## Fire Service Challenges and Cooperative Solutions

**Friday, November 5**

**Regional Fire Training Center**  
Modesto Junior College - 1220 Fire Science Lane - Modesto, California, USA  
9:00 am – 3:00 pm

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
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<tbody>
<tr>
<td>9:00 am</td>
<td>Gather and Refreshments</td>
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<tr>
<td>9:30 am</td>
<td>Welcome/Introductions/Overview of Class</td>
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<tr>
<td></td>
<td>Kate McKenna, AICP, Deputy Executive Officer, CALAFCO and</td>
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<td>Executive Officer, Monterey LAFCo</td>
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<td></td>
<td>Jim DeMartini, Chair, Stanislaus LAFCO</td>
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<td></td>
<td>Marjorie Blom, Executive Officer, Stanislaus LAFCo</td>
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<tr>
<td>9:45 am</td>
<td>Practical Considerations from Feasibility to Implementation</td>
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<td></td>
<td>Stewart Gary, Fire Practice Principal, Citygate Associates LLP</td>
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<td></td>
<td>Dwane Milnes, General Government Principal, Citygate Associates LLP</td>
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<tr>
<td>10:45 am</td>
<td>Cooperative Solutions and the Cortese-Knox-Hertzberg Act</td>
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<td>Paula de Sousa, Attorney and Partner, Best Best Krieger LLP</td>
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<tr>
<td>11:15 am</td>
<td>Break</td>
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<tr>
<td>11:30 am</td>
<td>Case Study #1: The Stanislaus County Experience</td>
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<td></td>
<td>Dale E. Skiles, Chief, Salida Fire Protection District, Stanislaus County</td>
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<tr>
<td>12:00 pm</td>
<td>Case Study #2: Reorganization Studies in Stanislaus County, Monterey County, and Hypothetical County</td>
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<tr>
<td></td>
<td>William D. Ross, Esq., Law Offices of William D. Ross</td>
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<tr>
<td>12:30 pm</td>
<td>Lunch</td>
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<tr>
<td>1:00 pm</td>
<td>Case Study #3: The Santa Clara County Experience</td>
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<td></td>
<td>Steven F. Woodill, Chief, CAL FIRE Santa Clara Unit and South Santa Clara County Fire District</td>
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<td>1:30 pm</td>
<td>Case Study #4: The Alameda County Experience</td>
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<td></td>
<td>Sheldon D. Gilbert, Chief, Alameda County Fire Department</td>
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<td>2:00 pm</td>
<td>Case Study #5: The San Luis Obispo County Experience</td>
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<td></td>
<td>Michael E. Hubert, Fire Chief/Executive Officer, Five Cities Fire Authority</td>
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<td>2:30 pm</td>
<td>Special Issues/Topics</td>
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<td></td>
<td>Audience Questions for All Panelists</td>
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<tr>
<td>2:50 pm</td>
<td>Summary and Evaluation</td>
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<td>3:00 pm</td>
<td>Adjourn</td>
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</table>
Fire Service Challenges and Cooperative Solutions
November 5, 2010
Modesto

Welcome Introductions
Overview of Course

- Kate McKenna, AICP, Executive Officer, Monterey LAFCo and Deputy Executive Officer, CALAFCO
- Jim DeMartini, Chair, Stanislaus LAFCO
- Marjorie Blom, Executive Officer, Stanislaus LAFCo
Key Questions

- Are there compelling reasons?
- Not all mergers save serious money
- Savings also are operational improvements
- If the parties are operationally co-dependent;
  - Is it most cost-effective for the parties to provide fire services in a partnership via either a full contract for service;
  - Or as a full merging of several agencies?
Key Questions

- How does each party continue to have input into service level and cost containment issues?
- Factor in political acceptance versus rationality
- Can the parties define what “control” is?
- Can a regional government provide “inducements” to encourage mergers:
  - Financing
  - Regional Dispatch support
  - On-going regional staff for coordination support
  - One time capital expense support

Five Major Steps of a Merger Study

1. Review fire agency services, future needs and costs
2. Identify fiscal condition of each partner
3. Assess forms of increased cooperation: annexation, consolidation, full or partial contract for service
4. Identify costs and savings of alternative arrangements
5. Review options and, if recommended, next steps
Study Components
Operational Review

- Review of both agencies’ master plans
- Identify existing deployment and map travel times to establish service levels
  - Stations
  - Staffing
  - Volunteers
  - Apparatus
- Identify risks and expectations
- Identify response statistics
- Analyze headquarters support service needs
  - Incident command
  - Fire prevention
  - Training

Study Components
Fiscal Review

- Detailed review of fire service costs
  - Minimum three years of actual expenditures and revenues
  - Annual Audited Statement
  - Long-Term Revenue Forecast including stability of revenue sources
- Apparatus
  - Number
  - Condition/age
  - Method of funding replacement
- Station condition and replacement cost liability
Study Components: Fiscal Review

- Labor agreement review
  - Comparison of provisions

<table>
<thead>
<tr>
<th>District A</th>
<th>District B</th>
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</thead>
<tbody>
<tr>
<td>- Binding Arbitration</td>
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<tr>
<td>- 3% at 50 Retirement</td>
<td></td>
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<tr>
<td>- Paramedic Pay</td>
<td></td>
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<tr>
<td>- Lower Longevity</td>
<td></td>
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<tr>
<td>- Higher Educational Incentive</td>
<td></td>
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<tr>
<td>- Higher Medical Cost per Employee</td>
<td></td>
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<tr>
<td>- Retiree Medical Liability Being Fully Employee Funded</td>
<td></td>
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<tr>
<td>- 3% at 55 Retirement</td>
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<tr>
<td>- Higher Longevity</td>
<td></td>
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<tr>
<td>- Lower Educational Incentive</td>
<td></td>
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<tr>
<td>- Lower Medical Cost/Cap on Employer Contribution</td>
<td></td>
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<tr>
<td>- Employee pays 2% of PERS</td>
<td></td>
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<tr>
<td>- Retiree Medical Liability Being Funded “Pay-as-you-go”</td>
<td></td>
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</table>

Study Components Fiscal Review

- Labor agreement review
  - Salary and Benefit Cost comparison

<table>
<thead>
<tr>
<th></th>
<th>Annual Base Pay</th>
<th>FLSA</th>
<th>Longevity</th>
<th>Educational</th>
<th>Paramedic</th>
<th>Holiday</th>
<th>Clothing</th>
<th>Total</th>
<th>PERS 3%@55</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firefighter</td>
<td>51,600</td>
<td>1,382</td>
<td>1,548</td>
<td>3,745</td>
<td>320</td>
<td></td>
<td></td>
<td>58,595</td>
<td>24,157</td>
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<tr>
<td>PERS 3%@55</td>
<td>PERS 3%@50</td>
<td>WC</td>
<td>Medicare</td>
<td>Life Ins</td>
<td>Vision Ins</td>
<td>Dental Ins</td>
<td>Disability Ins</td>
<td>Health Ins</td>
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<tr>
<td>Firefighter</td>
<td>24,157</td>
<td>3,767</td>
<td>845</td>
<td>96</td>
<td>1,186</td>
<td></td>
<td></td>
<td>14,568</td>
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</table>
Study Components
Fiscal Review

- Retirement system provisions (CALPERS/37 Act County System)
  - Unfunded liability
- Health system provisions and portability
- Retiree medical unfunded liability and method of payment (GASB 45)

Study Components: Fiscal Review

- Understanding the gap between current service, costs and master plan desired level of service
- Explore joint service delivery options—forms of cooperation
- Summary of overall fiscal standing
  - Reserves—operating, apparatus and station replacement/repair
  - Long-term revenue forecast
  - Liabilities
  - Comparison of pay and benefits to the market
Forms of Cooperation
Full Contract for Service

- One agency stops providing the service directly and contracts with a neighbor to provide the service at an annual cost
  - Management of employees is simplified under a single MOU and set of personnel rules
  - A single accounting system is maintained by District providing the service, avoiding duplication
  - One agency will no longer need to negotiate with Fire employees
  - Both agencies can adopt performance measures to gauge the delivery of services

Forms of Cooperation
Annexation or Consolidation of One Agency into Another Agency

- The boundaries of one agency are expanded to encompass the second agency
  - One agency no longer is fiscally responsible for fire services as regulations and needs change
  - Transfer of Property Tax allocation and possible extension of any special tax
  - There is a single layer of representation between the voters and the District Board, compared to a full contract for service or JPA arrangement that has an appointed governance committee
The existing Fire District special tax *could* carry over and apply to property within the other agency—possibly creating zones of benefit.

For the ad valorem taxes, the tax sharing provisions apply requiring a tax sharing agreement accepted by LAFCO and the County that shifts sufficient revenue from the City to the District to pay for the extra District fire expenses after annexation.

### Forms of Cooperation

#### Annexation Rules

- The existing Fire District special tax *could* carry over and apply to property within the other agency—possibly creating zones of benefit.
- For the ad valorem taxes, the tax sharing provisions apply requiring a tax sharing agreement accepted by LAFCO and the County that shifts sufficient revenue from the City to the District to pay for the extra District fire expenses after annexation.

#### Contract for Service

- Governance Model requires Consensus Management, preferably with some form of JPA
- Cost Sharing Formula must be fair and stable

### Forms of Cooperation

#### Stability and Governance Issues

- **Annexation or Consolidation**
  - Most stable long term
  - All residents and property subject to the same tax and fees
  - District Board is elected by residents of both the current District and the City
- **Contract for Service**
  - Governance Model requires Consensus Management, preferably with some form of JPA
  - Cost Sharing Formula must be fair and stable
Cost Sharing in Contract for Service Alternatives

- Cost share formulas that reflect all expenses and divide cost in proportion to workload and/or risks
- Typical formula components:
  - Assessed value
  - Population
  - Calls for service
  - Line firefighters on-duty per day
  - Number of fire stations

<table>
<thead>
<tr>
<th>Measures of Service</th>
<th>City or District A</th>
<th>City or District B</th>
<th>District B Share of the Total</th>
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<tbody>
<tr>
<td>Assessed Value</td>
<td>$4,756,436,825</td>
<td>$2,410,374,432</td>
<td>33.6%</td>
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<tr>
<td>Population</td>
<td>21,500</td>
<td>7,532</td>
<td>25.9%</td>
</tr>
<tr>
<td>Calls for Service</td>
<td>1,259</td>
<td>762</td>
<td>37.7%</td>
</tr>
<tr>
<td>Line Staff on Duty</td>
<td>10</td>
<td>5</td>
<td>33.3%</td>
</tr>
<tr>
<td>Fire Stations</td>
<td>2</td>
<td>1</td>
<td>33.3%</td>
</tr>
<tr>
<td>Composite Measure</td>
<td></td>
<td></td>
<td>32.8%</td>
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Cost of Alternatives

<table>
<thead>
<tr>
<th></th>
<th>Current Contract City A</th>
<th>Full Contract City A</th>
<th>Full Fire Department City A</th>
<th>City A</th>
<th>Transferred to District</th>
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<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes-Non-Fire</td>
<td>3,794,136</td>
<td>3,794,136</td>
<td>3,794,136</td>
<td>4,252,514</td>
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<tr>
<td>Property Taxes Fire</td>
<td>2,705,864</td>
<td>2,705,864</td>
<td>2,705,864</td>
<td>2,247,486</td>
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<td>Ambulance Revenues</td>
<td>118,588</td>
<td>118,588</td>
<td>118,588</td>
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<td>Special Fire District Tax</td>
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<td></td>
<td></td>
<td>560,000</td>
<td></td>
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<tr>
<td>All other revenues</td>
<td>7,500,000</td>
<td>7,500,000</td>
<td>7,500,000</td>
<td>7,500,000</td>
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<tr>
<td><strong>Total Revenues</strong></td>
<td>14,118,588</td>
<td>14,118,588</td>
<td>14,118,588</td>
<td>11,752,514</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,926,074</td>
<td></td>
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<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Fire Department</td>
<td>2,824,452</td>
<td>3,375,878</td>
<td>4,375,536</td>
<td>2,926,074</td>
<td></td>
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<tr>
<td>All other Departments</td>
<td>11,294,136</td>
<td>11,294,136</td>
<td>11,294,136</td>
<td>11,294,136</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td>14,118,588</td>
<td>14,670,014</td>
<td>15,669,672</td>
<td>11,294,136</td>
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<td><strong>Fund Balance Impact</strong></td>
<td>(551,426)</td>
<td>(1,551,084)</td>
<td>458,378</td>
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Two-Phased Study Process

**Phase I**

- Complete detailed analysis of “Study Components” at a level sufficient to make “fork in the road” policy choices
- Assess advantages and disadvantages of alternative organizations, including a single consolidated agency
- Recommend most feasible arrangement
- Suggest cost allocation and governance plans
- Outline technical steps to implement the preferred alternative
- Brief the partners to tailor the next phase
Two-Phased Study Process Phase II

- Provide additional detailed analysis of “Study Components” and implementation technical assistance as defined by the agencies following Phase I
- Consultant can provide as little or as much assistance as the agencies need
- It will depend upon the alternative(s) chosen by the agencies and your own capacity to implement desired choices

Factors for Sustaining Success

- Work the culture to one
- Educate, listen, educate some more
- Be willing to occasionally re-visit cost sharing formulas if in a contract for service
- Devise ways that those being served have input –
- Trapped parties who feel helpless will lash out irrationally, which leads to divorce
- This is more about relationships, than exact cost
Questions

Citygate Contact Info:

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2250 East Bidwell Street, Suite 100
Folsom, CA 95630

Phone: (916) 458-5100

Email: Stewart Gary – sgary@citygateassociates.com
Dwane Milnes – dmilnes@citygateassociates.com

www.citygateassociates.com
LAFCO PROCESS:

Cooperative Solutions and the Cortese–Knox–Hertzberg Local Government Reorganization Act of 2000, As Amended

Initiation by Petition

Landowner or voter signatures:
- District Consolidation – 5%
- District Dissolution – 10%
- District Annexation – 25%
- District Detachment – 25%
- District Formation – Principal Act
Initiation by Petition

Landowner or voter signatures:

- City annexation – 25%
- City-district merger – 5%
- Subsidiary district – 5%
- Reorganization: percent for each proposed change

Initiation by Resolution

Resolution from:
- Affected local agency
- County
- School District
- LAFCO
LAFCO-initiated proposals must be consistent with sphere of influence study, municipal service review, or special studies – and are limited to:

- District Consolidation
- District Dissolution
- District Formation
- Subsidiary District
- City/District Merger
Mandatory Analysis

- Certain factors *must* be considered when evaluating jurisdictional changes. Gov’t Code § 56668 (a through o)
- Local circumstances influence how factors are weighted

Mandatory Analysis

A plan for providing services ...
- *Must* provide information regarding the level, range, timing, financing, and necessary infrastructure
Mandatory Analysis

Proposal *must* be consistent with:
- Spheres of influence
- Service review
- Special studies

Discretionary Analysis

Reviews service needs relative to available resources
- Applicability of local policies
- Justification of proposed actions
- Boundary issues
- Special election requirements
Terms and Conditions

Are used to enforce approved actions:
- May impose broad range of conditions
- ...but may *not* directly regulate land use

California Environmental Quality Act

A city, special district, the county, or LAFCO, performing as "lead agency" must make a determination for actions that constitute a "project" under CEQA
California Environmental Quality Act

CEQA determination categories:
- Exempt
- Negative Declaration
- Environmental Impact Report (EIR)

Commission Responsibilities

- Conduct Public Hearing:
  - Receive written and oral protests and consider Executive Officer’s report and Plan for Providing Services
Commission Responsibilities

- Adopt resolution
  - Approving, conditionally approving, or disapproving a proposal … *EXCEPT*

Commission Responsibilities

...Commission *shall* approve a consolidation or reorganization of districts…if a majority of directors from each agency adopt substantially similar resolutions of application
Commission as Conducting Authority

- Conduct protest proceedings – where registered voters and landowners may protest LAFCO decisions
  - Based on the value of written protest, the Commission must take one of three actions

Commission as Conducting Authority

- Terminate proceedings if majority protest exists;
- Order the reorganization without an election if insufficient protest is filed;
- Order reorganization subject to an election – according to specific protest and election situations
Protest and Election Inhabited

EXAMPLE 1: LAFCO-initiated proposal involving; district dissolution and formation
PROTEST: Ten percent within *any district* in affected territory
ELECTION: Within entire proposal area

EXAMPLE 2: Non LAFCO-initiated proposal; no objection from affected districts
PROTEST: Twenty-five percent within entire proposal area
ELECTION: Within entire proposal area
Protest and Election Inhabited

EXAMPLE 3: Non LAFCO-initiated proposal; objection from *any* affected district

PROTEST: Twenty-five percent within *any* affected district

ELECTION: Within each district that filed valid protest

EXAMPLE 4: Non LAFCO-initiated proposal involving; district dissolution and annexation

PROTEST: Twenty-five percent within *any* affected district

ELECTION: Within each district that filed valid protest
EXAMPLE 5: Activation of new or different service; OR divestiture of a service within all or part of a multi-service district

PROTEST: Twenty-five percent within affected territory

EXAMPLE: Within affected territory

Special Note:

If consolidation is involved – a majority of votes cast in each district must favor consolidation
Recordation and Completion

LAFCO actions are not effective until certain filings are made.

Before the effective date, LAFCO staff must work closely with affected agencies to ensure a smooth transition of responsibilities.

Technical Issues

- Are legal descriptions necessary for consolidation?
- What boundary descriptions are required by BOE and Assessor?
- Are legal descriptions necessary for latent power proposals?
Case Study #1
The Stanislaus County Experience

Dale E. Skiles,
Chief, Salida Fire Protection District

Introduction

- Fire Protection District
  - Established in 1942
  - Currently serving 42 square miles
  - Population approximately 20,000
  - Combination department (paid & volunteer personnel)
  - Three fire stations
  - Levels of Services provided:
    - Suburban
    - Rural
    - Frontier (Remote)
Timeline / Events

- 2004, July: Fire Strategic Visioning Workshop conducted
- 2005: Salida Community Plan adopted by County BOS
- 2007, March: Fire MSR adopted by LAFCO
- 2007: City of Modesto proposed several annexations

Timeline / Events

- 2007: Modesto General Plan Update performed
- 2008: Salida Fire District Assessment defeated
- 2009, July 9: Modesto Urban Growth Policy adopted
- 2009, Nov: City growth measures taken to the polls
Timeline / Events

- 2010, July  Revenue Sharing Agreement approved
- 2010, Nov  Proposing the formation of a JPA
  - Stanislaus County Fire Wardens Office
  - Salida Fire Protection District
  - City of Modesto Fire Department

2004 Fire Strategic Visioning Workshop

Commitment To Progress

Visioning Themes
Summary:

“The challenges faced by the fire service have been accruing for many years.”

There is a need for concerted, jointly supported effort for these fire agencies to work together to address current and future challenges.”
City of Modesto
2009 Urban Growth Policy

Proposed Growth Areas

- Measure M
Proposed Growth Areas

- Other Projects
  - Pelandale –McHenry Specific Plan
  - Woodglen Specific Plan
    - Approx 75 acres
  - Kiernan Business Park Specific Plan
    - Approx 614 acres

Annual revenue loss to the District = $25,000 +/-

Annexation without Detachment

AGREEMENT BETWEEN THE CITY OF MODESTO AND THE SALIDA FIRE PROTECTION DISTRICT FOR THE ALLOCATION OF DISTRICT REVENUE RESULTING FROM THE ANNEXATION OF PROPERTY WITHIN THE KIERNAN BUSINESS PARK TO THE CITY

This agreement (“Agreement”) is entered into by and between the City of Modesto (“CITY”) and the Salida Fire Protection District (“DISTRICT”), a California special district organized and governed by the Fire Protection Law of 1987 (California Health & Safety Code Section 13800, et seq.).
Annexation without Detachment

- Objectives
  - Eliminate duplication
  - Shared resources
  - Boundary drops
  - System depth
  - Standardized operations and training

Understanding the Need to Adapt

- Changing demographics
- Administrative requirements
- Limited local support of resident volunteers
- Operational depth
- Financial limitations and reductions
- Fire service standardization
- Firefighting mandates
- District vulnerability and sustainability
Considerations

- **Questions:**
  - Where will Salida Fire be in 3–5 years?
  - We originally looked at if we could overcome the obstacles.
  - As a result, we moved to how we could overcome the obstacles, and use the situation to support and even enhance our "commitment to progress".

- **Answers:**
  - Seek partnerships!
  - No deposit; No return!

Regional Fire Concept Steps To Formation

1. Fire chiefs agreed to partner

2. Requested an ad-hoc committee be formed of elected officials from Modesto, Stanislaus County, and Salida Fire

3. Fire chiefs presented concept to City Manager and County CEO, requesting support
Regional Fire Concept Steps To Formation

4. Formed workgroups to identify concept specifics/details

5. Developed a Joint Powers Agency document with legal counsels

6. Presented JPA to ad-hoc committee for consideration

Regional Fire Concept Steps To Formation

7. Requested governing bodies of each agency consider and approve JPA

8. Planning to develop Transitional Plans for all areas of the newly formed Agency

9. Considered the possibility of other fire agencies joining if and when they so desire
Questions / Comments

Case Study #2
Reorganizations in
Stanislaus County,
Monterey County,
and a Hypothetical
County

William D. Ross, Esq.,
Law Offices of William D. Ross
Case Study 2.1

The Modesto Metropolitan Fire Agency

(A Joint Powers Authority)
Case Study 2.2

Consolidation of Carmel Valley Fire Protection District with Monterey County Regional Fire District
Case Study 2.3

Hypothetical Consolidation of County-Wide Fire Protection District with Contract Cities
Case Study #3
The Santa Clara County Experience

Steven F. Woodill,
Fire Chief, CAL FIRE Santa Clara Unit and
South Santa Clara County Fire District

Area Served
Area Description

- **Gilroy**
  - Population, governance, revenue, fire service provider, dispatch services and labor group

- **Morgan Hill**
  - Population, governance, revenue, fire service provider, dispatch services and labor group

- **South Santa Clara County Fire District**
  - Population, governance, revenue, fire service provider, dispatch services and labor group

Regionalization Discussions

- **Post 2004 Service Review**
  - Formally initiated after the City of Morgan Hill began exploring possible annexation into the Central Fire Protection District
  - Discussions extended into consolidating the South Santa Clara County Fire District into the Central Fire Protection District.
Regionalization Discussions

- Post 2004 Service Review
  - Adhoc committee established with representatives from Gilroy, Morgan Hill and the South County District
  - Options range from a formal consolidation to a JPA to a functional consolidation

Challenges to be Addressed

- Revenue Sources
  - General Tax Revenues vs. Property Tax Based

- Call loading vs. Station location

- Station Ownership
  - Morgan Hill
  - South County
Challenges to be Addressed

- Labor Differences
  - Workshift and salaries
  - Three different retirement formulas
  - Ability to sub-contract
  - Lessening resistance

- Comparing the 2004 Service Review with the 2010 Draft Fire Service Review
  - Differences in Economic Environment
  - More detailed financial information/budget information in 2010 report
  - Specific per unit/per capita cost information in 2010
Challenges to be Addressed

- Comparing the 2004 Service Review with the 2010 Draft Fire Service Review
  - More detail for resource sharing options and opportunities
    - Dispatch, training and purchasing
  - Emphasis on consideration of Police Department dispatching along with fire dispatch

Questions
Case Study #4
The Alameda County Experience

Sheldon D. Gilbert,
Fire Chief, Alameda County Fire Department
ALAMEDA COUNTY
FIRE DEPARTMENT

Contract for Fire Services Overview

"Dedicated to Superior Service"

Identify the Needs

- Standard of Cover (SOC) Study
- Establish performance measures
- Develop scope of work
- Issuance of a Request for Information (RFI) or Request for Proposal (RFP)
Types of Regional Model

- Joint Powers Authority (JPA)
- Contract for service
- Full consolidation
- Functional consolidation

The Four Big Issues

- Service level determination
- Cost control
- Local identity
- Policy and decision making
**Cost Allocation**

**Direct Allocated Cost** – Each agency pays 100% of line and fire prevention personnel plus any other jurisdiction specific program or service; for example:

- Engine/Truck Company personnel

**Shared Cost** – Expenditures that support the entire Fire Department programs, operations, and administration; for example:

- Training & Emergency Medical Services
Existing Shared Cost Allocation

- Lawrence Berkeley Lab (1 Company): 3.85%
- Lawrence Livermore Lab (3 Companies): 11.54%
- Alameda County (11 Companies): 42.31%
- San Leandro (7 Companies): 26.92%
- Dublin (4 Companies): 15.38%
- Berkeley Lab
  (1 Company)
- Lawrence Livermore Lab
  (3 Companies)
- Alameda County
  (11 Companies)
- San Leandro
  (7 Companies)
- Dublin
  (4 Companies)

Proposed Allocation Model with Contract Agencies

- Lawrence Livermore Lab (1 Company): 9.33%
- Lawrence Berkeley Lab (3 Companies): 6.99%
- Alameda County (11 Companies): 33.34%
- San Leandro (7 Companies): 21.21%
- Dublin (4 Companies): 12.12%
- Union City (6 Companies): 12.12%
- Newark (1 Company): 12.12%

- Lawrence Livermore Lab
  (1 Company)
- Lawrence Berkeley Lab
  (3 Companies)
- Alameda County
  (11 Companies)
- San Leandro
  (7 Companies)
- Dublin
  (4 Companies)
- Union City
  (6 Companies)
- Newark
  (1 Company)
ACFD Governance Partnership

• Partner agencies maintain local control
  – Determine Budget and Policy Decisions
    – Elected Official will serve on Fire Advisory Commission and City Manager on the Executive Management Oversight Committee
  – Strategic Planning
    – ACFD participates in City’s strategic planning
    – City participates in ACFD strategic planning

ACFD Governance Partnership

• Assigned Chief Officer (primary point-of-contact)
  – Attends staff meetings and City Council meetings
  – Participates on committees and attends workshops
• Determine Service Levels
  – Approved by City Council or governing body
  – ACFD serves as subject matter expert
Benefits to Contract Agency

- Economies of Scale
- Increased Administrative Support
- Assistance with Regulatory Requirements
- Improved Training & Promotional Opportunities
- Specialized Services & Response Teams
- Inclusion in Regional Delivery Model that has statewide credibility
- Succession Planning
- Retention of Quality Workforce

Questions

“Making the Commitment”
Case Study #5
The San Luis Obispo County Experience

Michael E. Hubert,
Fire Chief/Executive Officer
Five Cities Fire Authority
Demographics

Area

The following map identifies the original service areas of the jurisdictions for the JPA. Contractual services provided to areas outside of these jurisdictions are not depicted on this map.

