fiscal outlook, the City Council faces critical decisions:

1. Whether to proceed with the Fire District’s full cost recovery model, which would require significant and immediate General Fund reductions beyond those already adopted in the FY 2025–26 budget; or
2. Direct staff to explore and present alternative, financially sustainable fire service delivery models that maintain quality of service while protecting the City’s long-term fiscal stability.

These decisions will shape not only the structure of fire and emergency medical services in Pomona, but also the City’s broader ability to preserve core services and maintain financial resilience.

PREVIOUS RELATED ACTION:

On January 20, 1994, the City Council approved an agreement with the Consolidated Fire Protection District of Los Angeles County (LA County Fire). On April 5, 2004, the City Council adopted Resolution No. 2004-90, approving an amendment to the agreement for Fire Services, adjusting certain service levels and changing the effective date, for the five (5) year renewal periods to May 1, 2004, and every five years after. On October 19, 2019, the City Council Adopted Resolution 2019-163 opting into a Fire District proposed revenue measure in an effort to provide

stabilized funding for Fire Services. This measure was not successfully passed. The City Council adopted the FY 2025-26 Operating Budget, Housing Authority Budget, and the Five-Year Capital Improvement Program on June 2, 2025. The FY 2025-26 General Fund budgeted appropriations totaled \$168.7M with estimated revenues budgeted at \$163.1M, resulting in a projected deficit (use of reserves) of \$5.5M. In addition, of the \$168.7M appropriated, \$6M in General Fund Department reductions are included, which is partially made up of 32 Full Time Equivalent (FTEs) positions being “Frozen” for the entire fiscal year.

ENVIRONMENTAL IMPACT:

Potential environmental impacts on the community from the Fire District’s noticed cancellation and potential service model changes will be evaluated, but are unknown at this time.

DISCUSSION:

In 1994, the City of Pomona and the Fire District entered into a fee-for-service contract for Fire Services within the City. At the time of execution, the agreement afforded the City an estimated savings of \$1.3M for Fire Services and touted a cost avoidance and benefit to the Fire District estimated at \$2.2M annually, due to the addition of two truck companies to service the region. The 1994 contract amount was \$12M with an assigned Fire District cost share of \$2.2M for the addition of the two trucks. When comparing the 1994 contract amount to the current FY 2025-26 amount of \$37.8M (See **Attachment No. 3**), with the Fire District cost share amount being \$5.7M, this equals an increase of \$25M, with the cost share increasing \$3.5M. The cost to the City has more than doubled, which would place the assumed benefit to the Fire District around \$5M in current dollars.

This Fire District benefit was contractually acknowledged by the Fire District through a cost-sharing agreement in which the District agreed to pay half the resource costs of each of the truck companies 187 and 181 (now 187 and 185). Truck companies are staffed with four (4) post positions, versus three (3) for engine companies, and represent additional personnel and resource costs.

The recent request for full cost recovery for all resources does not appear to account for the historical cost avoidance or ongoing operational benefit the Fire District receives from the truck companies stationed in Pomona. The nearest Fire District-operated truck company in the region, outside of Pomona, is in Glendora, with the majority of Fire District stations operating with combinations of three (3) man engines and paramedic squads.

To mitigate some of the costs associated with the Fire District’s request, staff attempted to negotiate service level changes, including potential reductions in equipment, apparatus, or personnel by moving the truck companies to nearby Fire District cities and replacing them with less costly engine companies. However, the Fire District indicated it would not be amenable to any service reductions, citing the high volume of calls and incidents in Pomona, and stated that anything short of full cost recovery would be unacceptable.

Under the existing Agreement for Services, Pomona is in a successive five-year renewal period. The District’s request for full cost recovery is a proposed material change to the Contract that will

unduly financially harm the City and strain our ability to fund and sustain core governmental services. Despite the discussions of cost for services under the existing term through the remainder of this renewal period, the City must recognize the Fire District's communications as an indication that successive renewals under the existing terms do not appear feasible to the Fire District. Additionally, due to the District's 365-day notice of intent to terminate services, time is of the essence for the City to evaluate Fire Service delivery options to ensure continuity of service and the financial feasibility of the recommendations.

The City and Fire District have mutually benefited from the contractual relationship since the execution of the initial agreement. The Fire District has benefited from expanded capacity and additional apparatus availability in its regional service delivery model, and the City has benefited from excellent service and savings compared to past City Fire Services delivery models. However, the Fire District has made it clear that it cannot support the continued contractual cost-sharing agreement for the truck companies in Pomona. Simultaneously, the recent requests from the Fire District for full cost recovery are not fiscally sustainable for the City. These respective fiscal challenges appear to have reached a point of unsustainability for both parties. Under these realities, staff is recommending that the City Council support Option 2 above for the continued study and recommendation of alternative Fire Services delivery models that can be indefinitely sustained.

COUNCIL PRIORITIES & GOALS:

This item supports the 2021-2022 City Council Priority 1: Fiscal and Operational Responsibility – Goal C: Obtain additional grant funding and other revenues to help achieve City goals.”

Prepared by:

Mark J. Gluba
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ATTACHMENTS:

1. November 28, 2023 Fire District correspondence
2. Notice of Termination Letter from Chief Marone
3. 2024/25 Fire Service Final Cost Estimate