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# EXHIBIT A



2008 ballot. The measure failed forcing the City to face a \$3 million dollar deficit in FY 2009-2010.

To that end, the City has taken the following steps over the last three years:

- Laid off 7.8 full-time positions (including 2 Fire employees);
- Reduced professional services contracts and reorganized City functions;
- Eliminated the Healthy Cities Tutoring Program and Special Needs Programs that were run by the Parks and Recreation Department;
- Outsourced the City's payroll services to a private firm;
- Outsourced the City's parks maintenance services to private firms;
- Outsourced some of the City's building maintenance functions;
- Outsourced the City's police protection services to the County of San Mateo Sheriff's Office;
- Contracted with the San Mateo County Communication for dispatch and 911 services;
- Contracted with the City of Redwood City for fire services;
- Contracted with the County of San Mateo for code enforcement services; and
- Contracted to provide recreation services for the City of Half Moon Bay.

#### Public Safety Restructuring & Funding

In FY 2009-2010 rapidly rising annual costs to provide emergency and fire services in San Carlos led to discussions with the Belmont-San Carlos Fire Department (BSCFD) Board about potential amendments to the JPA funding formula and service levels to reduce costs. Representatives of the JPA Fire Board were unable to reach agreement on possible cost reduction strategies. As a result, the City Council began the process to dissolve the BSCFD JPA.

After a year of reviewing different proposals and options for fire services, in April 2011 Council directed staff to begin negotiations with the City of Redwood City to develop a hybrid fire department. The hybrid fire department was formed in October 2011 and once fully implemented was estimated to save the City approximately \$1 million annually. Under the terms of the agreement, Redwood City will provide fire management oversight, including the Fire Chief, Deputy Fire Chief and Battalion Chiefs, and San Carlos will hire the firefighters, paramedics, inspector and an emergency preparedness coordinator. In addition to the cost savings associated with sharing the management with Redwood City, Council adopted a salary and benefit package for firefighters similar to that offered to other San Carlos employees and found in other local communities.

In the first year of this transition, the City Council received a report from the Fire Chief regarding the staffing situation in San Carlos. The Chief stated at that time that staffing was at a tipping point due to the number of vacancies and lack of trained personnel in the department. From the period of October 1, 2011 to July 9, 2012, the department had 4 resignations, 3 of whom were tenured employees from the former Belmont-San Carlos Fire JPA. The Chief stated that the major factor driving the turnover and the lack of lateral applicants was directly related to the compensation package and salary level.

As a result of the staffing issues and concerns, at the July 9, 2012 Council meeting, Council gave the authority to the City Manager to begin discussions with Redwood City on what a full service option would look like. In February of 2012, the City Council directed the City Manager to begin