- Arroyo Grande
- Grover Beach
- Oceano

- Square Miles
- Population
- Call Volume
Consolidated Efforts

- July 1, 2004: The Cities of Arroyo Grande and Grover Beach entered into a Joint Fire Administration and Training Agreement.

- Both Fire Departments would share a Fire Chief provided by Arroyo Grande and a Training Captain provided by Grover Beach.

- A Fire Oversight Committee was formed to coordinate the agreement. The committee consisted of two city council representatives, both city managers and the fire chief.

- July 5, 2004: Grover Beach hired career personnel.
  - Three full time Captains
  - Three full time Engineers
  - One part time Training Captain
- August 7, 2005: Oceano Community Services District (CSD) hired career personnel.
  - Two full time Captains
  - One full time Engineer

- February 2007: Implemented boundary drops between Arroyo Grande and Grover Beach.

- May 1, 2007: The Cities of Arroyo Grande and Grover Beach and the Oceano CSD entered into a Public Safety Equipment Sharing Agreement.
  - This Agreement allowed us to sell surplus fire apparatus.
July 1, 2007: The Cities of Arroyo Grande and Grover Beach entered into a Joint Management, Administrative and Training Services and Equipment Sharing Agreement.

- This Agreement allowed Arroyo Grande to provide a full time Battalion Chief / Training Officer.
- Grover Beach eliminated the part time Training Captain position.

January 1, 2008: The Five Cities Reserve Firefighter Program was implemented between the City of Arroyo Grande, Grover Beach and the Oceano CSD.

- This Program provided Reserve Firefighters with the opportunity to cross staff at the three fire jurisdictions.
March 1, 2008: The Oceano Community Service District entered into a temporary 4-month Management, Administrative and Training Services and Equipment Sharing Agreement with the Cities of Arroyo Grande and Grover Beach.

- June 24, 2009: The Oceano Board of Directors approved the amended agreement and this agreement provided Oceano board policy guidance, fire management expertise and leadership to fire personnel by the Fire Chief.

August 15, 2008: The Fire Oversight Committee directed staff to prepare a full consolidation proposal for the three agencies.

September 23, 2008: The Arroyo Grande City Council approved the recommendation to advise the Fire Oversight Committee to further study and develop recommendations regarding the formation of a Fire Service Joint Powers Authority (JPA).
- October 6, 2008: The Grover Beach City Council approved the same recommendation.

- April 24, 2009: The Fire Oversight Committee directed staff to develop cost data, recommendations, and a tentative implementation schedule to form the JPA.

- A Staff Fire Consolidation Committee was formed consisting of the City Managers, General Manager, Fire Chief and Battalion Chief, Career and Reserve Firefighter personnel from each agency, Finance Directors and Human Resources Managers.
June 22, 2009: The Grover Beach City Council approved Fire Personnel Cooperative Agreement.

- The Fire Personnel Cooperative Agreement allows the agencies during those times of experiencing unusual vacancies to maintain necessary minimum staffing levels by pooling resources and utilizing full time fire captains and fire engineers from the other participating fire departments.

June 23, 2009: The Arroyo Grande City Council approved the following recommendations:

- Proceed with the formation of the JPA
- Designate the Fire Oversight Committee as the Interim JPA Board of Directors for the purpose of providing direction to labor negotiators to prepare a MOU with the firefighters union.
- Approve the amended Joint Fire Management, Administrative and Training Services and Equipment Sharing Agreement.
- Approve the Fire Personnel Cooperative Agreement.

August 28, 2009: The Fire Oversight Committee unanimously approved the recommendation to name the new fire department

*Five Cities Fire Authority*
- March 25, 2010: A final budget including liability and workers' compensation figures was provided.

- March 2010: MOU negotiations with the Labor Group was completed for the JPA.

- May 14, 2010: The Fire Oversight Committee approved the JPA Agreement, MOU, Budget and Liability Insurance Agreement.

  - Staff went before the governing bodies of each jurisdiction for approval:
    - June 7, 2010: City of Grover Beach City Council
    - June 8, 2010: City of Arroyo Grande City Council
    - June 9, 2010: Oceano CSD Board of Directors.
    - Received a 5–0 Vote at all three jurisdictions.
- June, 2010: Arroyo Grande HR met with full time personnel from Oceano and Grover Beach to complete the hiring paperwork and orientation.

- July 9, 2010: The Joint Powers Authority was implemented.
  - The first Board meeting of the Five Cities Fire Authority was held.

Questions?
§ 56122. Enforcement of terms and conditions

Section 56886 and any term and condition provided by, or made pursuant to, that section shall be enforceable by, between, among, and against any public agency or agencies designated in the term and condition, but shall not constitute, or be given effect as, a limitation upon the power of any bondholder or other creditor to enforce his or her rights, particularly any rights provided for by Part 5 (commencing with Section 57300), as if Section 56886 had not been enacted or the term and condition had not been made or provided pursuant to that section.

§ 56815. Approval of proposals

(a) It is the intent of the Legislature that any proposal that includes an incorporation should result in a similar exchange of both revenue and responsibility for service delivery among the county, the proposed city, and other subject agencies. It is the further intent of the Legislature that an incorporation should not occur primarily for financial reasons.

(b) The commission shall not approve a proposal that includes an incorporation unless it finds that the following two quantities are substantially equal:

(1) Revenues currently received by the local agency transferring the affected territory that, but for the operation of this section, would accrue to the local agency receiving the affected territory.

(2) Expenditures, including direct and indirect expenditures, currently made by the local agency transferring the affected territory for those services that will be assumed by the local agency receiving the affected territory.

(c) Notwithstanding subdivision (b), the commission may approve a proposal that includes an incorporation if it finds either of the following:

(1) The county and all of the subject agencies agree to the proposed transfer.

(2) The negative fiscal effect has been adequately mitigated by tax sharing agreements, lump-sum payments, payments over a fixed period of time, or any other terms and conditions pursuant to Section 56886.

(d) Nothing in this section is intended to change the distribution of growth on the revenues within the affected territory unless otherwise provided in the agreement or agreements specified in paragraph (2) of subdivision (c).

(e) Any terms and conditions that mitigate the negative fiscal effect of a proposal that contains an incorporation shall be included in the commission resolution making determinations adopted pursuant to Section 56880 and the terms and conditions specified in the questions pursuant to Section 57134.

§ 56855. Annexation to fire district

(a) This section shall apply to any proposal which contains the annexation of territory to a fire protection district which is organized pursuant to the Fire Protection District Law of 1987, Part 3 (commencing with Section 13800) of Division 12 of the Health and Safety Code, and the affected territory is or is proposed to be all or part of a city which is within the fire protection district.

(b) Prior to the adoption by the local agency formation commission of a resolution making determinations, the district may request and the commission shall impose, as a term and condition, a requirement that the legislative body of the city shall enter into a contract with the district. The contract shall require:

(1) That the affected territory shall remain part of the district for a period of at least 10 years.

(2) That the city shall pay the cost of services provided by the district. This payment shall be in amounts and on terms specified in the contract.

(3) Any other conditions to which the city and the district mutually agree.
§ 56885.5. Conditional approval factors

(a) In any commission order giving approval to any change of organization or reorganization, the commission may make that approval conditional upon any of the following factors:

(1) Any of the conditions set forth in Section 56886.

(2) The initiation, conduct, or completion of proceedings for another change of organization or a reorganization.

(3) The approval or disapproval, with or without election, as may be provided by this division, of any resolution or ordinance ordering that change of organization or reorganization.

(4) With respect to any commission determination to approve the disincorporation of a city, the dissolution of a district, or the reorganization or consolidation of agencies which results in the dissolution of one or more districts or the disincorporation of one or more cities, a condition prohibiting an agency being dissolved from taking any of the following actions, unless it first finds that an emergency situation exists as defined in Section 54956.5:

(A) Approving any increase in compensation or benefits for members of the governing board, its officers, or the executive officer of the agency.

(B) Appropriating, encumbering, expending, or otherwise obligating, any revenue of the agency beyond that provided in the current budget at the time the dissolution is approved by the commission.

(b) If the commission so conditions its approval, the commission may order that any further action pursuant to this division be continued and held in abeyance for the period of time designated by the commission, not to exceed six months from the date of that conditional approval.

(c) The commission order may also provide that any election called upon any change of organization or reorganization shall be called, held, and conducted before, upon the same date as, or after the date of any election to be called, held, and conducted upon any other change of organization or reorganization.

(d) The commission order may also provide that in any election at which the questions of annexation and district reorganization or incorporation and district reorganization are to be considered at the same time, there shall be a single question appearing on the ballot upon the issues of annexation and district reorganization or incorporation and district reorganization.

§ 56886. Terms and conditions

Any change of organization or reorganization may provide for, or be made subject to one or more of, the following terms and conditions. If a change of organization or reorganization is made subject to one or more of the following terms and conditions in the commission's resolution making determinations, the terms and conditions imposed shall constitute the exclusive terms and conditions for the change of organization or reorganization, notwithstanding the general provisions of Part 5 (commencing with Section 57300). However, none of the following terms and conditions shall directly regulate land use, property development, or subdivision requirements:

(a) The payment of a fixed or determinable amount of money, either as a lump sum or in installments, for the acquisition, transfer, use or right of use of all or any part of the existing property, real or personal, of any city, county, or district.

(b) The levying or fixing and the collection of any of the following, for the purpose of providing for any payment required pursuant to subdivision (a):

(1) Special, extraordinary, or additional taxes or assessments.

(2) Special, extraordinary, or additional service charges, rentals, or rates.

(3) Both taxes or assessments and service charges, rentals, or rates.

(c) The imposition, exemption, transfer, division, or apportionment, as among any affected cities, affected counties, affected districts, and affected territory of liability for payment of all or any part of principal, interest, and any other amounts which shall become due on account of all or any part of any outstanding or then authorized but thereafter
issued bonds, including revenue bonds, or other contracts or obligations of any city, county, district, or any improvement district within a local agency, and the levying or fixing and the collection of any (1) taxes or assessments, or (2) service charges, rentals, or rates, or (3) both taxes or assessments and service charges, rentals, or rates, in the same manner as provided in the original authorization of the bonds and in the amount necessary to provide for that payment.

(d) If, as a result of any term or condition made pursuant to subdivision (c), the liability of any affected city, affected county, or affected district for payment of the principal of any bonded indebtedness is increased or decreased, the term and condition may specify the amount, if any, of that increase or decrease which shall be included in, or excluded from, the outstanding bonded indebtedness of that entity for the purpose of the application of any statute or charter provision imposing a limitation upon the principal amount of outstanding bonded indebtedness of the entity.

(e) The formation of a new improvement district or districts or the annexation or detachment of territory to, or from, any existing improvement district or districts.

(f) The incurring of new indebtedness or liability by, or on behalf of, all or any part of any local agency, including territory being annexed to any local agency, or of any existing or proposed new improvement district within that local agency. The new indebtedness may be the obligation solely of territory to be annexed if the local agency has the authority to establish zones for incurring indebtedness. The indebtedness or liability shall be incurred substantially in accordance with the laws otherwise applicable to the local agency.

(g) The issuance and sale of any bonds, including authorized but unissued bonds of a local agency, either by that local agency or by a local agency designated as the successor to any local agency which is extinguished as a result of any change of organization or reorganization.

(h) The acquisition, improvement, disposition, sale, transfer, or division of any property, real or personal.

(i) The disposition, transfer, or division of any monies or funds, including cash on hand and moneys due but uncollected, and any other obligations.

(j) The fixing and establishment of priorities of use, or right of use, of water, or capacity rights in any public improvements or facilities or any other property, real or personal. However, none of the terms and conditions ordered pursuant to this subdivision shall modify priorities of use, or right of use, to water, or capacity rights in any public improvements or facilities that have been fixed and established by a court or an order of the State Water Resources Control Board.

(k) The establishment, continuation, or termination of any office, department, or board, or the transfer, combining, consolidation, or separation of any offices, departments, or boards, or any of the functions of those offices, departments, or boards, if, and to the extent that, any of those matters is authorized by the principal act.

(l) The employment, transfer, or discharge of employees, the continuation, modification, or termination of existing employment contracts, civil service rights, seniority rights, retirement rights, and other employee benefits and rights.

(m) The designation of a city, county, or district, as the successor to any local agency that is extinguished as a result of any change of organization or reorganization, for the purpose of succeeding to all of the rights, duties, and obligations of the extinguished local agency with respect to enforcement, performance, or payment of any outstanding bonds, including revenue bonds, or other contracts and obligations of the extinguished local agency.

(n) The designation of (1) the method for the selection of members of the legislative body of a district or (2) the number of those members, or (3) both, where the proceedings are for a consolidation, or a reorganization providing for a consolidation or formation of a new district and the principal act provides for alternative methods of that selection or for varying numbers of those members, or both.

(o) The initiation, conduct, or completion of proceedings on a proposal made under, and pursuant to, this division.

(p) The fixing of the effective date or dates of any change of organization, subject to the limitations of Section 57202.

(q) Any terms and conditions authorized or required by the principal act with respect to any change of organization.

(r) The continuation or provision of any service provided at that time, or previously authorized to be provided by an official act of the local agency.
CALAFCO University: Fire District Consolidation
Handout on LAFCO Terms and Conditions
(Government Code section 56000 et seq.)

(s) The levying of assessments, including the imposition of a fee pursuant to Section 50029 or 66484.3 or the approval by the voters of general or special taxes. For the purposes of this section, imposition of a fee as a condition of the issuance of a building permit does not constitute direct regulation of land use, property development, or subdivision requirements.

(t) The extension or continuation of any previously authorized charge, fee, assessment, or tax by the local agency or a successor local agency in the affected territory.

(u) The transfer of authority and responsibility among any affected cities, affected counties, and affected districts for the administration of special tax and special assessment districts, including, but not limited to, the levying and collecting of special taxes and special assessments, including the determination of the annual special tax rate within authorized limits; the management of redemption, reserve, special reserve, and construction funds; the issuance of bonds which are authorized but not yet issued at the time of the transfer, including not yet issued portions or phases of bonds which are authorized; supervision of construction paid for with bond or special tax or assessment proceeds; administration of agreements to acquire public facilities and reimburse advances made to the district; and all other rights and responsibilities with respect to the levies, bonds, funds, and use of proceeds that would have applied to the local agency that created the special tax or special assessment district.

(v) Any other matters necessary or incidental to any of the terms and conditions specified in this section. If a change of organization, reorganization, or special reorganization provides for, or is made subject to one or more of, the terms and conditions specified in this section, those terms and conditions shall be deemed to be the exclusive terms and conditions for the change of organization, reorganization, or special reorganization, and shall control over any general provisions of Part 6 (commencing with Section 57300).

§ 56886.3. Duties of commission
If the terms and conditions of any change of organization provide for the formation of a new improvement district, or the annexation or detachment of territory to, or from, an existing improvement district, the commission shall do all of the following:

(a) Exclude any lands proposed to be formed into, or to be annexed to, the improvement district which the commission finds will not be benefited by becoming a part of the improvement district.

(b) Exclude any lands proposed to be detached from an improvement district which the commission finds will be benefited by remaining a part of the improvement district.

§ 56886.5. Formation of new district or incorporation of a city in proposal; Need for single-purpose local agency; Proposal including two or more districts not formed pursuant to same principal act

(a) If a proposal includes the formation of a district or the incorporation of a city, the commission shall determine whether existing agencies can feasibly provide the needed service or services in a more efficient and accountable manner. If a new single-purpose local agency is deemed necessary, the commission shall consider reorganization with other single-purpose local agencies that provide related services.

(b) If a proposal includes the consolidation of two or more special districts not formed pursuant to the same principal act, the commission shall determine whether any service provided at that time could be discontinued due to a lack of authority under the principal act of the successor. If a new single-purpose local agency is deemed necessary to provide the needed service or services, the commission shall consider the formation of a new district that is authorized to provide the service or services.

§ 56887.5. Indebtedness or liability
If any change of organization or reorganization pertains to city or district territory which is located, in whole or in part, within the boundaries of any city or county, any terms and conditions authorized by Section 56886 may be made applicable to that city or county. However, no indebtedness or liability which is subject to the requirement of an election, under the provisions of Section 18 of Article XVI of the California Constitution, shall be incurred or assumed by any city or county, except as provided in Section 18 of Article XVI of the California Constitution.
§ 56890. Applicable terms

Any of the terms and conditions authorized by Section 56886 may be made applicable to all or any part of any city or district or any improvement district within that local agency or any territory annexed to, or detached from, any city or district or improvement district within that local agency.

57135. Ballot description of taxes or charges

(a) If any of the terms and conditions have the effect of imposing or increasing liability for payment of (1) taxes or assessments to be levied and collected, (2) service charges, rentals, or rates to be fixed and collected, or (3) both, upon or within all or any part of the territory affected by the proposed change of organization or reorganization, the question shall contain a very brief summary of the purpose, nature, and extent of the liability and shall refer to the order ordering the change of organization or reorganization for particulars. The legislative body may include in the question a summary of any of the other terms and conditions.

(b) No reference need be made to any liability for payment of any of the following to be imposed for the usual and ordinary support, management, and operation of any district:

(1) Annual taxes or assessments.

(2) Ordinary service charges, rentals, or rates.

(3) Both taxes or assessments and service charges, rentals, or rates.

(c) Where a summary is included in a question, there shall be added to the clause set forth in Section 57134 words substantially as follows:

"Such terms and conditions including (set forth very brief summary), all as more particularly described and set forth in the order."

57302. Specific terms and conditions to control over general provisions

The general provisions of this part shall apply only if the commission does not impose terms and conditions on any change of organization or reorganization pursuant to Section 56886. If a change of organization or a reorganization specifically provides for, and is made subject to any of, the terms and conditions authorized by Section 56886, the specific terms and conditions shall be deemed to be the exclusive terms and conditions of the change of organization or reorganization and shall control over the general provisions of this part. Any of those terms and conditions may be provided for, and be made applicable to, any affected county, affected city, or affected district, to all or any part of the territory of the county, city, or district, to any territory proposed to be annexed to the county, city, or district and to the owner or owners of property within that territory. The general provisions of this part shall not be construed as limiting in any manner the authority of the commission to impose one or more of the terms and conditions set forth in Section 56886.

57303. Effect of change of organization or reorganization on bonded indebtedness

If no determination is made pursuant to subdivision (d) of Section 56886, the principal amount of bonded indebtedness which may be incurred or assumed by any city, county, or district, under any statute or charter provision imposing a limitation on bonded indebtedness, shall not be affected by any change of organization or reorganization.
PART II: LAFCO PROCESS: PROCEDURAL AND LEGAL ISSUES

A. Initiation

Introduction: There is no best procedure to reorganize fire protection providers into more efficient jurisdictions. Depending upon local circumstances and desired outcome, reorganization may involve district consolidation; district annexation, district dissolution; city annexation, city/district merger; establishment of a subsidiary district; and divestiture of a single service function from a multi-function district. A proposal to create efficiencies could also involve forming a new special district or activating latent powers for fire protection services within an established district. A summary of the primary steps involved in these actions follow.

1. Consolidation, city or district annexation, dissolution, merger, establishment of a subsidiary district, district formation, or reorganization, may be initiated by:
   a. Petition: registered voter or landowner
      i. District consolidation: 5 percent
      ii. District dissolution: 10 percent
      iii. District annexation: 25 percent
      iv. District detachment: 25 percent
      v. City annexation: 5 percent
      vi. City/District merger: 5 percent
      vii. Establishment of a subsidiary district: 5 percent
      viii. District formation: signature requirement varies according to principal act for proposed district
       ix. Reorganization [any two or more changes of organization initiated in a single proposal (Govt.Code § 56073)]; signatures must comply with applicable signatures requirements for each proposed change of organization (Govt.Code § 55864.1)
   b. Resolution: from affected local agency, county, school district, or LAFCO
      i. LAFCO initiated proposals must be consistent with a recommendation or conclusion from a sphere-of-influence study, special study, or municipal service review (Govt.Code § 56425, 56378 and 56430) and are limited to district consolidation, district dissolution, merger, establishment of a subsidiary district, or district formation
Course Outline
Fire District Consolidation

ii. A proposal to provide new or different services through activation of latent powers or to divest a single service from a multi-service district may be initiated only by subject districts (Govt. Code § 556624.12)

B. Mandatory Areas of Analysis

Introduction: State statute requires that certain mandatory factors be considered when evaluating jurisdictional changes. Local conditions and circumstances play a significant role in the weight placed on these factors.

1. Factors that must be considered in review of a proposal (Govt. Code § 56668 (a through o))
   a. Population and population density; land areas and land use; assessed valuation; topography; the likelihood of significant growth in the area, and in adjacent areas; the need for organized community services, the present cost and adequacy of governmental services in the area; the probable effect of the proposed action or alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas; conformity of proposal with commission policies; effect on agricultural lands; matters affecting the proposed boundaries; consistency with general plans and spheres of influence and comments from local agencies.

   ALSO, the ability of receiving entity to provide proposed services; timely availability of water supplies; effects on regional housing needs; information or comments from landowners and residents; information relating to existing land use designations; and extent to which the proposal will promote environmental justice: ("... fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and provision of public services.").

2. Plan for providing services (Govt. Code § 56653 (a, b))
   a. Description of level, range, timing, financing, and needed infrastructure for planned services; an indication of when those services can feasibly be extended to the affected territory; indication of any improvement or upgrading of structures, roads, facilities, etc., which the local agency would impose; and information concerning how those services will be financed

3. Review for consistency with relevant spheres-of-influence (Govt. Code § 56425); service review (Govt. Code § 56430); and special studies (Govt. Code § 56378)

C. Special areas of discretionary analysis—in accordance with local circumstances

Introduction: LAFCOs function in a unique quasi-legislative environment and must weigh community service needs against financial resources available to secure community services. Special areas of discretionary analysis cover applicability of local policies; justification of proposed actions; review of boundary issues and terms and conditions; special election requirements; and legal issues.

1. Review of applicability and consistency with local policies and procedures
COURSE OUTLINE
Fire District Consolidation

2. Evaluation of overall justification, costs and benefits, effects on facilities, issues related to local agency personnel, such as wages, benefits, and salary equalization

3. Review of boundaries

4. Review of proposed terms and conditions

5. Analysis of specific election requirements

6. Legal issues

D. Terms and Conditions

Introduction: Terms and conditions solidify, and in some cases, enforce actions approved by LAFCO. While terms and conditions cannot directly regulate land use, state statutes permit a broad range of allowable conditions that can be imposed.

1. Govt. Code § 56886: General authorization for LAFCO to impose terms and conditions on any change of organization or reorganization. Terms and conditions imposed under this section constitute the exclusive terms and conditions, notwithstanding the general provisions commencing with section 57300. Note: None of the conditions authorized by 56886 may directly regulate land use, property development, or subdivision requirements.

2. Govt. Code § 56890: Terms and conditions imposed under 56886 may be made applicable to improvements districts (ID).

3. Govt. Code § 56887.5 Terms and conditions imposed under 56886 may be made applicable to cities or counties—except for indebtedness or liability that is subject to the requirements of an election, under the provisions of Section 18 of Article XVI of the California Constitution.

4. Govt. Code § 57302: General provisions regarding terms and conditions in 57300 et seq. apply if specific terms and conditions are not imposed under 56886.

5. Govt. Code § 56815: Imposes revenue neutrality provisions, which are applicable to subject agencies affected by incorporation.

6. Govt. Code § 57135: Applies to ballot questions that include terms and conditions. If any term or condition has the effect of imposing or increasing liability for payment of taxes, assessments, service charges, rentals, or rates, a brief summary of the purpose, nature and extent of liability must be provided in the ballot.

7. Govt. Code § 57303: If a determination is not made under 56886 regarding bonded indebtedness, the principal amount of bonded indebtedness shall not be affected by the change of organization.
8. Govt. Code § 55122: Pertains to enforceability of Section 56886 and effect on bondholders.

9. Govt. Code § 56885: Pertains to annexation of territory to a Fire Protection District and the affected territory is or is proposed to be all or part of a city. Contracts may be entered into to require that affected territory remains within the district for at least 10 years.


E. CEQA Compliance.

   Introduction: LAFCO must comply with provisions of the California Environmental Quality Act (CEQA). CEQA requires public agencies to assess the potential environmental impact of their actions. LAFCO is responsible for complying with CEQA when it considers an action that constitutes a "project" as defined by CEQA. These projects typically involve jurisdictional changes (e.g., district and city annexations, detachments, incorporations, etc.), and the adoption of or amendments to spheres of influence.

1. CEQA Determinations: One of the following environmental determinations must be made by either a city, a special district, the county, or LAFCO for actions that constitute a project under CEQA:

   a. Exemption: If the project is exempt from the provisions of CEQA, a Notice of Exemption will be prepared by the lead agency. If LAFCO is the lead agency, the Executive Officer will determine which projects are exempt. Some LAFCO activities may be exempt under various sections of the State CEQA Guidelines. These sections include: [Public Resources Code § 15361(b)(3), 15262, 15303, 15306, 15319(a), 15319(b), and 15320].

   b. Negative Declaration: A Negative Declaration (ND) will be prepared by the lead agency if an initial study finds that no significant impact will occur to the environment.

   c. Environmental Impact Report: If an initial study reveals that significant impacts will occur, an Environmental Impact Report (EIR), which identifies mitigation measures and alternatives, is prepared and certified.

F. Commission responsibilities

   Introduction: LAFCO responsibilities must be carried out in a manner that is based on public notification and consideration of facts that are presented. All commission actions need to be supported by evidence in light of the whole record pursuant to (Govt. Code § 56116). Furthermore, all LAFCO determinations are final and conclusive. Landowners or voters that oppose a LAFCO determination may protest a LAFCO decision and either cause the decision to be set aside via majority protest, or force the decision to an election.

1. Conduct public hearing:
COURSE OUTLINE
Fire District Consolidation

a. A public hearing to consider the completed Executive Officers Report will be scheduled [Govt. Code § 56666 (e)].

b. Notice of the hearing and the Executive Officer's Report will be furnished to affected agencies, including the State Director of Forestry and Fire Protection if SRA lands are involved, persons designated in the application, and others according to [Govt. Code § (56661 and 56665)]

c. At the hearing, the Commission shall hear and receive oral and written protests or evidence and consider the Executive Officer's Report and plan for providing services [Govt. Code § 56666(b)]

2. Adopt resolution making determinations:

   a. Not later than 35 days after the hearing, the Commission shall adopt determinations to:

      i. Approve, conditionally approve, or disapprove a proposal

         (a) Except the Commission shall approve or conditionally approve a consolidation or reorganization of districts that results in a single agency if a majority of the directors of each subject agency adopt substantially similar resolutions of application (Govt. Code § 56853)

         (b) If initiated by LAFCO—determinations of consistency with requirements for special studies, spheres-of-influence and municipal service reviews must be included (Govt. Code § 56378, 56246, and 56430)

         (c) if initiated by LAFCO—additional determinations are required to assess whether (1) public service costs are likely to be less or substantially similar to alternative means of providing services; and (2) proposed actions will promote public access and accountability [Govt. Code § 56881 (b)]

3. Conduct protest proceedings:

   a. Affected landowners and registered voters may protest LAFCO decisions at a noticed protest hearing

      i. Protest proceedings for LAFCO-initiated proposals must be held in the affected territory (Govt. Code § 57008)

      ii. The Commission, as the Conducting Authority for protest proceedings, must adopt a resolution making findings regarding the value of written protest filed at the protest hearing and take one of three possible actions:

         (a) Terminate proceedings if a majority protest exists (Govt. Code § 57078)

         (b) Order the reorganization without an election if insufficient protest is filed (Govt. Code § 56853 and 57081); or

         (c) Order the reorganization subject to confirmation by voters according to specific protest and election situations
(d) Protest and election requirements are very complicated; great care should be taken to correctly implement appropriate provisions of C-K-H. The protest threshold for triggering an election—or determination of which electors will be qualified to vote can vary according how proposals are initiated and what actions are proposed.

The following examples apply to inhabited territory

**EXAMPLE ONE**

LAFCO-initiated proposal: involves district dissolution and district formation

Protest: 10% protest within any district in the affected territory (Govt. Code § 57113)

Election: Held within entire proposal area (Govt. Code § 57113)

**EXAMPLE TWO**

Non LAFCO-initiated proposals: no objection from affected districts

Protest: 25% protest within entire proposal area [Govt. Code § 56854, 57081(b)(c)]

Election: Held within entire proposal area (Govt. Code § 56854)

**EXAMPLE THREE**

Non LAFCO-initiated proposals: objection from any affected district

Protest: 25% protest within any affected district [Govt. Code § 56854, 57114(1)(2)(a)(b)]

Election: Held within each district that filed valid protest [Govt. Code § 56114(b)]

**EXAMPLE FOUR**

Non LAFCO-initiated proposals: involves district dissolution and annexation

Protest: 25% protest within any affected district (Govt. Code § 57114)

Election: Held within each district that filed valid protest (Govt. Code § 57114)

**EXAMPLE FIVE**

(1) Activation of new or different services; or (2) divestiture of power to provide a service within all or part of a multi-service district

Protest: 25% protest within the affected territory (Govt. Code § 57075)

Election: Held within affected territory (Govt. Code § 57075)

**Special Note** For any example, which involves a consolidation: a majority of votes cast in each district must favor consolidation (Govt. Code § 57177.5)
COURSE OUTLINE
Fire District Consolidation

III. Special Election Provisions

(a) When a reorganization includes annexation of inhabited territory and the assessed value of land within proposal equals one-half or more of the assessed value of land within the district, or the number of registered voters residing within the proposal territory equals one-half of the registered voters residing within the district; LAFCO may determine as a condition of approval, that the reorganization shall also be subject to an election—regardless of protest. Elections are held within the district to which annexation is proposed (Govt. Code § 56877).

(b) LAFCO may determine that any election to confirm an annexation or detachment from a district may be held (1) only within the territory ordered to be annexed or detached; or (2) Both within the territory ordered to be annexed or detached and within all or any part of the district which is outside the territory (Govt. Code § 56876).

G. Recordation and completion of proceedings

Introduction: LAFCO actions are not effective until certain filings are made. Prior to the effective date, it is necessary for LAFCO staff to work closely with affected agencies to ensure a smooth transition of responsibilities.

1. A change of organization is deemed completed upon execution of a certificate of completion (Govt. Code § 56102)
   a. Prior to issuing a certificate of completion, LAFCO staff needs to work closely with successor agency staff to ensure the agency is ready to assume additional responsibilities

H. Technical issues

1. Are legal descriptions necessary for consolidation?
2. What boundary descriptions are required by the State Board of Equalization and county assessor?
3. Are legal descriptions necessary for latent power proposals?
4. Who is the contact at the State Board of Equalization?
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advanced Life Support (ALS)</td>
<td>See Emergency Medical Services.</td>
</tr>
<tr>
<td>Affected District</td>
<td>A special district, as defined by G.C. § 56036, that contains, or whose sphere of influence contains, any territory for which a reorganization or a change of organization is proposed or ordered (G.C. § 56013).</td>
</tr>
<tr>
<td>Affected Local Agency</td>
<td>Any local agency that contains, or would contain, or whose sphere of influence contains, any territory within any proposal or study to be reviewed by the commission (G.C. § 5601).</td>
</tr>
<tr>
<td>Affected Territory</td>
<td>Any territory for which a change of organization or reorganization is proposed or ordered (G.C. § 56015).</td>
</tr>
<tr>
<td>Amador Plan</td>
<td>A contract between a local government and the State to keep a CALFIRE facility staffed and ready for response during the non-fire season. The local government must reimburse CALFIRE for any added costs associated with this service (Public Resources Code § 4144). The Amador Plan maintains CALFIRE presence in the local community year-round; it does not transform the CALFIRE mission from wildland to structural fire protection, nor does it increase the level of service beyond CALFIRE’s normal operation. Under the Amador Plan, contracted CALFIRE resources are still under State control and subject to redeployment in other locations; however, CALFIRE is obligated to backfill vacated Amador Plan stations as a priority (see Schedule A Program).</td>
</tr>
<tr>
<td>Assessment</td>
<td>Levies against real property, based on special benefit conferred upon the property. In 1996, Prop 218 introduced extensive substantive and procedural requirements for imposing new assessments, increasing existing assessments, and even for continuing some existing assessments (see Prop 218).</td>
</tr>
<tr>
<td>Automatic Aid</td>
<td>A contract agreement among local jurisdictions to automatically dispatch assistance to emergency incidents.</td>
</tr>
<tr>
<td>Basic Life Support (BLS)</td>
<td>See Emergency Medical Service</td>
</tr>
<tr>
<td>Battalion Chief</td>
<td>A supervising chief officer, who oversees a specific number of fire stations or emergency response unity.</td>
</tr>
<tr>
<td>Boundary Drop</td>
<td>An agreement among local jurisdictions to dispatch response to an incident from the nearest available emergency response unit without regard to jurisdictional boundaries.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>California All Incident Reporting System (CAIRS)</td>
<td>A statewide emergency incident data program that collects, compiles, analyzes, and distributes statistical information reported by the California Fire Service. CAIRS information is integrated into the National Fire Incident Reporting System.</td>
</tr>
<tr>
<td>California Department of Forestry and Fire Prevention (CALFIRE)</td>
<td>CALFIRE is responsible for prevention and suppression of wildland fire in areas that the State declares State Responsibility Areas (SRA) and assumes financial responsibility (Public Resources Code 4000 et seq.). CALFIRE will respond to structure, vehicle, and other fires and urgent situations within SRAs—if CALFIRE resources are not otherwise engaged; nevertheless, CALFIRE's statutory mission is wildland fire suppression and the agency has no obligation to respond to other emergencies. Public awareness of the limitations of the CDF function is emphasized in State Law, which requires every real property transfer within an SRA to disclose that property located within a wildland area may contain substantial risks and hazards...and shall also disclose that it is not the State's responsibility to provide fire protection services to any building or structure located within wildlands (Public Resources Code § 4136).</td>
</tr>
<tr>
<td>California Division of Occupational Safety and Health (Cal/OSHA)</td>
<td>Cal/OSHA, under the California Department of Industrial Relations, protects workers and the public from safety hazards through its Cal/OSHA, elevator, amusement ride, aerial tramway, ski lift and pressure vessel programs, and provides consultative assistance to employers. <a href="http://www.dir.ca.gov/default.html">http://www.dir.ca.gov/default.html</a></td>
</tr>
<tr>
<td>Call Stacking</td>
<td>Two or more emergency calls dispatched either at the same time or while the engine company is committed to another incident.</td>
</tr>
<tr>
<td>Code 3</td>
<td>Traveling to an emergency incident location with lights and siren.</td>
</tr>
<tr>
<td>Community Emergency Response Team (CERT)</td>
<td>A Federal Emergency Management (FEMA) supported program that trains citizens to safely respond to disasters. The goal is to prepare communities for disasters and to help serve neighborhoods when emergency services are overwhelmed.</td>
</tr>
<tr>
<td>Company</td>
<td>Two or more firefighters organized as an emergency response team and equipped to perform certain operational functions.</td>
</tr>
<tr>
<td>Glossary of Terms</td>
<td>Fire District Consolidation</td>
</tr>
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<td>-----------------------------</td>
</tr>
<tr>
<td><strong>Conducting Authority</strong></td>
<td>The conducting authority is the commission of the principle county of the entity proposing a change of organization or reorganization, unless another conducting authority is specified by law (G.C. § 56029). If protest proceedings have not been waived by the commission, notice is given and a date is set for a public hearing where affected landowners and registered voters may protest the LAFCO decision. Written protests must be filed with the commission prior to the conclusion of the hearing and the commission, as conducting authority, must adopt a resolution making finding regarding the value of written protest. The value of written protest must be determined as described in G.C. § 56707, 55708, and 55710.</td>
</tr>
<tr>
<td><strong>Containment</strong></td>
<td>Fire spread minimized under prevailing conditions.</td>
</tr>
<tr>
<td><strong>Control (under)</strong></td>
<td>Sufficient suppression action has been taken to ensure no further spread of the fire.</td>
</tr>
<tr>
<td><strong>County Service Area (CSA)</strong></td>
<td>See Fire District</td>
</tr>
<tr>
<td><strong>Dependent Special District</strong></td>
<td>A special district whose board of directors is another legislative body such as a city council or board of supervisors (see independent special district).</td>
</tr>
<tr>
<td><strong>Education Revenue Augmentation Fund (ERA Fund)</strong></td>
<td>In 1992-93 and 1993-94, as the State faced severe budget deficits, the Legislature shifted approximately $3.8 billion in property tax revenues away from counties, cities, special districts, and redevelopment agencies to schools. The property tax shift was a strategy to reduce demands upon the State General Fund. Constitutionally mandated levels of spending for schools are financed with local property taxes and State General Fund monies. The State provides General Fund revenues to school districts sufficient to close any gap between the amount of local property tax revenue and mandated levels of school spending. With the property tax shift, county auditors are required to deposit into a county-wide fund for schools—the Educational Revenue Augmentation Fund—portions of local property tax revenue, which had previously been allocated to non-school local agencies. ERAF monies are subsequently distributed to local schools, thereby offsetting the need for State aid. Shifting property tax revenues from local governments to schools did not affect the overall level of school funding; however, the State's General Fund obligation to schools was diminished.</td>
</tr>
</tbody>
</table>
GLOSSARY OF TERMS
Fire District Consolidation

Emergency Medical Dispatch (EMD)
Certified individuals who provide pre-arrival assistance for the care of ill or injured persons. EMDs may need to give over-the-phone instructions to callers, prior to the arrival of emergency service professionals; for example, instructing in CPR, emergency child birth procedures, or stopping life-threatening bleeding.

Emergency Medical Services (EMS)
Emergency service that is dedicated to providing out-of-hospital acute medical care and/or transport to definitive care facilities. Training and certification of emergency medical personnel define the level of emergency medical assistance that is available within communities. Local agencies, as well as volunteer fire protection companies, can be authorized to provide medical assistance anywhere from basic first-aid to advanced life support.

Emergency Medical Technician (EMT)
Individuals trained in basic life support procedures and techniques and possessing an EMT-1 certificate.

Emergency Medical Technician - Paramedic (EMT-P)
An EMT with additional training in advanced life support (ALS) procedures and techniques and possessing an EMT-P certificate or license.

Exclusive Operating Area (EOA)
Health and Safety Code § 1797.224 requires the emergency medical services authority in each county to delineate a competitive process for awarding an exclusive operating area for emergency transport ambulance providers.

Fees
Fees can be imposed for a variety of services including issuing service availability letters and plan checks. The California Constitution defines fees as charges that do not exceed the reasonable cost for providing the regulation, product, or service for which fees are charged. Proposition 218 introduced procedural requirements on fees imposed as an incidence of property ownership.

Fire Captain
Fire officer in charge of a response unit or fire station.

Fire District
Special Districts authorized to provide fire protection and/or EMS:
2. Community Services District (CSD): Gov’t. Code 61000—61226.5
3. County Service Area (CSA); Gov’t. Code: 25210.1—25338
5. Municipal Water District: Water Code 71000—73001
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition or Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire Flow</td>
<td>The amount of water being pumped into a fire; or, the amount of water required to extinguish a hypothetical fire. Calculation of fire flow is critical in light of the axiom that an ordinary fire will not be extinguished unless there is sufficient water to remove the fire’s heat.</td>
</tr>
<tr>
<td>Fire Protection District Law</td>
<td>See Fire District.</td>
</tr>
<tr>
<td>Hazardous Materials (HAZMAT)</td>
<td>Materials, including solids, liquids, or gasses that may cause injury, death, or damage if released or triggered.</td>
</tr>
<tr>
<td>Inhabited territory</td>
<td>Territory where 12 or more registered voters reside (see uninhabited territory).</td>
</tr>
<tr>
<td>Independent Special District</td>
<td>A special district that has a directly elected board of directors or whose managers are appointed to fixed terms (see dependent special district).</td>
</tr>
<tr>
<td>Initial Attack</td>
<td>First point of attack on a fire where hose lines or fuel separation are used to prevent further extension of the fire.</td>
</tr>
<tr>
<td>Insurance Service Office (ISO)</td>
<td>The ISO supplies statistical, actuarial, and claims information to the nation's insurance industry concerning more than 45,000 fire protection districts. The ISO evaluates a community's public fire-protection capability and assigns a protection-class rating from 1 to 10. Insurance companies use the ISO information to determine risk and make decisions regarding availability of property insurance coverage. Before a community can receive an ISO classification, the community must have at least the following minimum facilities and practices: (1) The community must have a fire department and be organized permanently under applicable State or local laws; (2) The fire department must serve an area with definite boundaries; (3) The department must have sufficient membership to assure the response of at least four members to a structure fire; (4) At least two hours of training must be provided every two months; (5) A system must be in place that allows no delay in dispatch of firefighters and apparatus; and (6) The department must house apparatus to provide protection from the weather. If a community does not meet the minimum criteria, ISO will assign a Class 10 rating. <a href="http://www.isomitigation.com">www.isomitigation.com</a></td>
</tr>
<tr>
<td>Interested Agency</td>
<td>Each local agency which provides facilities or services in the affected territory that a subject agency would provide (G.C. § 56047.5).</td>
</tr>
</tbody>
</table>
Glossary of Terms
Fire District Consolidation

Local Responsibility Area (LRA)  Land where the responsibility for fire protection lies with local governments (see State Responsibility Area—SRA).

Mello-Roos Community Facilities Act of 1982 (Mello-Roos)  The 1982 Mello-Roos Community Facilities Act enables cities, counties, special districts and school districts to establish community facilities districts (CFD) and to levy special taxes to fund a wide variety of facilities and services. Under the Fire Protection District Law of 1987, fire protection districts are specifically authorized to finance any capital facility or pay for fire protection services a special tax under the Mello-Roos Act. A Mello-Roos allows fire protection agencies to issue bonds, backed by voter-approved special taxes. A Mello-Roos tax is not affected by the requirements of Prop 218; however, the Act has its own specific requirement for two-thirds voter approval (G. C. § 53311 et seq.).

Mitigation Fees  Typically, fees imposed by local code or ordinance that establish a fund for additional fire protection facilities and equipment, which is necessary to meet the increased demand created by new development.

Mutual Aid  An agreement among federal, state and all political subdivisions, to enter to collectively share resources to prevent and combat the effect of large scale emergencies and disasters, which may result from such incidents as flood, fire, earthquake, or other widespread threats of destruction to life and property.

National Fire Protection Association (NFPA)  The world's leading advocate for fire prevention. In its role as a source of public safety information, NFPA develops and publishes more than 300 consensus codes and standards intended to minimize the likelihood and mitigate effects from fire and other risks.

NFPA 1500  Standard on Fire Department Occupational Safety and Health Program.


GLOSSARY OF TERMS
Fire District Consolidation

OSHA—Occupational Health and Safety Administration
OSHA was created by Congress under the Occupational Safety and Health Act, which was signed by President Richard M. Nixon on December 29, 1970. OSHA’s mission is to prevent work-related injuries, illnesses, and deaths. In 2005, there were 4.2 million occupational injuries and illnesses among U.S. employees. Approximately 4.6 of every 100 employees experienced a job-related injury or illness, and in 2006, 5,703 employees lost their lives on the job. [http://www.osha.gov/esa/opas/osha-faq.html]

Petition
A proposal for a change of organization or reorganization may be initiated by a petition of either landowners or registered voters, or in the case of a landlord-voter district, exclusively landowners. Petitions must conform to requirements of State Law concerning form, content, circulation, time limits, and certification (G.C. § 5500 et seq.).

Property Tax
All property is taxable unless determined otherwise by the California Constitution or Federal laws. Real property—that is—land and attached improvements and tangible personal property such as boats, portable machinery, and office equipment are subject to annual assessment and taxation. Also subject to annual taxation are: private possessority interest in publicly owned lands, for example, contractual use of U.S. Forest Service property for ski resort or cabins; and property owned by local governments but located outside their boundaries—if the property was subject to taxation when acquired by the local government.¹

The classification of property tax as either real or personal is significant because tax assessment procedures vary depending on the type of classification. The Legislature may exempt personal property from taxation or provide for differential taxation; the Legislature does not have this power over real property. In addition, personal property is not subject to the valuation limitations created by Proposition 13.


Proposition 13
Property tax limitation initiative, approved by voters on June 6, 1978. Prop. 13 fundamentally changed the manner in which property was assessed, taxes were levied, and property tax revenue was allocated to local governments. Prior to 1978, local governments in California could set property tax rates independent of the rates set by other local governments; property tax bills reflected the aggregate of each tax rate levied within the TRA where property was located. Prop. 13 limited the aggregate property tax rate to a constitutional maximum of one percent of assessed value and assigned responsibility for allocating property tax revenue to the State.
Glossary of Terms
Fire District Consolidation

Proposition 172—Local Public Safety Protection and Improvement Act of 1993

Prop. 172 placed an additional one-half percent state Sales and Use Tax rate in the State Constitution effective January 1, 1994. Revenues from the additional tax are be used exclusively for local public safety activities, including police and sheriff departments, fire protection, county district attorneys, county probation and county jail operations. Counties are eligible to participate if boards of supervisors adopted a resolution in support of the measure by August 1, 1993, or alternatively, if a majority of voters have approved the measure.

Revenue from the one-half percent tax is intended to offset part of the revenue loss that cities and counties experienced from a shift of property tax to schools. Implementing legislation provides specific criteria for how the revenues will be allocated to cities and counties. Briefly, funds are deposited to a Public Safety Augmentation Fund in each county and distributed to eligible cities that provide public safety, based on the amount of revenues that each city shifted to the ERAF. Monies not distributed to cities are allocated to the county.

Proposition 218

The Right to Vote on Taxes Act is a constitutional amendment passed by voters in 1996. Prop. 218 requires voter approval prior to imposition or increase of general taxes, special taxes, assessments, and certain user fees. Section 4, Article XIII A of the California Constitution authorizes cities, counties, and special districts to impose non-ad valorem special taxes with a two-thirds approval of the electors. After property tax, special taxes are the principal revenue source for funding fire protection operations. Through a series of court cases, the California Supreme Court found all taxes levied by special purpose districts to be special taxes—even if proceeds are used for general purposes. Accordingly, the primary alternative, which fire protection districts can use to generate revenue, requires two-thirds approval of voters. The two-thirds requirement was reinforced in 1986 by Prop. 62 and again in 1996 by Prop. 218.

Protest

LAFCO decisions may be subject to a landowner or registered voter protest. If protest proceedings are not waived by LAFCO, the commission gives notice and sets the proposal for hearing. The Conducting Authority hears the proposal at the noticed time and determines the value of written protests as described by G.C. § 56707, 55708, and 56710. The Conducting Authority must either: (1) order the change; (2) order the change subject to an election; or (3) terminate proceedings, depending upon the value of written protest that is received.
GLOSSARY OF TERMS
Fire District Consolidation

Resolution of Application
A proposal for a change of organization or a reorganization may be made by the adoption of a resolution of application by the legislative body of an affected local agency; EXCEPT that a proposal for a change of organization that involves the exercise of new or different functions or classes of services, within all or part of the jurisdictional boundaries of a special district, shall only be initiated by the legislative body of that special district [G.C. § 56654 (a),(b)].

Schedule A Program
The Schedule A Program provides full service fire protection at facilities typically owned by the contracting local agency. CALFIRE will staff engines, truck companies, paramedic units, hazardous materials units, etc. as stipulated by the contractor. Stations and equipment are owned by the contracting agency; CALFIRE provides staffing. Under a Schedule A Program, CALFIRE resources become tied to the contracting agency and are not subject to redeployment around the State to respond to incidents in other locations. All costs for providing these services are reimbursed to CALFIRE by the local agency, including an administrative overhead rate to cover indirect costs associated with the contract (Public Resources Code § 4142) (see Amador Plan).

Special District Consolidation
The uniting or joining of two or more districts into a single new successor district (G.C. § 56030). Consolidating districts do not need to be formed under the same principal act [G.C. § 560700(b)]. If a majority of the members of each of the governing bodies of two or more districts adopt substantially similar resolutions of application for a consolidation, LAFCO shall approve, or conditionally approve, the proposed consolidation (G.C. § 56853).

Special District—Dependent
A local government formed under general law or special act that has a board of directors, which is another legislative body, such as a city council or board of supervisors.

Special District—Independent
A local governmental agency formed under general law or special act that has a directly elected board of directors.

Special District—Merger
Extinguishment, termination, and cessation of the existence of a district of limited powers by the merger of such a district with a city (G.C. § 56056). In a merger, the territory of a district must be included entirely within the boundaries of a city (G.C. § 57104).

Special Tax
After the property tax, special taxes are the principal revenue source for funding fire protection operations. Section 4, Article XIII A of the California Constitution authorizes cities, counties, and special districts
to impose non-ad valorem special taxes with a two-thirds approval of the electors. Through a series of court cases, the California Supreme Court found all taxes levied by special districts to be special taxes— even if proceeds are used for general purposes. Accordingly, the primary alternative that fire protection districts can use to generate revenue requires two-thirds approval of the voters. The two-thirds requirement was reinforced in 1986 by Prop. 62 (a statutory initiative intended to close Prop. 13 loopholes) and again in 1996, by Prop. 218, the Right to Vote on Taxes Act.

**Sphere-of-Influence (SOI)**

State Law requires LAFCOs to develop a sphere-of-influence (SOI) for cities and special districts. Spheres represent a plan for the probable physical boundary and service area of a local agency (G.C. § 56076). LAFCOs shall, as necessary, review and update each sphere every five years. 56425(g).

**State Mutual Aid Program**

See Mutual Aid

**State Responsibility Area (SRA)**

Approximately 31 million acres where the State through the California Department of Forestry and Fire Protection (CALFIRE) is responsible for wildland firefighting. SRA lands are primarily privately-owned timberland, rangeland, and watersheds (Public Resources Code § 4126). Lands owned by the federal government or incorporated within city limits are excluded from SRA. Additionally, if the housing density is greater than three units per acre, the Board of Forestry generally removes these lands from SRA to local responsibility area (LRA) and local governments become responsible for fire protection (Public Resources Code 4127).

**Strike Team**

A group of five similar fire apparatus commanded by a chief officer (strike team leader). The strike team operates with a focused goal in a large fire situation. The term is commonly used for structure protection teams during wildland fire operations.

**Subsidiary District**

A district of limited powers for which a city council is designated as the ex-officio board of directors of the district. At least 70 percent of district territory and 70 percent of the district’s registered voters must be within the city limits for a district to become a subsidiary district.
GLOSSARY OF TERMS
Fire District Consolidation

Tax Rate Area (TRA)  To facilitate compilation of county tax rolls, geographic areas that contain specific combinations of public agencies are grouped together as Tax Rate Areas. Individual jurisdictions generally contain multiple TRAs to reflect the different combinations of public services provided to various areas within each jurisdiction. Property taxes generated within each TRA are allocated to the public agencies within the TRA according to formulas contained in State Law.

Truck Company (ladder company)  A group of firefighters who are assigned to a fire apparatus that has a large fixed ladder or a platform of 75-feet or more and also carries a large number of ground ladders and other specialized equipment to perform rescue, ventilation, and other specialized functions at an emergency scene.

Two-In / Two-Out  Standard fire ground safety tactic of having one team of two firefighters enter a hazard zone, while at least two others stand by outside in case the first two need to be rescued.

Type I Engine  Engine company with a standard complement of components and equipment and with a minimum of 1000 gallons-per-minute (GPM) pump and 400 gallon water tank.

Type II Engine  Engine company with a standard complement of components and equipment and with a minimum of 500 gallons-per-minute (GPM) pump and 400 gallon water tank.

Type III Engine  Engine company with a standard complement of components and equipment and with a minimum of 120 gallons-per-minute (GPM) pump and 300 gallon water tank.

Uninhabited Territory  Territory which contains less than 12 registered voters (see inhabited territory).

Volunteer Fire Company  Volunteer companies are autonomous private organizations authorized to adopt bylaws and elect officers according to State Health and Safety Codes. Volunteer companies are not public agencies and State Law for dissolving or consolidating special districts do not extend to private organizations. Many volunteer operations incorporate as 501(C)(3) non-profit organizations and title to volunteer assets are held by the corporation.

The term volunteer refers to citizens who provide unpaid services to volunteer fire organizations; volunteers may be community residents or may commute from other areas. Reserves are temporary community residents who work as unpaid or partially-paid volunteers.
GLOSSARY OF TERMS
Fire District Consolidation

in order to receive the training and experience needed to qualify for paid fire positions at career fire protection agencies.

Wildland-Urban Interface (WUI) A classification, line, area, or zone where structures and other human occupancies meet or intermingle with undeveloped wildland or unmodified vegetative fuels. The expansion of WUI in recent decades has significant implications for wildfire management and impact.
CALAFCO Fire Service Course
Reorganization Case Studies

November 5, 2010

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INTRODUCTION

This presentation summarizes three reorganizations or consolidations involving local government and the related revenue transfers, each using a different approach and each in a different stage of progress:

1. The formation of a Joint Powers Authority ("JPA") to provide fire protection services in Stanislaus County;

2. The formation of a consolidated fire protection district in Monterey County involving two actions before the Monterey County LAFCO
   a. An update to the Sphere of Influence and annexation of 16 areas consisting of approximately 12,500 acres to the Carmel Valley Fire Protection District; and
   b. The consolidation of the expanded Carmel Valley Fire Protection District and the Monterey County Regional Fire District to form a successor district also called Monterey County Regional Fire District.

3. The hypothetical consolidation of a large fire protection district serving the unincorporated areas of a county with two small cities which currently contract for fire protection services with that fire district.
CASE STUDY 1:  
THE MODESTO METROPOLITAN FIRE AGENCY  
(A JOINT POWERS AUTHORITY)

I. Introduction

a. This example discusses the issues associated with forming a Joint Powers Authority ("JPA") to provide fire protection services.

b. The JPA referenced is a new agency, the Modesto Metropolitan Fire Agency.

c. The JPA is currently being negotiated by the County of Stanislaus (the "County"), the City of Modesto (a charter city) (the "City"), and the Salida Fire Protection District (the "District"), a California Special District organized under the Fire Protection District Law of 1987, Health and Safety Code § 13800 et seq. (the "Fire District Law").

II. Background Facts

a. The City, County, and District have become aware of ongoing issues associated with the adequacy of revenues for funding fire protection services and the corresponding need to control costs while maintaining a high level of fire services.

b. These issues historically have been raised by Reorganization, consisting of the Detachment of territory from the District and addressed in the progressive expansion of the City through a corresponding Annexation to the City.

Exhibit 1:  Map of Stanislaus County Fire Districts

c. These Reorganizations present common facts and assumptions:

i. The anticipated annexation of the Kiernan Business Park to the City of Modesto, and the corresponding detachment of the territory from the District.

ii. Under the Revenue and Taxation Code, the Annexation and Detachment results in a corresponding loss of property tax revenue to the District and a gain in property tax revenue to the City.

iii. The City and the District anticipate that the affected territory will be developed, which will increase the taxable value of the property and the amount of the revenue that will be shifted from the City to the District.

iv. Notwithstanding the anticipated revenue transfer, the District will still provide fire protection services to the areas adjacent to the affected territory, and as a result of the anticipated development, the calls to the District are likely to increase, as the traffic in and out of the affected territory increases with development.
d. Based on assumptions, the City and the District entered into a revenue sharing agreement in June 2010 to maintain the level of fire protection services after the Reorganization of the Kiernan Business Park.

Exhibit 2: Agreement Between the City of Modesto and the Salida Fire Protection District for the Allocation of District Revenue Resulting from the Annexation of Property within the Kiernan Business Park to the City (the “Revenue Sharing Agreement”).

i. The Revenue Sharing Agreement:

1. Allows the District to keep a base level of property tax revenues from the property taxes assessed on the affected territory to maintain its current level of service (the amount of revenue it received at the time the annexation became effective); and

2. Provides that the District will pass through additional amounts of property tax revenue to the City. If the amount of property tax revenue doubles, the District keeps the base amount of revenue and the City and the District split the additional amounts of revenue. After the affected territory is annexed and developed.

ii. The City and District expect that this arrangement will result in an equal split of revenue.

iii. The Revenue Sharing Agreement flagged the issues associated with the adequacy of funding and maintaining services for the City and the District.

e. The City, District, and County decided to address revenue issues, like the issues raised by the Kiernan Business Park Reorganization and the Revenue Sharing Agreement, by forming a JPA.

III. Issues Associated with Forming a Joint Powers Authority (“JPA”)

a. Statutory Authority: The Joint Exercise of Powers Act, Government Code §§ 6500 - 6599.3 (the “Act”) provides that two or more public agencies may agree to jointly exercise their “common powers.” This results in the formation of a new government agency, which is subject to both the provisions of the Act and the terms of the agreement between its agency members.

Act, Section § 6502 provides:

If authorized by their legislative or other governing bodies, two or more public agencies by agreement may jointly exercise any power common to the contracting parties, even though one or more of the contracting agencies may be located outside this state.

i. Section 6502 explains the mechanics of formation of a JPA:
Case Study 1
Modesto Metropolitan Fire Agency

1. The “members” of the JPA are “Public Agencies,” which are broadly defined by the Act to include the federal government, a state government, any federal or state department or agency, and any local agency, including (as here) a county, a city, and a fire protection district. Government Code § 6500.

2. The formation of a JPA must be authorized by each member’s governing body, meaning that each city council, board of supervisors, or board of directors must pass a resolution to adopt the Agreement creating the new entity.

3. As discussed above, a JPA is formed by Agreement, often called a Joint Powers Agreement or a Joint Exercise of Powers Agreement. The benefit of having an agreement is that the organization and powers of the JPA can be specifically set out in the Agreement terms. The Agreement can also be vague or specific, as determined by the parties’ negotiations. The more specific an Agreement’s terms, the more it might limit the JPA’s power to act. The vaguer the agreement’s terms, the more likely it will be that the JPA officials and staff will need to refer to state law before taking action.

4. The JPA can only exercise the powers that are common to its members. This means that the JPA’s powers are limited to the powers of the member with the fewest powers. In this case, the member with the most limited powers is the fire protection district.

b. Principal Acts of the JPA Members: In California, state statutes (laws written by the Legislature) provide the powers that local agencies exercise.

i. In some cases, local governments can add to the powers granted to them by statute. For example, charter cities have those power granted by the legislature and also have the powers allowed by their charters. If a charter city seeks to take an action not provided for by statute, the charter can be amended to authorize such action as long as it complies with other applicable laws.

ii. In all other cases, including in the case of special districts, local governments are agencies of “limited powers.” This means that such governments only have the power to take specific actions authorized by statute, so-called “enumerated powers” and those actions needed to accomplish the actions specified by the enumerated powers, so-called “implied powers.”
Case Study 1
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iii. As a result, if an agency of limited powers is a member of a JPA, the JPA will only have those powers granted to the member agency by its "Principal Act" the statute which authorizes its formation and grants its powers.

iv. In this example, the JPA only has those powers granted to the Salida Fire Protection District as they are further limited by the Act and the terms of the JPA Agreement. Thus, we look to the Principal Act for fire districts, the Fire District Law, to determine the scope of the JPA's powers.

v. For example, both the JPA and District can pass ordinances, pass resolutions, hire employees, enter into contracts, and buy real estate. Accordingly, the JPA will in effect be a larger, consolidated fire district. It will have a board of directors and employees, facilities, and equipment.

e. **Terms of a JPA Agreement:** Because a JPA is formed by an agreement, its powers are also enumerated (and/or limited) by the specific agreement terms.

Exhibit 3: *Draft Modesto Metropolitan Fire Agency Joint Powers Agreement, Version 6, October 21, 2010*

i. Each of the prospective member agencies is currently reviewing the terms of the Agreement that will form the new JPA. While the JPA agreement terms are not final, the current draft of the JPA provides: the JPA’s purpose; its organization; how the transition from existing entities will take place; how it will be funded; its accounting, its property rights; and the withdrawal and addition of members.

1. **Organization:**
   
a. The JPA will transfer funding, services, personnel, facilities, and equipment from its members.

b. To accommodate the transition, the Agreement allocates liability to the members for actions before the formation of the JPA and allocates liability to the JPA for actions taken after it is formed.

c. The initial staffing for the JPA (the administrative tasks of transition) will be provided by one member (the City of Modesto).

2. **Control:** The JPA is flexible, but *not* independent of its members.

a. The members will appoint the board of directors and will have weighted votes.
The JPA contemplates additional members joining. Later joining members will have less control (one shared vote) than original members.

c. Because the members of a JPA are the ones controlling it, the JPA is subject to their interests.

3. **Funding:** The members will contribute revenue to the new entity in exchange for the new entity’s provision of fire services; pooling their resources without changing their boundaries. The members have not changed how tax revenues are allocated, but are “passing-through” tax revenues by contract.

a. The City will transfer its fire department revenues to the new entity (fees and general fund contributions);

b. The District will contribute its property tax revenues and fund balances; and

c. The County will contribute its fees and funding for fire services, emergency services, and special operations.

d. The JPA also provides that the Revenue Sharing Agreement, and agreements like it that relate to the funding of fire services, will be incorporated into the JPA and transferred to the new entity. (JPA p. 13)
Case Study 1
Modesto Metropolitan Fire Agency

Exhibit 1
Exhibit 2
AGREEMENT BETWEEN THE CITY OF MODESTO AND THE SALIDA FIRE PROTECTION DISTRICT FOR THE ALLOCATION OF DISTRICT REVENUE RESULTING FROM THE ANNEXATION OF PROPERTY WITHIN THE KIERNAN BUSINESS PARK TO THE CITY

This agreement ("Agreement") is entered into by and between the City of Modesto ("CITY") and the Salida Fire Protection District ("DISTRICT"), a California special district organized and governed by the Fire Protection Law of 1987 (California Health & Safety Code Section 13800, et seq.).

RECITALS

This Agreement is made with reference to the following facts:

A. DISTRICT is responsible for fire suppression and prevention within the territory governed by this Agreement and receives the District Revenue generated within the DISTRICT boundaries;

B. CITY and DISTRICT desire to enter into this Agreement to allocate District Revenues in the event of Annexation of the territory covered by this Agreement to the CITY;

C. CITY and DISTRICT agree it is in the best interest of the area subject to annexation that it receives fire and life safety services jointly from CITY and DISTRICT.

D. CITY and DISTRICT agree it is the intent of both parties, and in the overall public interest, to ensure both agencies receive sufficient District Revenues to provide adequate levels of fire and emergency services within the affected Territory and are able to provide assistance to other fire protection agencies in a cooperative manner; and

E. It is agreed that an equitable sharing of future District Revenue from the Affected Territory will benefit the overall organization of fire protection agencies and their cooperative ability to provide adequate emergency services.

NOW THEREFORE the CITY and DISTRICT hereby agree as follows:

1. Effect of Recitals.

The foregoing recitals set forth the intent of the CITY and DISTRICT in entering into this Agreement.
2. Definitions.

2.1 "Affected Territory" means that territory defined in the Kiernan Business Specific Plan Amendment #4 for which a change of organization or reorganization is proposed or ordered. The Affected Territory includes APN Nos. 078-015-002, 078-015-012, and 078-005-013. Government Code Section 56033. Government Code Section 56015.

2.2 "Annexation" means the annexation, inclusion, attachment, or addition of territory to a city or district. Government Code Section 56017.

2.3 "Detachment" means the detachment, de-annexation, exclusion, deletion, or removal of any portion of the territory of that city or district. Government Code Section 56033.

2.4 "Change of Organization" means an Annexation to, or detachment from a city or district. Government Code Section 56021.

2.5 "District Revenues" shall mean any allocation of the property tax due the District from the Affected Territory. It shall also include any District special tax as authorized by Health & Safety Code Section 13911, any District special tax as authorized by Health & Safety Code Section 13912, any District special tax for fire protection as authorized by Health & Safety Code Section 13913, any District assessment for fire suppression service as authorized by Health & Safety Code Section 13914, and District assessments to finance capital improvements as authorized by Health & Safety Code Section 13915 and any fee authorized by Health & Safety Code Section 13916 for services of the District levied on an interested party and other public agency, except the City. District Revenues shall not include grants, gifts, bequests or litigation or insurance recoveries.

2.6 "Effective Date" means the date at which the Change of Organization becomes effective. This is the date the Change of Organization is recorded by the Stanislaus LAFCO staff, unless a different Effective Date is set forth in the LAFCO resolution approving the Change of Organization.

2.7 "Fiscal Year" means July 1 of any given year – June 30 of the next year utilized for property tax purposes.
2.8 Upon the Effective Date of the Annexation of the Affected Territory to the CITY, the amount of District Revenue generated from the affected territory in the calendar year in which the Effective Date occurs shall be designated as the "Base District Revenue".

3. Effect of Annexation on Affected Territory.
Upon the annexation of Affected Territory to the CITY, CITY and DISTRICT will jointly be responsible for fire suppression and prevention within the Affected Territory. The Affected Territory will not be Detached from DISTRICT.

4. Allocation of District Revenue to CITY.
Beginning in the Calendar Year following the calendar year in which Effective Date the District Revenue attributable to DISTRICT from the Affected Territory shall be reapportioned as follows:
The District shall retain the Base District Revenue for the entire calendar year in which the Effective Date falls. This will likely result in CITY providing joint fire and life safety services with DISTRICT in the Affected Territory for a period of several months until District Revenues are received in the normal course of business during the first Fiscal Year after the Effective Date. In the first Fiscal Year following the Effective Date, and in each Fiscal Year thereafter, City shall receive 100% of District Revenues actually received by District in excess of the Base District Revenue. In the first Fiscal Year after the Effective Date in which District Revenues exceed two times the Base District Revenue, and in each Fiscal Year thereafter, the amount of District Revenue actually received by DISTRICT in excess of two times Base District Revenue shall be split evenly between DISTRICT and CITY. The parties intend that all District Revenues will ultimately be split equally between them.

5. Annual Transfer of Funds From DISTRICT to CITY.
In the next Fiscal Year following the Effective Date and in each Fiscal Year thereafter, the DISTRICT shall transfer to CITY, within 60 days of receiving its District Revenue allocations from the County, the amount of District Revenue owed to CITY in accordance with Section 4 above.
6. **Support for Annexation to the City.**
DISTRICT agrees not to oppose or attempt to frustrate the Annexation of the Affected Territory to the CITY and CITY agrees to not request Detachment of the Affected Territory from the DISTRICT, in any Change of Organization proceeding before LAFCO.

7. **Assurances on Use of Revenue.**
CITY recognizes that District Revenues transferred to it by this Agreement could have been appropriated by DISTRICT to meet public safety service demands. CITY agrees to utilize District Revenues to maintain levels of service in the Affected Territory equal to or greater than levels of service provided by CITY elsewhere. City agrees to ensure funds it receives pursuant to this Agreement will be available to benefit the Affected Territory under mutual aid or other cooperative agreements.

8. **No Restriction on District or City Discretion.**
Nothing in this Agreement is intended or shall be construed to limit or restrain DISTRICT or CITY’s discretion to make budgetary, legislative or staffing decisions regarding levels of service that it deems necessary for overall safety and welfare of the Affected Territory.

9. **Term of Agreement and Termination.**
The Agreement shall become effective on the date that it becomes approved by both CITY and DISTRICT. It shall terminate only upon the mutual agreement of the parties.

10. **Renegotiation Due to Change in Law.**
In entering into this Agreement, the parties mutually assume the continuation of the existing statutory scheme for the allocation and distribution of available District Revenue to local government. Accordingly, it is mutually understood and agreed that should changes in law occur that materially affect the terms of this Agreement the parties shall meet to attempt to resolve any difficulties that are thereby created. “Materially Effect” as used in this Agreement shall include but not be limited to a decrease in District Revenues of five percent (5%) in any single Fiscal Year and only applies to a change in law, not a change in the facts serving as the basis for this Agreement. Any party contending this section applies shall
give written notice pursuant to this section, which notice shall include an explanation of the reasons for the request to meet and attempt to resolve any claim of Material Effect.

11. **Modification.**

   This Agreement may be modified or amended only by a writing duly authorized and executed by CITY and DISTRICT.

12. **Administrative and Ministerial Action.**

   City and District will insofar as is legally possible, fully carry out the intent and purposes hereof, if necessary, by administrative and ministerial action independent of their legislative power.

13. **Integration.**

   This Agreement is intended to be an integrated agreement and supersedes any and all previous negotiations, proposals, commitments, writings and understandings of any nature whatsoever between CITY and DISTRICT as to the subject matter of this Agreement.

14. **Notice.**

   All notices, requests, determinations or other correspondence required or allowed by law or this Agreement to be provided by the parties shall be in writing and shall be deemed given and received when delivered to the recipient by certified mail or by facsimile transmission at the following addresses:

   **City Manager:**
   City of Modesto
   P. O. Box 642
   Modesto, CA 95353

   **Fire Chief:**
   Salida Fire Protection District
   P. O. Box 1335
   4820 Salida Boulevard
   Salida, CA 95368

   **Fire Chief:**
   Modesto Fire Department
   600 11th Street
   Modesto, CA 95354
15. **Dispute Resolution.**

Any dispute arising out of or relating to the interpretation or application of this Agreement, or any District Revenue or Base District Revenue calculation hereunder shall be submitted to the respective Fire Chiefs of CITY and DISTRICT for resolution. If the dispute is not resolved there, it may be submitted to mediation upon mutual agreement of CITY and DISTRICT. In the event the dispute is not settled by the Fire Chiefs and/or in mediation, within six months after one party gives the other party notice in accordance with this Agreement of the dispute, the matter shall be submitted to final and binding arbitration before one arbitrator in Modesto. The arbitrator will be chosen from a panel of three proposed by the American Arbitration Association by alternate strikes. Arbitration may be requested by either party.

This Agreement to arbitrate shall be specifically enforceable under the jurisdiction of the Superior Court of the State of California in Stanislaus County, but any award rendered by the arbitrator may be entered in any court having jurisdiction. This section shall result in the conclusive, final and binding resolution of arbitrable claims between the parties. Arbitration shall proceed according to the "fast track" rules of the American Arbitration Association then in effect. DISTRICT and CITY shall have the right to take no more than three (3) depositions apiece as a matter of right, without regard to the "fast track" rules. The arbitrator shall apply the substantive law of California.

The arbitrator may grant any remedy or relief deemed by the arbitrator just and equitable under the circumstances, whether or not such relief could be awarded in a court of law. The arbitrator shall be empowered to award monetary sanctions against a party for failure of cooperation in the arbitration. The arbitrator shall, in written award, allocate all the costs of the arbitration, including fees of the arbitrator and the reasonable attorney fees of the prevailing party, against the party who did not prevail. The prevailing party shall be the party in whose favor the majority of the central issues in the case are resolved.

Notwithstanding anything in this provision to the contrary, the arbitrator shall have no power to award punitive damages or other damages not measured by the party's actual damages (excluding litigation costs and fees) against any party.
This limitation of the arbitrator’s powers under this Agreement shall not operate as an exclusion of the issue of punitive damages from this Agreement to Arbitrate sufficient to vest jurisdiction in a court with respect to that issue.

The parties hereby waive any rights provided by Title 9.2 of the California Code of Civil Procedure, Section 1296. The arbitrator’s award shall be deemed final, conclusive and binding to the fullest extent allowed by California law.

16. Assignment.

This Agreement and its terms and conditions shall be binding upon and inure to the benefit of the parties to this Agreement and their respective administrators. This Agreement may not be assigned by either party without written consent of the other party.

17. Governing Law.

This Agreement shall be governed by the laws of the State of California without reference to its choice of law jurisprudence.


If any provision of this Agreement is found by any court of competent jurisdiction to be unenforceable or invalid for any reason, such provision shall be severed from the remainder of the Agreement and shall not in any way impair the enforceability of any other provision of this Agreement.

19. Compliance with Applicable Law.

In providing the services required by this Agreement, CITY and DISTRICT shall observe and comply with all applicable federal, state and local laws, ordinances, codes and regulations.

20. Authority to Contract.

CITY and DISTRICT each warrant that they are respectively legally permitted and otherwise have the authority to enter into this Agreement and perform their respective obligations.

21. Third Party Beneficiaries.

Nothing contained in this Agreement shall be construed to create any rights in third parties and the parties do not intend to create any such rights.
22. **No Party Deemed to be Draftsman.**

The parties acknowledge and agree that this Agreement has been arrived at through negotiation and that neither party is to be deemed the party which prepared this Agreement within the meaning of Civil Code Section 1654.

23. **Counterparts.**

This Agreement may be executed in multiple counterparts, which may be transmitted by facsimile, each of which shall, for all purposes, be deemed an original, but which together shall constitute one and the same instrument.

24. **Indemnity.**

CITY agrees to indemnify, defend and hold DISTRICT harmless with respect to CITY’s negligence or other wrongful acts arising out of or relating to CITY’s performance of its fire and/or life safety services pursuant to this Agreement without regard to the availability of insurance coverage.

DISTRICT agrees to indemnify, defend and hold CITY harmless with respect to DISTRICT’s negligence or other wrongful acts arising out of or relating to District’s performance of its fire and/or life safety services pursuant to this Agreement without regard to the availability of insurance coverage.

25. **Additional Insured Requirement.**

DISTRICT and CITY shall each cause the other to be included as an additional insured to their insurance policies offering or potentially offering coverage for fire and/or life safety services.
IN WITNESS WHEREOF, the City of Modesto, a municipal corporation, has authorized the execution of this Agreement in duplicate by its City Manager and attestation by its City Clerk under authority of Resolution No. 2010-____, adopted by the Council of the City of Modesto on the 9th day of June, 2010, and the Salida Fire Protection District has caused this Agreement to be duly executed in duplicate as of the Effective Date.

SALIDA FIRE PROTECTION DISTRICT

By: ___________________________________
    TOM BURNS, Chairman of the Board of Directors

Dated: _______________________, 2010

APPROVED AS TO FORM:

By: ____________________________
    WILLIAM D. ROSS, District Counsel

Dated: _______________________, 2010

CITY OF MODESTO

By: ___________________________________
    GREG NYHOFF, City Manager

Dated: _______________________, 2010

ATTEST:

By: ___________________________________
    STEPHANIE LOPEZ, City Clerk

APPROVED AS TO FORM:
SUSANA ALCALA WOOD, City Attorney

By: ___________________________________
    ROLAND R. STEVENS, Assistant City Attorney
Exhibit 3
MODESTO METROPOLITAN FIRE AGENCY
JOINT POWERS AGREEMENT
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MODESTO METROPOLITAN FIRE AGENCY
JOINT POWERS AGREEMENT

This Joint Powers Agreement is made and entered into by and among the CITY OF MODESTO, a charter city and municipal corporation in the State of California, the SALIDA FIRE PROTECTION DISTRICT, a duly organized fire protection district under the Fire Protection District Law of 1987, and the COUNTY OF STANISLAUS, a political subdivision of the State of California, on October ___, 2010.

RECITALS

A. The City of Modesto Fire Department ("Modesto") provides fire protection, prevention and suppression services and related services such as emergency medical services, emergency preparedness, mitigation of hazardous materials incidents and special operations including, but not limited to, confined space rescue, technical rescue and water rescue within the corporate limits of the City of Modesto.

B. The Salida Fire Protection District ("Salida") provides fire protection, prevention and suppression services and related services such as emergency medical services, emergency preparedness, mitigation of hazardous materials incidents, technical rescue and water rescue within the unincorporated communities of Salida, Del Rio and North West Stanislaus County.

C. The County of Stanislaus, through the Fire Warden's Office and the Office of Emergency Services ("County"), provides support services for all city fire departments and fire protection districts in Stanislaus County, emergency management, Operational Area Coordinator responsibilities, countywide disaster planning and preparedness, Homeland Security grant administration, and serves as the Fire and Rescue Mutual Aid Coordinator, the County Fire Warden and the Assistant Director of Emergency Services.

D. Modesto, Salida and the County (collectively, the "Members") have determined that creation of a joint power entity to administer fire and emergency services, operations and delivery achieves each entity's needs for policy input and cost control.
E. Each Member is a public agency as defined by Government Code section 6500 et seq. and is authorized and empowered to contract for the joint exercise of powers common to each Member.

F. The Members now wish to jointly exercise their powers to provide for mutual fire protection, prevention and suppression services, emergency management and preparedness as identified in Paragraphs A through C above, and related services, including but not limited to, creation, development, ownership and operation of programs, facilities, and funds therefor through the establishment of the Modesto Metropolitan Fire Agency.

NOW, THEREFORE, in consideration of the mutual promises set out, the Members agree as follows:

SECTION 1. POWERS AND PURPOSES

1.1 Agency Created. The Modesto Metropolitan Fire Agency ("Agency") is formed by this Agreement pursuant to the provisions of Article 1, Chapter 5, Division 7, Title I (commencing with section 6500) of the Government Code of the State of California. As provided in Government Code section 6507, the Agency shall be a public entity separate from the parties hereto and its debts, liabilities and obligations shall not be the debts, liabilities and obligations of its Members. The Agency shall, within 30-days after the Effective Date, cause a notice of this Agreement, and amended notices as necessary, to be prepared and filed with the Office of the Secretary of State, as required by Government Code, section 6503.5.

1.2 Purpose of the Agreement: Common Powers to be Exercised. Each Member individually has the statutory ability to provide fire suppression, protection and prevention, emergency management, and related services including but not limited to technical rescue, emergency medical and transport services, and hazardous materials mitigation, as well as providing facilities and personnel for such services. In accordance with Government Code section 6503, the purpose of this Agreement is to jointly exercise the foregoing common powers in the manner set forth in this Agreement.

1.3 Powers. Pursuant to and to the extent required by Government Code section 6509, the Agency shall be restricted in the exercise of its powers in the same manner as is the
City of Modesto. The Agency shall have the common powers of the Members, and is authorized, in its own name, to do all acts necessary or convenient for the exercise of such powers, and all other acts authorized by statute, including, but not limited to any or all of the following:

(a) To exercise the common powers of its Members in providing fire suppression, protection, prevention and related services, and those powers that may be conferred upon it by subsequently enacted legislation.

(b) To make and enter into contracts, including contracts with its Members; provided, however, the Agency may not enter into real property development agreements pursuant to Government Code section 65865.

(c) To assume Fire Department contracts relating to fire suppression, protection, prevention and related services.

(d) To determine compensation and working conditions and negotiate contracts with employees and employee organizations.

(e) To employ such agents, employees and other persons as it deems necessary to accomplish its purpose.

(f) To lease, acquire, hold and dispose of real and personal property.

(h) To invest reserve funds.

(i) To incur debts, liabilities, or obligations, provided that all long term bonded indebtedness, certificates of participation or other long-term debt financing require the prior consent of the Members as set out in Section 4 hereof.

(j) To sue and be sued in its own name.

(k) To apply for grants, loans, or other assistance from persons, firms, corporations, or governmental entities.
To use any and all financing mechanisms available to the Agency, subject to the provisions of Section 4 of this agreement.

To prepare and support legislation related to the purposes of the Agreement.

To lease, acquire, construct, operate, maintain, repair and manage new or existing facilities as well as to close or discontinue the use of such facilities.

To levy and collect payments and fees for services, provided that paramedic or ambulance user fees shall be approved by the Member(s) affected.

To impose new special taxes or assessments as authorized by law to the extent allowed by law, and in coordination with the underlying jurisdiction.

To provide related services as authorized by law including, but not limited to emergency medical services, emergency preparedness, mitigation of hazardous materials incidents and confined space rescue.

To contract for the services of attorneys, consultants and other services as needed.

To purchase insurance or to self-insure and to contract for risk management services.

To adopt rules, regulations, policies, bylaws and procedures governing the operation of the Agency, including the determination of compensation of Directors.

To exercise the power of eminent domain.

1.4 Term and Termination of Agreement.

(a) The Agency shall be formed as of October __, 2010, or such later date as agreed to in writing by all the Members (the "Effective Date").
(b) This Agreement shall continue in full force and effect without a specific term until it is terminated or rescinded upon the mutual agreement of the original Members to this Agreement. The Agency may vote to terminate this Agreement, or termination will occur if only one Member is left in the Agency.

(c) After the first ten years of this Agreement, any Member can terminate membership in this Agreement by providing notice to all other Members by resolution of intent to withdraw adopted by the governing board of the withdrawing party. The notice of intent to withdraw shall be given at least five years before the start of the fiscal year in which it shall be effective. The advance notice is intended to give Members sufficient time to make appropriate arrangements to provide fire protection, prevention and suppression services and related services. Upon the effective date of withdrawal, the withdrawing party shall cease to be bound by the Agreement, except for any long-term financing obligations placed upon the withdrawing party under this Agreement.

(d) This Agreement may be terminated upon the consent of the Board and the consent of each of the governing bodies of the original Members to terminate this Agreement. Any such termination shall provide that the effective termination date shall not occur unless Members have sufficient time to make appropriate arrangements to independently provide fire protection, prevention and suppression services and related services, but in no case more than five years after approval of termination by the governing bodies of the original Members.

(e) Notwithstanding any other provision in this Agreement, in no event shall the exercise of the powers herein granted be terminated until all indebtedness, claims and liabilities incurred, including liability on Certificates of Participation or Bonds, are fully and completely satisfied, or provision for the complete satisfaction of such obligations are made and approved by the Agency and each Member.

(f) Pursuant to Government Code section 6511, upon termination of this Agreement, any surplus property owned or held by the Agency shall be distributed pro rata to the Federal, State, or local agency or the Member that provided the property. The parties shall use good faith efforts and fair dealing in processing and dividing any surplus property that cannot be attributed to any single Member.
(g) Pursuant to Government Code section 6512, any surplus money on hand after termination of the Agreement shall be returned to the funding source from which funds were furnished, or to the agency making the contribution. The parties shall use good faith efforts and fair dealing in processing and dividing any surplus funds that cannot be attributed to any single Member, keeping in mind the position of the parties before they entered into this Agreement.

1.5 Conflict of Interest. The Agency Board shall adopt and, thereafter, maintain a conflict of interest code in compliance with applicable provisions of the Political Reform Act (Gov. Code, § 87300 et seq.) and the regulations adopted by the Fair Political Practices Commission (Cal. Code Regs., tit. 2, § 1870 et seq.).

SECTION 2. ORGANIZATION

2.1 Membership. The Members of the Agency shall be the original parties to this Agreement that have not withdrawn from the Agency. In addition, any city or public fire service agency may join the Agency after execution of this Agreement on terms and conditions approved by the Board and as set out in Section 7 of this Agreement.

2.2 Designation of Directors.

(a) Original Members. Each original Member (Modesto, Salida or County) by resolution of its governing body shall designate and appoint one representative to act as its Director on the Agency Board of Directors (the "Board"). The term of office shall be January 1 of each year, or the Effective Date in the year of its formation, to and including the following December 31 of that year, and a Director can serve multiple terms at the discretion of the appointing body. Each representative shall be a current elected member of the governing body. Each Director shall hold office until the selection of a successor by the appointing body. Each Member shall also appoint an alternate to act in each Director's absence. Each alternate shall be a current elected representative of the governing board of the Member. Each Director and alternate shall serve at the pleasure of his or her appointing body and may be removed at any time, with or without cause, at the sole discretion of that appointing body. Any vacancy shall be filled in the same manner as the original appointment of a Director and/or alternate.
(b) **Additional City Members.** If or when another city becomes a Member of the Agency, there shall be one additional "City Director" appointed to serve as a director on the Board that shall represent all additional Members that are city fire departments.

(i) The first additional city to become a Member of the Agency shall, by resolution of its governing body, designate and appoint one representative to serve as the additional City Director, and an alternate to act in that Director's absence for a one-year term of office starting January 1 of each year, or the date it joins the Agency, to and including the following December 31 of that year. The additional City Director and the alternate shall be a current elected member of the appointing governing body, and shall hold office until the selection of a successor. Each Director and alternate shall serve at the pleasure of his or her appointing body and may be removed at any time, with or without cause, at the sole discretion of that appointing body. Any vacancy shall be filled in the same manner as the original appointment of the Director and/or alternate.

(ii) If or when more than one additional city becomes a Member of the Agency, the additional city members shall select one of the cities to fill the additional City Director position for a term of one year, and if unable to reach a consensus, the original Members will make a selection. The city so selected shall designate and appoint a City Director and an alternate as provided in Section 2.2(b)(i) above.

(c) **Additional Fire Protection District Members.** If or when another fire protection district ("district"), including multi-county districts and out-of-county districts, becomes a Member of the Agency, there shall be one additional "District Director" appointed to serve as a director on the Board that shall represent all additional Members that are fire protection districts.

(i) The first additional district to become a Member of the Agency shall, by resolution of its governing body, designate and appoint one representative to serve as the additional District Director, and an alternate to act in that Director's absence for a one-year term of office starting January 1 of each year, or the date it joins the Agency, to and including the following December 31 of that year. The additional District Director and the alternate shall be a current elected or appointed member of the appointing governing body, and shall hold office until the selection of a successor. Each Director and alternate shall serve at the pleasure of their appointing body and may be removed at any time, with or without cause, at the sole discretion of that appointing body. Any vacancy shall be filled in the same manner as the original appointment of the Director and/or alternate.
of his or her appointing body and may be removed at any time, with or without cause, at the sole discretion of that appointing body. Any vacancy shall be filled in the same manner as the original appointment of the Director and/or alternate.

(ii) If or when more than one additional district becomes a Member of the Agency, the additional district members shall select one of the districts to fill the additional District Director position for a term of one year, and if unable to reach a consensus, the original Members will make a selection. The district so selected shall designate and appoint a District Director and an alternate as provided in Section 2.2(c)(i) above.

(d) Members of the Board of Directors and their alternates shall not receive any compensation for serving as such. However, with approval of the Board, a Director or alternate may be reimbursed for reasonable expenses incurred in the conduct of the business of the Agency.

(e) Pursuant to Government Code section 6505, the Board is designated as the administrator of this Agreement and the Agency's affairs, and shall perform its duties and responsibilities in accordance with all provisions of this Agreement.

2.3. **Principal Office.** The principal office of the Agency shall be 600 11th Street, Modesto, California 95354, or as may be otherwise designated by the Agency from time to time.

2.4 **Meetings.** The Board shall meet at the principal office of the Agency or at such other place as may be designated by the Board. The time and place of the regular meetings of the Board shall be determined by resolution adopted by the Board, and a copy of such resolution shall be furnished to each party hereto. All Board meetings, including regular, adjourned and special meetings, shall be called, noticed and held in accordance with the Ralph M. Brown Act (Government Code, § 54950 et seq. (the "Brown Act")) as it may be amended from time to time.

2.5 **Quorum; Voting.** A majority of the Directors shall constitute a quorum for the purpose of the transaction of business relating to the Agency. Each Director, or alternate in the absence of any voting Director, shall be entitled to one vote; provided, however, that in the event there are four Directors on the Board (three original members and one additional city or
district member), the Director representing Modesto shall have a weighted vote of two. Unless otherwise provided herein, a vote of the majority of those present and qualified to vote shall be sufficient for the adoption of any motion, resolution or order and to take any other action deemed appropriate to carry forward the objectives of the Agency.

2.6 **Officers.** The Board shall elect from among its Members a chair and vice-chair and thereafter at the first meeting in each fiscal year the Board shall elect or re-elect a chair and vice-chair. In the event that the chair or vice-chair ceases to be a Director, the resulting vacancy shall be filled in the same manner at the next regular meeting of the Board held after such vacancy occurs. In the absence or inability of the chair to act, the vice-chair shall act as chair. The chair, or in his or her absence the vice-chair, shall preside at and conduct all meetings of the Board. In the absence of the chair and vice-chair, the Board shall elect a chair pro tempore to preside at and conduct the meeting. The Board shall also appoint a clerk of the Agency.

2.7 **Minutes.** The clerk of the Agency shall provide notice of, prepare and post agendas for and keep minutes of regular, adjourned regular, and special meetings of the Board, and shall cause a copy of the minutes to be forwarded to each Director. The clerk will otherwise perform the duties necessary to ensure compliance with the Brown Act and other applicable rules or regulations.

2.8 **Rules.** The Board may adopt from time to time such bylaws, rules and regulations for the conduct of its affairs that are not in conflict with this Agreement, as it may deem necessary.

2.9 **Fiscal Year.** The Agency's fiscal year shall be July 1 of each year, or the Effective Date in the year of its formation, to and including the following June 30.

2.10 **Committees.** The Board may establish standing or ad hoc committees or subcommittees composed of Board members, staff and/or the public to make recommendations on specific matters.
2.11 **Additional Officers and Employees; Contract Services.**

(a) Pursuant to Government Code Sections 6505.5 and 6505.6, the Board shall appoint an officer or employee of the Agency, an officer or employee of a Member public agency or a certified public accountant to hold the offices of treasurer and auditor for the Agency. Such person or persons shall possess the powers of and shall perform the treasurer and auditor functions for the Agency required by Government Code Sections 6505, 6505.5, and 6505.6, including any subsequent amendments thereto. Pursuant to Government Code Section 6505.1, the clerk of the Agency and the auditor and treasurer shall have charge of certain property of the Agency. The treasurer and auditor shall assure that there shall be strict accountability of all funds and reporting of all receipts and disbursements of the Agency. In the Board's discretion, the treasurer, auditor and clerk of the Agency may be required to file an official bond with the Board in an amount which established by the Board. Should the existing bond or bonds of any such officer be extended to cover the obligations provided herein, said bond shall be the official bond required herein. The premiums on any such bonds attributable to the coverage required herein shall be appropriate expenses of the Agency.

(b) The Board shall appoint general counsel and special counsel to the Agency to serve as necessary.

(c) The Board may contract with a Member, or its officers, to provide necessary administrative services to the Agency as appropriate. Any administrative duties also may rotate from year to year.

(d) The Agency shall reimburse Members, or its Officers, for services provided under this Section 2.11 in accordance with the normal and usual rates and/or contractual provisions used by that Member or its Officers.

**SECTION 3. TRANSFER OF FIRE OPERATIONS**

3.1 **Transition Team; List of Assets and Liabilities.** The Members shall designate a transition team to plan for and implement the transfer of assets, liabilities and services from the Members to the Agency necessary to achieve the purposes of this Agreement. An up-to-date list of all personnel, employment agreements, pension agreements, assets (including but
not limited to real property, equipment, reserves, contracts and deposits) and all known liabilities (including but not limited to tort and workers' compensation cases and claims) shall be prepared by the transition team.

3.2 **Transfer of Assets and Liabilities.** The transition team will prepare a plan for transition of assets, liabilities and services for approval by the Board, taking into account the terms and conditions set forth in the Member's existing Memoranda of Understanding ("MOU's"), employment agreements and all other applicable employment rules, regulations, ordinances and resolutions (the "Transition Plan").

(a) **Personnel.**

(i) **Civil Service Employees.** The parties agree that personnel/human resource services initially shall be provided by Modesto, with the intention that the Agency shall eventually provide its own personnel/human resource services in accordance with an approved Transition Plan. When personnel/human resource service transition to the Agency, the Agency will be the successor employer to the personnel of the Member Agency by operation of law, including for retirement and pension purposes. Employees of a Member identified in the Transition Plan to be Agency employees shall become employees of the Agency in accordance with the approved Transition Plan. The Board shall forthwith adopt or ratify such MOU's, employment agreements, and employment rules, regulations, ordinances and resolutions as set forth in the Transition Plan, and shall take such other and further actions as authorized and necessary to implement this subparagraph (a). The Board also shall take all necessary steps to confirm continuation of membership in a valid and existing public employee retirement system.

(ii) **Volunteers.** The parties agree that initially Salida will direct, coordinate and administer volunteers, paid call employees, interns and persons of similar employment status, and that volunteers will transition to Agency direction and control in accordance with an approved Transition Plan.

(iii) **Pursuant to Government Code section 53291, the Agency may prescribe the qualifications and conditions under which employees of a Member will become employees of the Agency. Any employees of a Member who do not meet such qualifications or conditions shall not become employees of the Agency in the Agency's sole discretion. The**
Agency shall comply with the provisions of Government Code section 53292 to the extent applicable to the Agency.

(b) **Assets.** All Member assets included in the Transition Plan for transfer to the Agency, including and not limited to real property, and personal property and equipment and apparatus, shall transfer to the Agency in their "as is" condition as of the date specified in the Transition Plan. Each Member agency agrees to execute any and all documents necessary to affect the transfer of assets and liabilities to the Agency in accordance with the approved Transition Plan.

(c) **Contracts.** All existing agreements and contracts involving fire services and related services by the Members or its personnel, including but not limited to contracts for providing services with the Less Than Countywide Fire Tax Fund, mutual aid agreements, automatic aid agreements, and entry, access and roadwork agreements, shall be assigned to the Agency as of the date specified in the approved Transition Plan, with any service or obligation to be provided or performed thereafter by the Agency. A list of all such contracts shall be developed during the transition period. The Agency agrees to assume all of the obligations, duties and liabilities of the Members under said agreements and contracts.

(e) **Records.** Any and all business records and files, whether computer records, hard copy, microfilm or fiche, historical data, rosters, personnel records, organizational charts, job descriptions, deeds, easements, equipment logs, warranties, manuals and so forth, necessary or helpful to provide services shall be transferred during the transition period to the Agency by the Member in possession or control of such record.

3.3 **Agency Assumption of Liability.** The Agency shall assume responsibility for any and all loss, litigation, liability, injury, damage, claim, demand, and tort or workers' compensation incidents that occur on or after the date personnel or contracts are transferred to the Agency. The Member agency shall retain responsibility and liability for any and all such incidents that occur prior to the transfer and shall retain all risk management reserves that have been set aside for such prior incidents. The Agency may contract with a Member agency to receive risk management services on such terms as agreed to by the Agency and the Member.
SECTION 4  FUNDING OF FIRE OPERATIONS

4.1  **General Budget.** Within sixty (60) days after the first meeting of the Board, a general budget for the first fiscal year shall be adopted by the vote of a majority of all of the Directors. The initial budget and each succeeding budget shall include, but not be limited to, the following:

(a) the general administrative expenses, operating expenses and necessary reserves of the Agency to be incurred during the period covered by the budget;

(b) the allocation of costs among the Members of the Agency in the amounts necessary to cover the budget items set out 4.1(a) above. Service levels and resource allocation will be based on the Members’ funding levels, with the objective of maintaining or enhancing response performance. Should a Member experience an unanticipated reduction in any of its funding sources, a proportionate reduction in service levels will affect that Member’s response area and service level; and

(c) retained earnings of Agency funds shall remain with the Agency and distributed in accordance with Section 1.4(g) upon termination of this Agreement.

Thereafter, at or prior to the last meeting of the Board for each fiscal year, a general budget shall be adopted for the ensuing fiscal year or years by a vote of at least a majority of all of the Directors of the Board. A written budget performance report shall be presented to the Board.

4.2  **Expenditures for the Approved Budget.** All expenditures within the designations and limitations of the approved general budget shall be made on the authorization of the Board for general budget expenditures without further action. No expenditures in excess of those budgeted shall be made without the approval of a majority of all of the Directors of the Board.
4.3 **Contributions for Budgeted Amounts.** The governing body of each Member shall determine the kind and level of service to be provided by the Agency and shall provide funding for the Agency to provide that service. At a minimum, the original Members are obligated to provide the following resources.

(a) **Modesto.** Modesto shall contribute the following revenue sources to the Agency budget:

1. Modesto General Fund contribution sufficient to maintain current Memoranda of Understanding and Letters of Understanding with represented employee groups and to fund emergency operations at current levels based on Fiscal Year 2010-2011;
2. All Fees generated by fire department operations;
3. Contract fees for services provided to other agencies;
4. Cost recovery;
5. Advanced Life Support/Basic Life Support contract fees;
6. Internal Service Credits;
7. Miscellaneous revenues related to provision of fire and emergency services;
8. Revenues generated from areas covered under agreements for annexation without detachment; and
9. Capital budget for fire and emergency services.

(b) **Salida.** Salida shall contribute the following revenue sources to the Agency budget:

1. All property taxes collected within the district;
2. All direct assessments applied to parcels within the District;
3. All revenues collected as a result of the establishment of a Community Facilities District;
4. All miscellaneous revenues, fees, rents, and reimbursements; and
5. All reserves and fund balances;

(c) **County.** County shall contribute the following revenue sources to the Agency budget:
(1) **OES / Fire Warden:**

(i) County General Fund contribution to Office of Emergency Services at current levels based on Fiscal Year 2010-2011;

(ii) Emergency Management Performance Grant funds (EMPG);

(iii) Reimbursements from other agencies and cities for Emergency Operations Center, disaster planning, and emergency management contracts;

(iv) Reimbursements from other agencies for Regional Fire Training Center cost sharing; and

(v) Weed abatement funding.

(2) **Fire Authority / County Fire Service Fund:**

(i) All fees collected for the provision of fire prevention services in the unincorporated and contracted areas of the County;

(ii) Less Than County Wide Fire Tax for the provision of contracted services as defined in the Stanislaus County Fire Authority Business Plan, including fund balance on the effective date of JPA; and

(iii) County Match at current levels based on Fiscal Year 2010-2011.

(3) **Special Operations Funding:**

In accordance with Section 4.3, the County will provide funding to the Agency for the kind and level of special operations, such as hazardous material response and technical rescue, that it requests the Agency to provide.

(d) **Revenue and Tax Sharing Agreements.** Agreements related to funding of fire services and related services existing prior to the Effective Date shall, to the greatest extent practicable, be transferred to the Agency or integrated into this Agreement. Such agreements include, but are not limited to, the Agreement Between the City of Modesto and the Salida Fire Protection District for the Allocation of District Revenue Resulting from the Annexation of Property Within the Kiernan Business Park to the City dated June 9, 2010.
(e) **Termination.** Failure by any Member to make payments when due constitutes grounds for expulsion from the Agency. Prior to expulsion, the Agency shall provide written notice of its intention to expel such Member if payment is not received within thirty (30) days of the date of such notice. Repeated failure to make payments when due shall constitute grounds for expulsion and/or imposition of an Agency-determined late fee. Alternatively, or in addition to the remedies set forth herein, the Agency may bring legal action to collect unpaid amounts.

4.4 **Equity.** Annually after the conclusion of each fiscal year and consideration of the audited financial statements for that year, and after consideration of the Agency’s financial needs, the Board of Directors in its sole discretion shall determine whether sufficient unencumbered funds from that fiscal year are available for additional services or resources to Members. In the event the Board determines that (1) such funds are available, (2) a distribution is warranted, and (3) that it is appropriate to do so, it shall allocate those funds, or any portion thereof, to a Member in furtherance of the purpose of this Agreement.

4.5 **Approval of Bonded Indebtedness.** By a two-thirds vote of all Members, the Agency may authorize the issuance of any long term bonded indebtedness. Any Member that withdraws pursuant to Section 7 shall, after ceasing to be a Member of the Agency, not be responsible for payment of its proportional share of any bonded indebtedness approved by the Agency. Short-term tax anticipation notes with a one-year (or shorter) term may be authorized by a majority vote of all of the directors of the Board.

4.6 **Agency Cooperation.** The Agency agrees to fully cooperate with each of the Members in pursuing federal and state claims for emergency response reimbursements.

**SECTION 5 ACCOUNTING AND AUDITS**

5.1 **Accounting Procedures.** Full books and accounts shall be maintained for the Agency in accordance with practices established by, or consistent with, those utilized by the Controller of the State of California for like public entities. In particular, the Agency’s auditor and treasurer shall comply strictly with requirements governing joint powers agencies, Article 1, Chapter 5, Division 7, Title 1 (commencing with Section 6500) of the Government Code of the State of California.
5.2 **Audit.** The records and accounts of the Agency shall be audited annually by an independent certified public accountant and copies of the audited financial reports, with the opinion of the independent certified public accountant, shall be filed with the County Auditor, the State Controller and each Member within six (6) months of the end of the fiscal year under examination.

**SECTION 6 PROPERTY RIGHTS**

6.1 **Vehicles, Equipment, Facilities and Property.**

(a) **Ownership.** Except as provided herein, all real and personal property, including but not limited to, facilities constructed, installed, acquired or leased by the Agency, apparatus and equipment, personnel and other records and any and all reserve funds shall be held in the name of the Agency for the benefit of the Members of the Agency in accordance with the terms of this Agreement. Any real or personal property, including apparatus and facilities, necessary to achieve the purposes of this Agreement that are owned and not initially transferred to the Agency by the Members shall be dedicated to the Agency for its beneficial use, which property shall be operated and maintained by the Agency in a reasonable and prudent manner. Dedicated property shall be transferred to the Agency by the Member in accordance with the Transition Plan.

(b) **Capital Improvements.** Capital improvements to facilities owned by the Members and not transferred to the Agency shall be the responsibility of that Member. Such capital improvements may be required by the Agency upon a determination by the Agency, after good faith consultation with a Member agency, that such improvements are needed to protect the health, safety or welfare of Agency employees or to maintain the station in a state of operational readiness. Capital improvements to stations owned by the Agency shall be the responsibility of the Agency.

(c) **Equipment, Vehicle and Facility Replacement/Depreciation Programs.** Members shall participate in funding the Agency's equipment, vehicle and facility replacement/depreciation programs. Such programs shall be administered fairly and equitably by the Agency and in accordance with Generally Accepted Accounting Principles.
6.2 **Disposition of Assets Upon Termination.** Upon termination of this Agreement, all surplus money and property of the Agency shall be conveyed or distributed to each Member in accordance with Section 1.4(f) and (g) of this Agreement. Each Member shall execute any instruments of conveyance necessary to effectuate such distribution or transfer.

6.3 **Liabilities.** Except as otherwise provided herein, the debts, liabilities and obligations of the Agency shall be the debts, liabilities or obligations of the Agency alone and not of the parties of this Agreement.

6.4 **Indemnification and Insurance.**

(a) Pursuant to Government Code section 820.9, as may be amended, members of the Board of Directors for the Agency are not vicariously liable for injuries caused by the act or omission of the Agency or any of its Members. Nothing in this section exonerates an official from liability for injury caused by that individual's own wrongful conduct. Nothing in this section affects the immunity of any other public official.

(b) Except as provided in Section 6.4(f) below, from and after the Effective Date, the Agency shall defend, indemnify and hold harmless the Members and their officers, employees, agents and representatives with respect to any loss, damage, injury, claim, demand, litigation or liability and all expenses and costs relating thereto (including attorneys' fees) arising out of or in any way related to the performance of services pursuant to this Agreement.

(c) Except as provided in Section 6.4(f) below, from and after the date of transfer, the Agency shall defend, indemnify and hold harmless each Member and its officers, employees, agents and representatives with respect to any loss, damage, injury, claim, demand, litigation or liability and all expenses and costs relating thereto (including attorneys' fees) arising out of or in any way related to any contract or agreement assumed by or otherwise transferred to the Agency.

(d) Except as provided in Section 6.4(f) below, from and after the date of transfer, the Agency shall defend, indemnify and hold harmless the Members and their officers, employees, agents and representatives with respect to any loss, damage, injury, claim,
demand, litigation or liability and all expenses and costs relating thereto (including attorneys’ fees) arising out of or in any way related to any Member asset to be transferred to the Agency, including but not limited to real property, personal property, equipment and apparatus.

(e) Prior to the transfer of personnel to the Agency, and continuing thereafter, the Agency shall maintain during the term of this Agreement, workers’ compensation insurance as required by law and, in addition, general comprehensive liability insurance in the minimum limit of $5,000,000 combined single limit per occurrence and annual aggregate. Each of the Agency Members shall be named as an additional insured on the general comprehensive liability policy. Alternatively, the Agency may self-insure.

(f) From and after the Effective Date, each Member shall defend, indemnify and hold harmless the Agency, the Agency Directors, officers, employees, agents and representatives, each other Member and their respective officers, employees, agents and representatives with respect to any loss, damage, injury, claim, demand, litigation or liability and all expenses and costs relating thereto (including attorneys’ fees) arising out of the Member’s actions or omissions prior to the Effective Date that are related to the provision of fire services or to the administration of related contracts, facilities, sites or assets, and which may include past, present or ongoing, or any future release of any hazardous material, hazardous substance or hazardous waste as defined under state and federal law or regulation. The Members agree, pursuant to Government Code sections 895.4 and 8508.1, that each Member shall indemnify and contribute to satisfaction of such judgment against the Agency, the Agency Directors, officers, employees, agents and representatives, upon any liability arising out of the performance or of this Agreement in proportion to that Member’s contribution to the Agency budget in the fiscal year in which an incident causing such liability occurs. The Members further agree that the provisions of Article 4 (commencing with section 825), Chapter 4, Part 2, Division 3.6, Title 1 of the Government Code shall apply to issues related to indemnification of Member or Agency Directors, officers, employees, agents and representatives.

(g) Notwithstanding Section 6.4, the Members agree that no immunity or defense available to the Members under State or federal law or regulation shall be waived with respect to any third party claim.
SECTION 7 WITHDRAWAL AND ADDITION OF MEMBERS

7.1 Member Withdrawal.

(a) Initial Term. Members to this Agreement, including additional city or
district Members, agree to remain a Member of the Agency for an initial 10-year term.

(b) Subsequent Terms. Membership terms shall automatically renew, on the
same terms and conditions as the prior term, provided, however, that a Member may give
notice of intention to withdraw pursuant to Section 1.4(c) of this Agreement.

(c) Removal From Board After Notice of Withdrawal. In the event a notice of
withdrawal is given by a city, or deemed to have been given, that city's representative shall be
removed from the Board of Directors on the effective date of the withdrawal.

(d) Rescission of Notice. Any notices required hereunder may be rescinded
by the Member with approval of the Board of Directors.

(e) Property Tax Transfer Negotiations. Withdrawal by a Member may be
subject to equitable re-allocation of property taxes and/or assessments as required by
applicable law.

7.2 Addition of New Members. Notwithstanding any other provisions herein, a
non-Member city or fire protection district may join the Agency upon the request by resolution of
the governing body of the non-Member, and upon consent of a majority of all of the Directors of
the Board and agreement to terms and conditions determined by the Board, which terms and
conditions may vary from those set forth in this Agreement. A new Member may be required to
transfer to the Agency its fire facilities and assets or to reimburse the Agency for a
proportionate share of facilities which the new Member will utilize. As a condition of
membership, a new Member may also be required to accept responsibility for a proportion of
the debts, obligations, and liabilities of the Agency from its transferred facilities, to the extent
agreed upon by the Agency and the new Member at the time of membership. The Agency
Board may determine to waive all or part of such contribution requirements in return for an
offsetting transfer of the new Member's fire facilities and assets to the Agency.
7.3 **Property of Withdrawing Members.** Property, equipment and facilities provided by a Member upon becoming a Member, shall be returned to that member upon its withdrawal from the Agency. This provision is not applicable to any property, equipment and facilities acquired by the Agency after a Member joins the agency.

**SECTION 8. MISCELLANEOUS PROVISIONS**

8.1 **Amendment.** This Agreement may not be amended or modified except by a vote of two-thirds of all of the Members; provided, however, that no amendment shall change the length of a term during the pendency of any term, and no amendment shall cause the Agency to violate any condition or restriction in any resolution, trust agreement or indenture providing for long-term financing, including without limitation, certificates of participation or bonds.

8.2 **Integration.** This Agreement represents the sole and entire agreement between the parties and supersedes all prior agreements, negotiations and discussions between the parties hereto and/or their respective counsel with respect to the subject matter of this Agreement.

8.3 **Headings.** The headings in this Agreement are for convenience only and are not to be construed as modifying or explaining the language in the section referred to.

8.4 **Severability.** Should any part, term, or provision of this Agreement be determined by a court to be illegal or unenforceable, the remaining portions or provisions of this Agreement shall nevertheless be carried into effect.

8.5 **No Continuing Waiver.** No waiver of any term or condition of this Agreement shall be considered a continuing waiver thereof.

8.6 **Successors.** This Agreement shall inure to the benefit of and be binding upon any successors or assigns of the Members. No Member may assign any right or obligation hereunder without the written consent of a majority of all of the Directors of the Board.
8.7 **No Third Party Beneficiary.** The Members agree that the provisions of this Agreement are not intended to directly benefit, and shall not be enforceable by, any person or entity not a party to this Agreement.

8.8 **Counterpart Execution.** This Agreement, or any amendment to this Agreement, may be executed in counterparts, each of which shall be deemed to be an original and said counterparts shall constitute one in the same document which may be sufficiently evidenced by one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their duly authorized officers as of the date first above written.

— Signatures on Following Pages —
MODESTO METROPOLITAN FIRE AGENCY
JOINT POWERS AGREEMENT

Member Agency Approval

CITY OF MODESTO

By: ____________________________
    Jim Ridenour
    Mayor

ATTEST:

By: ____________________________
    Stephanie Lopez
    City Clerk

APPROVED AS TO FORM

By: ____________________________
    Susana Alcala-Wood
    City Attorney
MODESTO METROPOLITAN FIRE AGENCY
JOINT POWERS AGREEMENT

Member Agency Approval

SALIDA FIRE PROTECTION DISTRICT

By: ____________________________
    Tom Burns
    Chair

ATTEST:

By: ____________________________
    Dale Skiles
    Fire Chief

APPROVED AS TO FORM

By: ____________________________
    William D. Ross
    District Counsel
MODESTO METROPOLITAN FIRE AGENCY
JOINT POWERS AGREEMENT

Member Agency Approval

COUNTY OF STANISLAUS

By: __________________________
    Jeff Grover
    Chair

ATTEST:
Christine Ferraro Tallman
Clerk of the Board of Supervisors

By: __________________________
    Deputy Clerk

APPROVED AS TO FORM

By: __________________________
    John P. Doering
    County Counsel
CASE STUDY 2:
CONSOLIDATION OF CARMEL VALLEY FIRE PROTECTION DISTRICT
WITH MONTEREY COUNTY REGIONAL FIRE DISTRICT

I. REORGANIZATION

a. Monterey County Regional Fire District ("Monterey Regional" or "Successor
District") and Carmel Valley Fire Protection District ("Carmel Valley") proposed
a reorganization including 2 components:

b. An update to the Sphere of Influence and annexation of 16 areas consisting of
approximately 12,500 acres to Carmel Valley, and;

c. Consolidation of Carmel Valley with Monterey Regional.

Exhibit 4: Map of Carmel Valley Fire Protection District 2010 Annexations

Exhibit 5: CVFPD – MCRFD 2010 Merger Map

II. BACKGROUND

a. Monterey Regional was formed as the Salinas Rural Fire Protection District
("Salinas Rural") in 1934. The original boundaries surrounded the City of
Salinas. Over time, annexations into the District increased its service area to
approximately 300 square miles with an estimated population of 24,000.

b. In 2001, Salinas Rural completed a consolidation with the Chualar Fire Protection
District.

c. In 2009, the former Salinas Rural District completed a major Sphere of Influence
Update and the annexation of approximately 15,500 acres.

d. Carmel Valley was formed in 2000 by consolidating the former Carmel Valley
and Mid-Carmel Valley Fire Protection Districts, and by transferring the fire
authority from the Santa Lucia Community Services District. Since 2000, several
areas have been annexed to the District to serve existing and new development in,
and adjacent to, Carmel Valley.

e. In 2005, the old Carmel Valley Fire Protection District proposed a detachment
from the consolidated Carmel Valley Fire Protection District. The proposal
resulted in litigation, in which the consolidated Carmel Valley Fire Protection
District prevailed.

f. Carmel Valley boundaries currently cover approximately 50 square miles with an
estimated population of 15,000.

g. Carmel Valley provides a full range of services, including first-responder
paramedic and ambulance transport services. (See discussion of 201 rights, infra).
Case Study 2
Monterey County Regional Fire District

h. Carmel Valley requested management assistance from Monterey Regional and has received this assistance since January 2009. At that time, Monterey Regional’s Fire Chief Michael Urquides, assumed the role of Fire Chief for both Districts.

i. The Boards of Directors of both Districts recently voted to consolidate the two Districts. (See limitation on LAFCO authority per Gov. Code § 56853(a), infra).

Exhibit 6: Carmel Valley Fire Protection District Board of Directors Resolution 2010-18

j. The consolidation is intended to increase efficiencies and to facilitate the continued provision of the current level of services.

III. DESCRIPTION OF PROPOSED SPHERE OF INFLUENCE UPDATE AND ANNEXATIONS TO CARMEL VALLEY

a. Carmel Valley has requested a SOI Update and the annexation of 16 areas.

Exhibit 7: Carmel Valley Fire Protection District Board of Directors Resolution 2010-23.

b. Stated purpose of the SOI Update and annexations is to ensure fire protection, emergency medical services, rescue, hazardous material response, fire prevention and public education for the annexed areas.

c. The Carmel Valley SOI as adopted in 2000 includes the existing District boundaries and several areas immediately to the north and south of the Valley floor.

i. Proposed annexation Areas 1, 2, 3, 5, and 6 are wholly within the District’s 2000 SOI – these 5 areas contain approximately 6,000 acres.

ii. The proposal also includes a request to increase Carmel Valley’s SOI by approximately 6,500 acres.

iii. This expansion would include 11 areas which are currently surrounded, or adjacent to, Carmel Valley’s boundaries.

iv. The proposal would allow the annexation of all current and proposed portions of the SOI.

v. All proposed annexation areas are located within the unincorporated County and are subject to the County’s land use authority.
IV. **SOI, ANNEXATION AND CONSOLIDATION ISSUES**

a. **201 Rights of Carmel Valley:**

   i. Carmel Valley currently provides ambulance services within its boundaries.

   ii. The Consolidated District plans to continue this service only within the June 30, 2011 boundaries of Carmel Valley.

   iii. Health and Safety Code Section 1797.201 gives the District the right to transfer medically ill patients by ground ambulance within its current boundaries, which have been confirmed by two court judgments.


   2. *Carmel Valley Fire Protection District v. All Persons Interested in the Matter of the Validity of the Carmel Valley Fire Protection District Reorganization as Approved by the Local Agency Formation Commission of Monterey County in Resolution NO. 00-07 and ordered by the Monterey County Board of Supervisors in Resolution No. 00-460, Superior Court of the County of Monterey, Case No. M52734.* (Decided 2002)

b. **Special Tax – Carmel Valley Only:**

   i. Carmel Valley voters have approved special taxes to support Carmel Valley District services.

   ii. Recently, the electorate approved “Measure F” on August 25, 2009 with 85% of voters approving a tax.

   iii. The reorganization proposal includes a request that this current tax be applied to the 16 areas and all parcels within those areas that are proposed for annexation at this time.

   iv. These taxes do not, and will not, apply to property owners within the existing boundaries of Monterey Regional.

c. **Successor District - Board of Directors Composition and Appointment:**

   i. The existing Board of Directors of Monterey Regional consists of 5 members appointed by the County Board of Supervisors.

   ii. The 5 Directors of Carmel Valley are elected at-large by residents of Carmel Valley.
iii. Both Districts have requested that the Board of Directors of the Successor District consist of 7 Directors with staggered terms of 4 years.

iv. Following consolidation, 3 of the Directors serving on the initial Board of Directors will be appointed to 2-year terms and the remaining 4 will be appointed to 4-year terms.

v. Appointment of the initial Board of Directors and subsequent appointments will be made by the Monterey County Board of Supervisors.

vi. Chief Urquides informed the County Board of Supervisors that the current District Boards will recommend which of the Directors to appoint to the initial Board of the Successor District.

vii. The Board appointments will be made prior to the June 30, 2011 effective date of the consolidation.

d. SOI Amendment for, and Annexation of, Area 4 – Rancho San Carlos Road:

i. The proposed expansion of Carmel Valley SOI to include Area 4, and the annexation of this area is the only known unresolved issue of the reorganization proposal.

ii. Area 4 consists of two parcels on the western side of Rancho San Carlos Road – approximately 1,200 feet south of Carmel Valley Road.

iii. Area 4 is on the border of Carmel Valley and Cypress Fire Protection District, generally considered to be Rancho San Carlos Road.

iv. Area 4 is surrounded by the Cypress District on the north, south and west sides, and by Carmel Valley on the east side.

v. While not immediately adjacent, Carmel Valley serves other lands to the west of Area 4, including a proposed 13-unit residential subdivision.

vi. The Cypress District Board is strongly opposed to Carmel Valley’s proposed annexation of Area 4 and voted to immediately pursue annexation of Area 4 into Cypress District (See September 16, 2010 letter).

vii. Property owners within the area support Carmel Valley’s proposal.

viii. LAFCO’s Executive Officer has reviewed Carmel Valley’s history of service to Area 4 (over 35 years) and statements of support for annexation and recommends Commission approval of Carmel Valley’s SOI to include Area 4, and the annexation of Area 4 into Carmel Valley.
Case Study 2
Monterey County Regional Fire District

e. Consolidation Service Plan 2010:

i. The Plan included in the application states that savings will be experienced in the sharing of administrative staff and equipment.

ii. The Plan projects that the first annual operating budget following consolidation for the fiscal year beginning July 1, 2011, will be $12.1 million.

iii. Consolidated District resources will include a total of 55 paid personnel, 45 volunteers, 6 fire stations, an administrative office and 40 vehicles.

iv. The Plan includes a Replacement Plan for the current fleet of apparatus, support and staff vehicles; a draft 2011-12 Budget, and a consolidated District organization chart.

f. Limitations of the Commission’s Authority:

i. Pursuant to Government Code Section 56853, if all districts proposing a consolidation, or a reorganization including a consolidation, adopt “substantially similar resolutions of application,” the Commission shall approve the proposal.

ii. Both Districts have adopted substantially similar resolutions.

iii. The Commission must approve the proposal, but may impose terms and conditions to mitigate issues raised.

g. Public Agency Referrals and Agency Comments:

i. LAFCO has received comments on the proposal from public agencies:

1. North County FPD of Monterey County – wholly in support of the proposal.

2. Cypress FPD – strongly opposed to Carmel Valley’s proposed annexation of Area 4.

3. City of Monterey – in support of proposal.

4. County of Monterey, Department of Health – commented on the Successor District’s continuation of ambulance services (201 rights); County has no objection to the continuation of ambulance service by the Successor District within the existing boundaries of Carmel Valley; however, an expansion of ambulance service beyond the current Carmel Valley boundaries by the Successor District would have to be based on an express agreement with American Medical Response West, the County’s current ambulance provider within the County’s exclusive operating area.
h. **District/County Tax Transfer Agreement:**

i. On October 19, 2010, the County Board of Supervisors approved a tax transfer agreement for the proposed annexation of 16 areas to Carmel Valley. Carmel Valley will consider the agreement on October 21, 2010.

**Exhibit 8: Monterey County Board of Supervisors Resolution No. ___**

ii. The recommendation for Commission action on the reorganization proposal on October 25, 2010 is contingent on Carmel Valley Board’s approval of this agreement.

1. Following annexation, the property owners within the 16 newly annexed areas will be liable for payment of a special tax that is currently assessed on all properties within Carmel Valley’s boundaries.

2. The special tax will not be levied on properties that are currently within the boundaries of Monterey Regional.

iii. No new agreement is needed to continue the existing apportionment of property tax revenues for the consolidation.

i. **CEQA Compliance:**

i. LAFCO of Monterey County is acting as the Lead Agency under CEQA for the proposed reorganization.

ii. The LAFCO Executive Officer has reviewed the record and determined that the proposed SOI Update and annexations to Carmel Valley are categorically exempt from CEQA pursuant to State CEQA Guidelines Section 15061(b)(3) [activities covered by general rule that CEQA only applies to projects that have potential to cause significant environmental impact].

iii. The nature of the proposal – to provide fire protection, emergency medical services, rescue, hazardous material response, fire prevention, and public education to areas surrounded by ad adjacent to the Successor District. Because Carmel Valley has provided service to the 16 areas for decades, the SOI Update and annexations would not cause a significant environmental impact.

iv. The Board of Directors of both Districts found that the consolidation proposal is categorically exempt from review under CEQA pursuant to State CEQA Guidelines Section 15320, which exempts special district consolidations where changes in organization of local governmental agencies do not change the geographical area in which the previously existing owners are exercised. LAFCO concurs.
Case Study 2  
Monterey County Regional Fire District  

V. EFFECTIVE DATES  

a. Consolidation of the Districts would be effective on June 30, 2011.  
b. The Sphere of Influence Update would become effective immediately.  
c. Annexations to Carmel Valley would become effective about 3 months after adoption by LAFCO, and prior to the consolidation.  

VI. CONDUCTING AUTHORITY PROTEST PROCEEDINGS AND HEARING  

a. A protest hearing is required for this proposal.  
b. Once the hearing (authorized for the next regular Commission meeting on December 6, 2010) is noticed, registered voters and landowners within the annexation area may file a written protest.  
c. Written protests may also be submitted at the protest hearing.  
d. Following the close of the protest hearing, pursuant to Government Code Section 57075(a), the Commission shall order the change of organization or reorganization subject to confirmation by the registered voters residing within the affected territory if written protests have been filed and not withdrawn by either of the following:  

i. At least 25%, but less than 50% of the registered voters residing in the affected territory, or  

ii. At least 25% of the number of owners of land who also own at least 25% of the assessed value of land within the affected territory  

iii. The proposed change of organization or reorganization will be abandoned if the Commission finds that written protests filed and not withdrawn prior to the conclusion of the hearing represent 50% or more of the voters residing in the affected territory.
Exhibit 4
Exhibit 5
Exhibit 6
BEFORE THE BOARD OF DIRECTORS
OF THE CARMEL VALLEY FIRE PROTECTION DISTRICT

RESOLUTION 2010-18

A RESOLUTION OF APPLICATION BY THE CARMEL VALLEY FIRE PROTECTION DISTRICT REQUESTING THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY TO INITIATE PROCEEDINGS FOR THE CONSOLIDATION OF THE CARMEL VALLEY FIRE PROTECTION DISTRICT WITH THE SUCCESSOR DISTRICT MONTEREY COUNTY REGIONAL FIRE DISTRICT

WHEREAS, the Board of Directors of the Carmel Valley Fire Protection District ("Carmel Valley") desires to initiate proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code, concurrently with the Monterey County Regional Fire District ("Monterey Regional" or "Successor District") for the consolidation of Carmel Valley with Monterey Regional; and,

WHEREAS, notice of intent to adopt this Resolution of Application has been given to each interested and each affected local agency; and,

WHEREAS, the affected territory proposed to be consolidated is inhabited, and a description of the boundaries of the affected territory is set forth in Exhibit "A" and by this reference is incorporated as is fully set forth; and,

WHEREAS, this proposal is consistent with the sphere of influence of Carmel Valley and Monterey Regional; and,

WHEREAS, it is desired to provide that the proposed consolidation of the Carmel Valley with Monterey Regional be subject to the following terms and conditions:

(1) The specific provisions of the Service Plan jointly initiated by the Carmel Valley and Monterey Regional for the affected territory;
(2) The completed Service Plan, as jointly finalized by Carmel Valley and Monterey Regional; and,
(3) The current Carmel Valley Fire District board members will merge into the current Monterey County Regional board of directors. Future board seats will be appointed by the Board of Supervisors. The size of the board will not exceed seven members post-consolidation.
(4) The paid employees and the active volunteer firefighters of Carmel Valley will become a portion of the Successor District.
(5) All Tax Rate Areas will be maintained and all revenue mechanisms currently existing in Carmel Valley, specifically a fire benefit assessment, will be maintained post-consolidation.
(6) Such other provisions as required by applicable law.

WHEREAS, the reasons for the proposed consolidation of Carmel Valley with Monterey Regional are as follows:

(1) It will facilitate the efficient delivery of life and property saving services to individuals and property owners within the affected territory; and,
WHEREAS, the District possesses “201 rights” pursuant to Health and Safety Code Section 1797.201, which gives the District the right to transfer medically, which have been confirmed by two court judgments; Carmel Valley Fire Protection District, et al. v. Monterey County Emergency Medical Services Agency, et al., Sixth Appellate District Case Nos. H016236 and H016821 and Carmel Valley Fire Protection District v. All Persons Interested in the Matter of the Validity of the Carmel Valley Fire Protection District Reorganization as Approved by the Local Agency Formation Commission of Monterey County in Resolution No. 00-07 and ordered by the Monterey County Board of Supervisors in Resolution No. 00-460, Superior Court of the County of Monterey, Case No. M52734; and the District desires that such 201 rights continue to be exercised after consolidation but solely within the current boundaries of the District; and,

WHEREAS, the consolidation, and limitation on the boundaries within which the EMS services will be provided, will not result in any change in the administration of EMS services currently provided by the District pursuant to Health and Safety Code section 1797.201.

WHEREAS, this Board has found that the consolidation proposal is categorically exempt from review under the California Environmental Quality Act (“CEQA”) pursuant to State CEQA Guidelines section 15320, which exempts special district consolidations where changes in organization of local governmental agencies do not change the geographical area in which the previously existing powers are exercised, such as here; and,

WHEREAS, consent is hereby given to the waiver of conducting authority proceedings.

NOW, THEREFORE BE IT RESOLVED that this Resolution of Application is adopted and approved by the Board of Directors of District, and the Local Agency Formation Commission of Monterey County is hereby requested to initiate proceedings for the consolidation of territory as described in Exhibit A, according to the terms and conditions stated above and in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 upon the approval of a subsequent implementing District Resolution, upon completion of the Service Plan and upon such notice as would be consistent with the Ralph M. Brown Open Meeting Act.

PASSED and ADOPTED by the Board of Directors of the Carmel Valley Fire Protection District at a regular meeting thereof held on the 26th day of August, 2010, by the following vote:

AYES: Builta, Hastings, Panholzer, Poitras, Waller

NOES: -0-

ABSENT: -0-

ABSTAIN: -0-
Dated:

ATTEST:

__________________________  ________________________________
Warren E. Poitras, Jr., President of the Board  Susan Croswell, Clerk of the Board

APPROVED AS TO FORM:

__________________________  ________________________________
William Ross, District Counsel  Michael Urquides, Fire Chief
Exhibit 7
BEFORE THE BOARD OF DIRECTORS
OF THE CARMEIL VALLEY FIRE PROTECTION DISTRICT
OF MONTEREY COUNTY

RESOLUTION 2010-23

A RESOLUTION OF APPLICATION BY THE BOARD OF DIRECTORS
OF THE CARMEIL VALLEY FIRE PROTECTION DISTRICT TO THE
LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
REQUESTING THE INITIATION OF PROCEEDINGS FOR THE ANNEXATION OF
CERTAIN TERRITORY IN SIXTEEN AREAS OF
MONTEREY COUNTY, CALIFORNIA

WHEREAS, the Carmel Valley Fire Protection District (the “District”) is a fire protection district
located wholly within the County of Monterey (the “County”) and organized and existing
pursuant to the provisions of the Fire Protection District Law of 1987 (Health & Safety Code §
13800 et seq. the “Act”); and,

WHEREAS, pursuant to the Act, the District currently provides fire protection and emergency
medical response ambulance services within its territorial boundaries; and,

WHEREAS, there exists within Monterey County sixteen areas of unincorporated territory within
the current Carmel Valley area; and,

WHEREAS, the parcels are owned by the property owners as identified by Attachment A; and,

WHEREAS, the Sixteen Annexation Areas to be annexed are situated in an unincorporated
portion of the County and are not currently within the boundaries of any fire protection district;
and,

WHEREAS, the County currently exercises land use decision-making authority over any
proposed development on all the areas to be annexed; and,

WHEREAS, the Carmel Valley Fire District has provided service to those sixteen areas for
decades; and,

WHEREAS, the District’s Board of Directors (the “Board”) now desires to initiate proceedings
with the Local Agency Formation Commission of Monterey County (“LAFCO”) pursuant to the
Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Gov’t Code § 56000 et
seq.) to formally annex the Sixteen Areas into the District; and,
WHEREAS, the reasons for the proposed annexation are to authorize the District to provide the services, as defined by the Act, to the Sixteen Annexation Areas; and,

WHEREAS, the Board has been informed that some of the owners of the Sixteen Annexation Areas desire that the District be formally authorized to provide fire protection and emergency medical Ambulance response services to the Sixteen Annexation Areas; and,

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Carmel Valley Fire Protection District that:

1. Application shall be made, and filed with LAFCO on September 1, 2010 or soon thereafter as possible, for the annexation of the Sixteen Annexation Areas into the District; and,

2. District staff is hereby instructed to work cooperatively with LAFCO staff to ascertain all procedural requirements for completing the annexation process and is further hereby authorized and instructed to complete all appropriate filings and associated documentation in support of the application, as may be required, recommended or requested by LAFCO or its staff, including but not limited to a "Service Plan for Providing Services" or other similar document, as LAFCO may require, for the proposed annexation; and,

3. In order to avoid unnecessary and time-consuming extra protest proceedings, the District shall seek execution, by the owners of the Sixteen Annexation Area properties, of a "Consent to Inclusion of Property" or other similar document, as LAFCO may require, for the proposed annexation; and,

3. Application shall be further made to LAFCO for an amendment to the District’s Sphere of Influence to include the Sixteen Annexation Areas; and,

4. The District requests LAFCO to enforce Ordinance 2009-1 An Ordinance of The Carmel Valley Fire Protection District of Monterey County imposing A Special Tax for Fire Protection, Rescue, Emergency, Medical, Ambulance and other Services related to the Protection of Life and Property on the Sixteen Annexation Areas; and,

5. District staff and District Counsel are further hereby instructed to begin property tax exchange negotiations, as soon as is practicable, with all other affected or interested agencies. It is the intention of the Board that District staff and District Counsel, not representatives of the County, conduct these negotiations on the District’s behalf; and,

7. This Resolution shall be effective on the date of its adoption by the District Board.
PASSED AND ADOPTED by the Board of Directors of the Carmel Valley Fire District Protection District of Monterey County this 23rd day of September, 2010.

AYES: Builta, Panholzer, Waller

NOES: -0-

ABSENT: Hastings, Poitras

ABSTAIN: -0-

ATTEST:

Sharen Waller, Board Secretary

Gaudenz Panholzer, Vice President.

RECORDING SECRETARY'S CERTIFICATE

I HEREBY CERTIFY that I am secretary and custodian of the records and files of the above-name district and that the foregoing and annexed resolution is a full, true and correct copy of a resolution duly passed by the governing board of said district at a regular meeting thereof duly held on September 23, 2010, and that said resolution has not been modified, rescinded or superseded, and is still in full force and effect.

WITNESS my hand this 23 of September, 2010.

Michael B. Urquides, Recording Secretary
Exhibit 8
Before the Board of Supervisors in and for the County of Monterey, State of California

Resolution No.

APPROVE PROPERTY TAX TRANSFER
AGREEMENT BETWEEN THE COUNTY
OF MONTEREY AND THE CARMEL VALLEY
FIRE PROTECTION DISTRICT FOR THE
PROPOSED "16 AREA ANNEXATIONS"

WHEREAS, the Revenue and Taxation Code Section 99 (Assembly Bill 8 Chapter 282) Statutes 1979, as amended by Senate Bill 180 (Chapter 801), provides for the Monterey County Board of Supervisors to determine an appropriate tax transfer for all jurisdictional changes of organization occurring within Monterey County and for the Fire District Board of Directors of any affected Fire District to concur on the transfer prior to the proposal being considered by the Local Agency Formation Commission (LAFCO); and

WHEREAS, the current distribution of property taxes with the affected tax rate areas (TRA) are as follows:

<table>
<thead>
<tr>
<th>TRA</th>
<th>Monterey County’s Share</th>
<th>Non-affected District’s Share</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>060-009</td>
<td>43.1883%</td>
<td>56.8117%</td>
<td>100%</td>
</tr>
<tr>
<td>060-010</td>
<td>43.3470%</td>
<td>56.6530%</td>
<td>100%</td>
</tr>
<tr>
<td>060-014</td>
<td>43.3470%</td>
<td>56.6530%</td>
<td>100%</td>
</tr>
<tr>
<td>060-018</td>
<td>44.0481%</td>
<td>55.9519%</td>
<td>100%</td>
</tr>
<tr>
<td>060-020</td>
<td>43.3470%</td>
<td>56.6530%</td>
<td>100%</td>
</tr>
<tr>
<td>060-021</td>
<td>44.0481%</td>
<td>55.9519%</td>
<td>100%</td>
</tr>
<tr>
<td>060-022</td>
<td>44.0481%</td>
<td>55.9519%</td>
<td>100%</td>
</tr>
<tr>
<td>060-029</td>
<td>44.0481%</td>
<td>55.9519%</td>
<td>100%</td>
</tr>
<tr>
<td>060-082</td>
<td>43.3470%</td>
<td>56.6530%</td>
<td>100%</td>
</tr>
<tr>
<td>060-091</td>
<td>44.0481%</td>
<td>55.9519%</td>
<td>100%</td>
</tr>
</tbody>
</table>

WHEREAS, Senate Bill 180 (Chapter 801) requires that non-affected local agencies percentage share will remain constant; and

WHEREAS, the County of Monterey and the Carmel Valley Fire Protection District (CVFPD) wish to agree to a fair share distribution of the remaining property tax increment revenues; and

WHEREAS, the County of Monterey has realized a 40% reduction in property tax revenue imposed by the State under Senate Bill 617 (Chapter 699) Statutes 1992; and

WHEREAS, each year thereafter the County continues to shift revenues to the Education Revenue Augmentation Fund;
NOW, THEREFORE, BE IT RESOLVED that the Monterey County Board of Supervisors DOES HEREBY AGREE that no base property tax will be transferred for said jurisdictional changes and to the following formulas for property tax increment distribution with Tax Rate Areas, 060-009, 060-010, 060-014, 060-018, 060-020, 060-021, 060-022, 060-029, 060-082, and 060-091 after change of organization/annexation.

DISTRIBUTION OF PROPERTY TAX INCREMENT:
Property tax increment is the property tax that is available after a change of organization/annexation.

For purposes of this Agreement only, the County of Monterey and the Carmel Valley Fire Protection District agree to use the average tax increment factor of all Tax Rate Areas affected by the annexation areas in particular.

1. **Annexation Area #1**
   Based on the existing Tax Rate Area(s) 060-010, Monterey County’s share of property tax is 43.3470%, reduced by 40% is equal to 26.0082% (the adjustment for the reduction is 17.3388%) The total property tax available for distribution in the proposed area is equal to 26.0082%.

   **After Change of Organization/Annexation**
   (New Tax Rate Area To Be Assigned)

   26.0082% - Property Tax Available for Distribution

   1. **Carmel Valley Fire Protection District’s Share of Total Property Taxes Collected:**

      26.0082% - Property Tax Available for Distribution
      X 29.1768% - Carmel Valley Fire Protection District’s Current Ratio
      = 7.5884%

      plus

   2. **Monterey County’s Share of Total Property Taxes Collected**

      26.0082% - Property Tax Available for Distribution
      X 70.8232% - Monterey County’s Current Ratio
      = 18.4198%

      plus

      17.3388% - the adjustment for State Tax Shift

      = 43.3470%

Formula for property tax increment allocation to the Carmel Valley Fire Protection District from Tax Rate Area(s) 060-010 after change of organization/annexation.
Carmel Valley Fire Protection District’s Property Tax Revenue=
Total Property Taxes Collected X 7.5884% X
Full Months Remaining in Tax Year divided by 12.

2. **Annexation Area #2**
Based on the existing Tax Rate Area(s) 060-010 and 060-082, Monterey County’s share of property tax is 43.3470%, reduced by 40% is equal to 26.0082% (the adjustment for the reduction is 17.3388%) The total property tax available for distribution in the proposed area is equal to 26.0082%.

  **After Change of Organization/Annexation**
  (New Tax Rate Area To Be Assigned)

26.0082% - Property Tax Available for Distribution

1. **Carmel Valley Fire Protection District’s Share of Total Property Taxes Collected:**

   \[
   \begin{align*}
   26.0082\% & \quad \text{Property Tax Available for Distribution} \\
   \times 31.9282\% & \quad \text{Carmel Valley Fire Protection District’s Current Ratio} \\
   = 8.3040\% & \quad \text{plus} \\
   \end{align*}
   \]

2. **Monterey County’s Share of Total Property Taxes Collected**

   \[
   \begin{align*}
   26.0082\% & \quad \text{Property Tax Available for Distribution} \\
   \times 68.0718\% & \quad \text{Monterey County’s Current Ratio} \\
   = 17.7042\% & \quad \text{plus} \\
   \end{align*}
   \]

   \[
   \begin{align*}
   17.3388\% & \quad \text{the adjustment for State Tax Shift} \\
   = 43.3470\% & \\
   \end{align*}
   \]

Formula for property tax increment allocation to the Carmel Valley Fire Protection District from Tax Rate Area(s) 060-010 and 060-082 after change of organization/annexation.

Carmel Valley Fire Protection District’s Property Tax Revenue=
Total Property Taxes Collected X 8.3040% X
Full Months Remaining in Tax Year divided by 12.

3. **Annexation Area #3**
Based on the existing Tax Rate Area(s) 060-009 and 060-010, Monterey County’s share of property tax is 43.2677%, reduced by 40% is equal to 25.9606% (the adjustment for the reduction is 17.3071%) The total property tax available for distribution in the proposed area is equal to 25.9606%.
After Change of Organization/Annexation
(New Tax Rate Area To Be Assigned)

25.9606% - Property Tax Available for Distribution

1. Carmel Valley Fire Protection District’s Share of Total Property Taxes Collected:

\[
\begin{align*}
25.9606\% & \quad \text{Property Tax Available for Distribution} \\
24.4002\% & \quad \text{Carmel Valley Fire Protection District’s Current Ratio} \\
\times & \quad \\
= & \quad 6.3344\%
\end{align*}
\]

plus

2. Monterey County’s Share of Total Property Taxes Collected

\[
\begin{align*}
25.9606\% & \quad \text{Property Tax Available for Distribution} \\
75.5998\% & \quad \text{Monterey County’s Current Ratio} \\
\times & \quad \\
= & \quad 19.6261\%
\end{align*}
\]

Plus

\[
17.3071\% \quad \text{the adjustment for State Tax Shift}
\]

\[
= \quad 43.2677\%
\]

Formula for property tax increment allocation to the Carmel Valley Fire Protection District from Tax Rate Area(s) 060-009 and 060-010 after change of organization/annexation.

Carmel Valley Fire Protection District’s Property Tax Revenue =
Total Property Taxes Collected \times 6.3344\% \times 
Full Months Remaining in Tax Year divided by 12.

4. Annexation Area #4
Based on the existing Tax Rate Area(s) 060-010, Monterey County’s share of property tax is 43.3470\%, reduced by 40\% is equal to 26.0082\% (the adjustment for the reduction is 17.3388\%) The total property tax available for distribution in the proposed area is equal to 26.0082\%.

After Change of Organization/Annexation
(New Tax Rate Area To Be Assigned)

26.0082\% - Property Tax Available for Distribution

1. Carmel Valley Fire Protection District’s Share of Total Property Taxes Collected:
26.0082% - Property Tax Available for Distribution
X 28.1298% - Carmel Valley Fire Protection District’s Current Ratio
= 7.3161%

plus

2. Monterey County’s Share of Total Property Taxes Collected

26.0082% - Property Tax Available for Distribution
X 71.8702% - Monterey County’s Current Ratio
= 18.6921%

plus

17.3388% - the adjustment for State Tax Shift
=

43.3470%

Formula for property tax increment allocation to the Carmel Valley Fire Protection District from Tax Rate Area(s) 060-010 after change of organization/annexation.

Carmel Valley Fire Protection District’s Property Tax Revenue = Total Property Taxes Collected X 7.3161% X
Full Months Remaining in Tax Year divided by 12.

5. Annexation Area #5
Based on the existing Tax Rate Area(s) 060-010, Monterey County’s share of property tax is 43.3470%, reduced by 40% is equal to 26.0082% (the adjustment for the reduction is 17.3388%) The total property tax available for distribution in the proposed area is equal to 26.0082%.

After Change of Organization/Annexation
(New Tax Rate Area To Be Assigned)

26.0082% - Property Tax Available for Distribution

1. Carmel Valley Fire Protection District’s Share of Total Property Taxes Collected:

26.0082% - Property Tax Available for Distribution
X 27.8598% - Carmel Valley Fire Protection District’s Current Ratio
= 7.2458%

plus

2. Monterey County’s Share of Total Property Taxes Collected

26.0082% - Property Tax Available for Distribution
X 72.1402% - Monterey County’s Current Ratio
= 18.7624%
plus
17.3388% - the adjustment for State Tax Shift
= 43.3470%

Formula for property tax increment allocation to the Carmel Valley Fire Protection District from Tax Rate Area(s) 060-010 after change of organization/annexation.

Carmel Valley Fire Protection District’s Property Tax Revenue =
Total Property Taxes Collected X 7.2458% X
Full Months Remaining in Tax Year divided by 12.

6. Annexation Area #6
Based on the existing Tax Rate Area(s) 060-010 and 060-021, Monterey County’s share of property tax is 43.6976%, reduced by 40% is equal to 26.2185% (the adjustment for the reduction is 17.4790%) The total property tax available for distribution in the proposed area is equal to 26.2185%.

\[ 26.2185\% \text{- Property Tax Available for Distribution} \]

1. Carmel Valley Fire Protection District’s Share of Total Property Taxes Collected:

\[ \begin{align*}
26.2185\% & \quad \text{- Property Tax Available for Distribution} \\
\times 28.0991\% & \quad \text{Carmel Valley Fire Protection District’s Current Ratio} \\
= 7.3672\% & \quad \text{plus}
\end{align*} \]

2. Monterey County’s Share of Total Property Taxes Collected

\[ \begin{align*}
26.2185\% & \quad \text{- Property Tax Available for Distribution} \\
\times 71.9009\% & \quad \text{Monterey County’s Current Ratio} \\
= 18.8513\% & \quad \text{plus} \\
17.4790\% & \quad \text{the adjustment for State Tax Shift} \\
= 43.6976\%
\end{align*} \]

Formula for property tax increment allocation to the Carmel Valley Fire Protection District from Tax Rate Area(s) 060-010 and 060-021 after change of organization/annexation.
Carmel Valley Fire Protection District’s Property Tax Revenue =
Total Property Taxes Collected X 7.3672% X
Full Months Remaining in Tax Year divided by 12.

7. Annexation Area #7
Based on the existing Tax Rate Area(s) 060-0029, Monterey County’s share of
property tax is 44.0481%, reduced by 40% is equal to 26.4289% (the adjustment
for the reduction is 17.6192%) The total property tax available for distribution in
the proposed area is equal to 26.4289%.

After Change of Organization/Annexation
(New Tax Rate Area To Be Assigned)

26.4289%- Property Tax Available for Distribution

1. Carmel Valley Fire Protection District’s Share of Total Property Taxes
Collected:

\[
\begin{align*}
26.4289\% & \quad \text{- Property Tax Available for Distribution} \\
& \times 21.2881\% \quad \text{- Carmel Valley Fire Protection District’s Current Ratio} \\
& = 5.6262\% \\
\end{align*}
\]

plus

2. Monterey County’s Share of Total Property Taxes Collected

\[
\begin{align*}
26.4289\% & \quad \text{- Property Tax Available for Distribution} \\
& \times 78.7119\% \quad \text{- Monterey County’s Current Ratio} \\
& = 20.8027\% \\
\end{align*}
\]

plus

\[
\begin{align*}
17.6192\% & \quad \text{- the adjustment for State Tax Shift} \\
& = 44.0481\% \\
\end{align*}
\]

Formula for property tax increment allocation to the Carmel Valley Fire Protection
District from Tax Rate Area(s) 060-029 after change of organization/annexation.

Carmel Valley Fire Protection District’s Property Tax Revenue =
Total Property Taxes Collected X 5.6262% X
Full Months Remaining in Tax Year divided by 12.

8. Annexation Area #8
Based on the existing Tax Rate Area(s) 060-0021, Monterey County’s share of
property tax is 44.0481%, reduced by 40% is equal to 26.4289% (the adjustment
for the reduction is 17.6192%) The total property tax available for distribution in
the proposed area is equal to 26.4289%.
After Change of Organization/Annexation
(New Tax Rate Area To Be Assigned)

26.4289% - Property Tax Available for Distribution

1. Carmel Valley Fire Protection District’s Share of Total Property Taxes Collected:

\[
\begin{align*}
26.4289\% & \quad \text{Property Tax Available for Distribution} \\
\times 21.2881\% & \quad \text{Carmel Valley Fire Protection District’s Current Ratio} \\
= 5.6262\% & \quad \text{plus}
\end{align*}
\]

2. Monterey County’s Share of Total Property Taxes Collected

\[
\begin{align*}
26.4289\% & \quad \text{Property Tax Available for Distribution} \\
\times 78.7119\% & \quad \text{Monterey County’s Current Ratio} \\
= 20.8027\% & \quad \text{plus} \\
\end{align*}
\]

17.6192\% - the adjustment for State Tax Shift

= 44.0481\%

Formula for property tax increment allocation to the Carmel Valley Fire Protection District from Tax Rate Area(s) 060-021 after change of organization/annexation.

Carmel Valley Fire Protection District’s Property Tax Revenue =
Total Property Taxes Collected \times 5.6262\% \times
Full Months Remaining in Tax Year divided by 12.

9. Annexation Area #9
Based on the existing Tax Rate Area(s) 060-0021, Monterey County’s share of property tax is 44.0481\%, reduced by 40% is equal to 26.4289\% (the adjustment for the reduction is 17.6192\%) The total property tax available for distribution in the proposed area is equal to 26.4289%.

After Change of Organization/Annexation
(New Tax Rate Area To Be Assigned)

26.4289% - Property Tax Available for Distribution

1. Carmel Valley Fire Protection District’s Share of Total Property Taxes Collected:

\[
\begin{align*}
26.4289\% & \quad \text{Property Tax Available for Distribution}
\end{align*}
\]
\[
\begin{align*}
X & \quad 21.2881\% \quad - \quad \text{Carmel Valley Fire Protection District’s Current Ratio} \\
= & \quad 5.6262\% \\
\text{plus} \\
2. \text{Monterey County’s Share of Total Property Taxes Collected} \\
26.4289\% & \quad - \quad \text{Property Tax Available for Distribution} \\
X & \quad 78.7119\% \quad - \quad \text{Monterey County’s Current Ratio} \\
= & \quad 20.8027\% \\
\text{plus} \\
17.6192\% & \quad - \quad \text{the adjustment for State Tax Shift} \\
= & \quad 44.0481\% \\
\end{align*}
\]

Formula for property tax increment allocation to the Carmel Valley Fire Protection District from Tax Rate Area(s) 060-021 after change of organization/annexation.

Carmel Valley Fire Protection District’s Property Tax Revenue = 
Total Property Taxes Collected \times 5.6262\% \times 
Full Months Remaining in Tax Year divided by 12.

10. Annexation Area #10

Based on the existing Tax Rate Area(s) 060-0021 and 060-022, Monterey County’s share of property tax is 44.0481\%, reduced by 40% is equal to 26.4289\% (the adjustment for the reduction is 17.6192\%). The total property tax available for distribution in the proposed area is equal to 26.4289\%.

\begin{center}
After Change of Organization/Annexation \\
(New Tax Rate Area To Be Assigned)
\end{center}

26.4289\%- Property Tax Available for Distribution

1. Carmel Valley Fire Protection District’s Share of Total Property Taxes Collected:

\begin{align*}
\begin{align*}
26.4289\% & \quad - \quad \text{Property Tax Available for Distribution} \\
X & \quad 21.2881\% \quad - \quad \text{Carmel Valley Fire Protection District’s Current Ratio} \\
= & \quad 5.6262\% \\
\text{plus} \\
\end{align*}
\end{align*}

2. Monterey County’s Share of Total Property Taxes Collected

\begin{align*}
\begin{align*}
26.4289\% & \quad - \quad \text{Property Tax Available for Distribution} \\
X & \quad 78.7119\% \quad - \quad \text{Monterey County’s Current Ratio} \\
= & \quad 20.8027\% \\
\text{plus} \\
\end{align*}
\end{align*}
17.6192% - the adjustment for State Tax Shift
= 44.0481%

Formula for property tax increment allocation to the Carmel Valley Fire Protection District from Tax Rate Area(s) 060-021 and 060-022 after change of organization/annexation.

Carmel Valley Fire Protection District’s Property Tax Revenue =
Total Property Taxes Collected \times 5.6262\% \times
Full Months Remaining in Tax Year divided by 12.

11. Annexation Area #11
Based on the existing Tax Rate Area(s) 060-029, Monterey County’s share of property tax is 44.0481%, reduced by 40% is equal to 26.4289% (the adjustment for the reduction is 17.6192%) The total property tax available for distribution in the proposed area is equal to 26.4289%.

After Change of Organization/Annexation
(New Tax Rate Area To Be Assigned)

26.4289\%- Property Tax Available for Distribution

1. Carmel Valley Fire Protection District’s Share of Total Property Taxes Collected:

\[
\begin{align*}
26.4289\% & \quad \text{Property Tax Available for Distribution} \\
\times 21.2881\% & \quad \text{Carmel Valley Fire Protection District’s Current Ratio} \\
= 5.6262\% & \quad \text{New Tax Rate Area To Be Assigned}
\end{align*}
\]

plus

2. Monterey County’s Share of Total Property Taxes Collected

\[
\begin{align*}
26.4289\% & \quad \text{Property Tax Available for Distribution} \\
\times 78.7119\% & \quad \text{Monterey County’s Current Ratio} \\
= 20.8027\% & \quad \text{New Tax Rate Area To Be Assigned}
\end{align*}
\]

plus

\[
\begin{align*}
17.6192\% & \quad \text{the adjustment for State Tax Shift} \\
= 44.0481\%
\end{align*}
\]

Formula for property tax increment allocation to the Carmel Valley Fire Protection District from Tax Rate Area(s) 060-029 after change of organization/annexation.

Carmel Valley Fire Protection District’s Property Tax Revenue =
Total Property Taxes Collected \times 5.6262\% \times
Full Months Remaining in Tax Year divided by 12.

12. Annexation Area #12
Based on the existing Tax Rate Area(s) 060-029, Monterey County's share of property tax is 44.0481%, reduced by 40% is equal to 26.4289% (the adjustment for the reduction is 17.6192%) The total property tax available for distribution in the proposed area is equal to 26.4289%.

After Change of Organization/Annexation
(New Tax Rate Area To Be Assigned)

26.4289% - Property Tax Available for Distribution

1. Carmel Valley Fire Protection District's Share of Total Property Taxes Collected:

   26.4289% - Property Tax Available for Distribution
   X 21.2881% - Carmel Valley Fire Protection District's Current Ratio
   = 5.6262%

   plus

2. Monterey County's Share of Total Property Taxes Collected

   26.4289% - Property Tax Available for Distribution
   X 78.7119% - Monterey County's Current Ratio
   = 20.8027%

   plus

   17.6192% - the adjustment for State Tax Shift
   = 44.0481%

Formula for property tax increment allocation to the Carmel Valley Fire Protection District from Tax Rate Area(s) 060-029 after change of organization/annexation.

Carmel Valley Fire Protection District's Property Tax Revenue =
Total Property Taxes Collected X 5.6262% X
Full Months Remaining in Tax Year divided by 12.

13. Annexation Area #13
Based on the existing Tax Rate Area(s) 060-029, Monterey County's share of property tax is 44.0481%, reduced by 40% is equal to 26.4289% (the adjustment for the reduction is 17.6192%) The total property tax available for distribution in the proposed area is equal to 26.4289%.

After Change of Organization/Annexation
(New Tax Rate Area To Be Assigned)
26.4289%- Property Tax Available for Distribution

1. Carmel Valley Fire Protection District’s Share of Total Property Taxes Collected:

\[
\begin{align*}
26.4289\% & \quad \text{Property Tax Available for Distribution} \\
\times 21.2881\% & \quad \text{Carmel Valley Fire Protection District’s Current Ratio} \\
\quad & \quad \text{plus} \\
= 5.6262\% & \quad \text{Carmel Valley Fire Protection District’s Current Ratio} \\
\end{align*}
\]

2. Monterey County’s Share of Total Property Taxes Collected

\[
\begin{align*}
26.4289\% & \quad \text{Property Tax Available for Distribution} \\
\times 78.7119\% & \quad \text{Monterey County’s Current Ratio} \\
\quad & \quad \text{plus} \\
= 20.8027\% & \quad \text{the adjustment for State Tax Shift} \\
\quad & \quad 17.6192\% \\
\quad & \quad 44.0481\% \\
\end{align*}
\]

Formula for property tax increment allocation to the Carmel Valley Fire Protection District from Tax Rate Area(s) 060-029 after change of organization/annexation.

Carmel Valley Fire Protection District’s Property Tax Revenue =
Total Property Taxes Collected \times 5.6262\% \times 
Full Months Remaining in Tax Year divided by 12.

14. Annexation Area #14
Based on the existing Tax Rate Area(s) 060-014 and 060-009, Monterey County’s share of property tax is 43.6976\%, reduced by 40\% is equal to 26.2185\% (the adjustment for the reduction is 17.4790\%) The total property tax available for distribution in the proposed area is equal to 26.2185\%.

After Change of Organization/Annexation
(New Tax Rate Area To Be Assigned)

26.2185%- Property Tax Available for Distribution

1. Carmel Valley Fire Protection District’s Share of Total Property Taxes Collected:

\[
\begin{align*}
26.2185\% & \quad \text{Property Tax Available for Distribution} \\
\times 21.2881\% & \quad \text{Carmel Valley Fire Protection District’s Current Ratio} \\
\quad & \quad \text{plus} \\
= 5.5814\% & \quad \text{Carmel Valley Fire Protection District’s Current Ratio} \\
\end{align*}
\]
2. Monterey County’s Share of Total Property Taxes Collected

\[
\begin{align*}
26.2185\% & - \text{ Property Tax Available for Distribution} \\
\times 78.7119\% & - \text{ Monterey County’s Current Ratio} \\
= 20.6371\% & \\
\text{plus} & \\
17.4790\% & - \text{ the adjustment for State Tax Shift} \\
= 43.6976\%
\end{align*}
\]

Formula for property tax increment allocation to the Carmel Valley Fire Protection District from Tax Rate Area(s) 060-014 and 060-091 after change of organization/annexation.

Carmel Valley Fire Protection District’s Property Tax Revenue =
Total Property Taxes Collected X 5.5814% X
Full Months Remaining in Tax Year divided by 12.

15. Annexation Area #15
Based on the existing Tax Rate Area(s) 060-014, 060-020, and 060-021,
Monterey County’s share of property tax is 43.5807%, reduced by 40% is equal to
26.1484% (the adjustment for the reduction is 17.4323%) The total property tax
available for distribution in the proposed area is equal to 26.1484%.

\begin{align*}
\text{After Change of Organization/Annexation} \\
\text{(New Tax Rate Area To Be Assigned)}
\end{align*}

26.1484%- Property Tax Available for Distribution

1. Carmel Valley Fire Protection District’s Share of Total Property Taxes Collected:

\[
\begin{align*}
26.1484\% & - \text{ Property Tax Available for Distribution} \\
\times 26.7877\% & - \text{ Carmel Valley Fire Protection District’s Current Ratio} \\
= 7.0046\% & \\
\text{plus} & \\
\end{align*}
\]

2. Monterey County’s Share of Total Property Taxes Collected

\[
\begin{align*}
26.1484\% & - \text{ Property Tax Available for Distribution} \\
\times 73.2123\% & - \text{ Monterey County’s Current Ratio} \\
= 19.1439\% & \\
\text{plus} & \\
17.4323\% & - \text{ the adjustment for State Tax Shift}
\end{align*}
\]
Formula for property tax increment allocation to the Carmel Valley Fire Protection District from Tax Rate Area(s) 060-014, 060-020, and 060-021 after change of organization/annexation.

Carmel Valley Fire Protection District’s Property Tax Revenue =
Total Property Taxes Collected X 7.0046% X
Full Months Remaining in Tax Year divided by 12.

16. Annexation Area #16
Based on the existing Tax Rate Area(s) 060-018, Monterey County’s share of property tax is 44.0481%, reduced by 40% is equal to 26.4289% (the adjustment for the reduction is 17.6192%) The total property tax available for distribution in the proposed area is equal to 26.4289%.

After Change of Organization/Annexation
(New Tax Rate Area To Be Assigned)

26.4289% - Property Tax Available for Distribution

1. Carmel Valley Fire Protection District’s Share of Total Property Taxes Collected:

\[
\begin{align*}
\text{26.4289}\% & \quad - \quad \text{Property Tax Available for Distribution} \\
\times 24.9323\% & \quad - \quad \text{Carmel Valley Fire Protection District’s Current Ratio} \\
= & \quad 6.5893\% \\
\text{plus} & \\
\end{align*}
\]

2. Monterey County’s Share of Total Property Taxes Collected

\[
\begin{align*}
\text{26.4289}\% & \quad - \quad \text{Property Tax Available for Distribution} \\
\times 75.0677\% & \quad - \quad \text{Monterey County’s Current Ratio} \\
= & \quad 19.8395\% \\
\text{plus} & \\
17.6192\% & \quad - \quad \text{the adjustment for State Tax Shift} \\
= & \quad 44.0481\% \\
\end{align*}
\]

Formula for property tax increment allocation to the Carmel Valley Fire Protection District from Tax Rate Area(s) 060-018 after change of organization/annexation.

Carmel Valley Fire Protection District’s Property Tax Revenue =
Total Property Taxes Collected X 6.5893% X
Full Months Remaining in Tax Year divided by 12.
PASSED AND ADOPTED this ______ day __________, by the following vote, to wit:

AYES:
NOES:
ABSENT:
2.3 Hypothetical Consolidation of County-Wide Fire Protection District with Contract Cities
CASE STUDY 3
HYPOTHETICAL CONSOLIDATION OF
COUNTY-WIDE FIRE PROTECTION DISTRICT
WITH CONTRACT CITIES

I. This hypothetical involves an existing, large fire protection district ("District") that provides fire protection services to all unincorporated areas of a county and two small cities ("Cities"), which currently contract with the District for fire protection services.

II. Under the existing arrangement, the Cities collect property tax revenue and pay a fee to the District in exchange for services.

Exhibit 9: Redacted District and City Agreement for Fire Protection Services

III. Due in part to the current State fiscal crisis, the foreclosure crisis, and the drop in property tax revenues, it might be mutually beneficial to the District and the Cities to change the current arrangement to one where a portion of property tax revenues are passed through directly to the District.

a. From the District perspective, each time cities in the county annex District territory, the District loses revenue, but does not necessarily provide fewer services. This is not just because the District covers so much area, but because, as described in the Stanislaus County case study, the District provides services to the areas surrounding the cities, and in particular responds to calls on roads in and out of the cities. Growth of a city results in more traffic accidents on the roads, more calls to the District, and a situation in which the District must maintain services while receiving less property tax revenue.

b. From the Cities’ perspective, they may not be growing fast enough and may not have the corresponding increase in tax revenue and development fees to keep up with the ongoing cost of providing fire protection services. As a result, it benefits them to trade some of their tax revenue for the cost of providing fire services. After the reorganization is accomplished, the Cities benefit from a large, well-funded fire district with experienced personnel that provides a high level of service which would likely be difficult for the Cities to maintain (if either City could provide such a high level of service at all).

c. As a result, the Cities and District would both benefit from a situation in which property taxes were passed through directly to the District, resulting in a higher level of service and a guaranteed source of funding for the service provider.

IV. To accomplish this reorganization, the District and the Cities would apply to LAFCO:

a. In either case, if the resolutions of each agency authorizing the application to LAFCO were substantially the same, LAFCO does not have discretion to accept the application.

b. It is unclear from LAFCO’s maps and the text of the SOI whether the Cities are included in the District’s SOI. This results in two possibilities.
Case Study 3  
Hypothetical County-wide Fire Protection District

i. **Contract for Extraterritorial Services:** This possibility arises if the District’s SOI does not include the Cities and the Cities and the District do not want to expand the District’s SOI. Under this possibility, the District and each City would negotiate a new contract for services. The new contract would still provide that the District would continue to provide services to the Cities, but rather than the Cities paying a fee, the Cities would pass through an agreed to amount of property tax revenue to the District.

1. LAFCO would have to approve the agreement for extraterritorial services under Government Code Section 56133.

2. Each City would only be bound to pass-through property tax revenue by the terms of the Agreement and for the length of the Agreement. The District would stop receiving revenue if either City decided to terminate the agreement or decided not to renew the agreement.

ii. **Application for an Updated SOI:** Assuming the District and the Cities were amenable to expanding the District’s SOI to include the Cities, the Cities and the District could apply to LAFCO for a new determination of the District’s SOI.

1. By asking LAFCO to expand the District’s service area, the Cities and the District would allocate property tax revenue directly to the District.

2. To change the allocation of property taxes, the Cities and the District would subsequently have to apply to LAFCO.

3. In addition, the Cities and the District might consider going back to LAFCO within 60 days to “validate” the LAFCO proceeding and ensure it is not open to future challenges based on subsequent annexations. Government Code Section 55103 authorizes the validation actions for LAFCO’s decisions involving SOI Determinations, using the procedures in the Validating Statutes in Code of Civil Procedure Sections 860-870.5.
Exhibit 9
FIRE PROTECTION DISTRICT
and
CITY OF [redacted]
AGREEMENT FOR FIRE PROTECTION SERVICES

This Agreement is made and entered into this 1st day of July, 2003, by and between the [redacted] FIRE PROTECTION DISTRICT, a political subdivision of the State of California, hereinafter referred to as [redacted], and the [redacted], a political subdivision of the State of California. Hereinafter referred to as [redacted].

RECITALS

WHEREAS, the parties to this Agreement have the common power to provide fire protection services and desire to jointly exercise said power pursuant to this Agreement and authority granted under Section 6500, et seq., of the California Government Code, and

WHEREAS, the parties intend that this agreement shall pertain to that certain geographical area described and set forth on the attached map, marked as Exhibit D incorporated herein by reference and referred to herein as the SERVICE AREA.

WHEREAS, [redacted] desires to enhance fire protection services to the citizens within the City limits.

AGREEMENT

SECTION I. NOW THEREFORE, the parties agree:

1. The [redacted] shall provide fire protection service (i.e. the capacity to contain, control and extinguish fires) to the SERVICE AREA delineated on Exhibit D hereto in the same manner and to the same degree as that which is provided within the [redacted].

2. [redacted] will continue to maintain, recruit, organize, train and equip its Paid-Call-Firefighters to assure a reliable response to emergency incidents including Emergency Medical Services within the SERVICE AREA.

3. [redacted] agrees to provide an initial inspection of [redacted] owned fire apparatus and report to [redacted] staff any deficiencies requiring correction prior to accepting the maintenance and repair responsibilities of [redacted] owned fire apparatus.

4. [redacted] agrees to automatically respond to the following types of emergency incidents within the SERVICE AREA:
   a. Fires
   b. EMS
c. Vehicle accidents
d. Multi-casualty incidents
e. Hazardous materials incidents
f. Confined space rescue incidents
g. Paid-Call-Firefighter emergency response
h. Mendota owned fire apparatus maintenance

5. [redacted and [redacted] agree to a "not to exceed" value of $13,500 for the payment of the Paid-Call-Firefighter response to [redacted], and [redacted] owned fire apparatus maintenance. Said value is included in the agreement value stated below in paragraph 9. Expenditure calculation for PCF and Equipment Maintenance services shall be at the actual value expended by the [redacted]. Thus a budget surplus may occur. [redacted] shall also benefit from the "not to exceed" value of this paragraph by virtue of not being required nor expected to expend any District funds above and beyond the agreed upon value of $13,500 for PCF response to [redacted] and city owned fire apparatus maintenance. In the event the agreed upon value is exceeded [redacted] and [redacted] will jointly research the cause of over expenditure and re-negotiate to a mutually acceptable value.

6. [redacted] agrees to provide the following additional services:

   a. Provide services as may be requested by [redacted], at the established rate schedule as attached to this Agreement. (Exhibit A).

7. [redacted] response to incidents described in Paragraph 4 will be at the same level as if the incident were in [redacted] jurisdiction. For information purposes only, the standard response plan is attached to this Agreement as Exhibit B.

8. [redacted] requests and [redacted] agrees to assume command of emergency incidents occurring in [redacted] that [redacted] provides a response. [redacted] grants [redacted] authority to act on its behalf for the control and mitigation of these incidents.

9. [redacted] agrees to pay $159,434 for services depicted in this Agreement for the 2003/2004 fiscal year. (Formula attached as Exhibit C.) Assessed Valuation adjustments shall be made July 1st each year using the Fresno County Assessor's Tax Rate Book of the preceding fiscal year to determine the assessed valuation for the formula as described in Exhibit C. The [redacted] will invoice [redacted] for 50% of the contract value in February and May, payable within 30 days of the invoice date.

10. For Fiscal Year 2003-2004 [redacted] agrees to pay, beginning July 1, 2003, the administrative fee/charge of 11.13% of the agreement value and any associated administration and operations cost of administering and executing this agreement.
SECTION 2. Privileges and Immunities

The parties to this Agreement intend that the provisions of Health and Safety Code, Section 13050 through 13054, and Government Code, Section 55600 through 55634, including those provisions providing for privileges and immunities from liabilities, exemption from losses, and rules applicable to entities and personnel furnishing extra-territorial fire protection shall apply and said provisions are incorporated herein by this reference.

SECTION 3. Waiver of Claims

Each party agrees to indemnify and hold harmless the other, its officers, officials, employees and Paid-Call-Firefighters, from and against all claims, damages, losses and expenses, including attorney fees, caused in whole or in part by an negligent act or omission on their part, or any of their officers, officials, employees and Paid-Call-Firefighters, except when caused by the sole negligence or willful misconduct of the other party. Each party will provide the other with a Certificate of Insurance with liability coverage shown in an amount of not less than $1,000,000.

SECTION 4. Agency

It is the intent of parties hereto, and part of the consideration supporting this Agreement, that each party shall bear all risks and obligation for its own personnel, including but not limited to salary, pension, relief, disability, workers compensation, and other benefits. No personnel, officers, agents representatives or employees are deemed to be employees of as a consequence of this Agreement.

SECTION 5. Third Parties

This Agreement shall not be construed as or deemed to be an Agreement for the benefit of any third party or parties and no third party or parties shall have any right of action hereunder for any course whatsoever.

SECTION 6. Assignment

This Agreement shall be binding on the successors and assigns hereto, except that no party shall assign this Agreement without the prior written consent of the party.
SECTION 7. Termination of Agreement.

This Agreement may be terminated by any party as to its rights and obligations under this Agreement upon ninety (90) days prior written notice to the other party. Upon termination, any payment due will be prorated, based on the number of days of automatic aid services provided.

SECTION 8. Term of Agreement

This Agreement shall be effective as of the day and year written and continue until June 30, 2004, unless one party gives notice, in writing, of its intention to terminate pursuant to SECTION 7, herein.

SECTION 9. Signature

Each signature hereto warrants that he/she has the authority to execute the Agreement on behalf of the designated party.
Questions / Comments
Case Study 3

South Santa Clara County Fire District,
Santa Clara County

Materials Enclosed
Presentation Outline

LAFCO Fire Service Review Santa Clara County 2004 and 2010 and South Santa Clara Regionalization Discussions.

- Description of the Area in General:
  - Gilroy –
    - Population, governance, revenue, fire service provider, dispatch services and labor group.
  - Morgan Hill –
    - Population, governance, revenue, fire service provider, dispatch services and labor group.
  - South Santa Clara County Fire District –
    - Population, governance, revenue, fire service provider, dispatch services and labor group.

- Regionalization Discussions post 2004 Service Review:
  - Formally initiated after the City of Morgan Hill began exploring possible annexation into the Central Fire Protection District.
  - Discussions extended into consolidating the South Santa Clara County Fire District into the Central Fire Protection into the Central Fire Protection District.
  - Adhoc committee established with representatives from Gilroy, Morgan Hill and the South County District.
  - Options range from a formal consolidation to a JPA to a functional consolidation.
• **Challenges to be Addressed:**
  
  - Revenue Sources
    - General Tax revenues vs. Property Tax based
  - Call loading vs. Station location
  - Station Ownership
    - Morgan Hill
    - South County
  - Labor Differences
    - workshift and salaries
    - three different retirement formulas
    - ability to sub-contract
    - lessening labor influence
  - Governance versus local control
    - lessening resistance

• Comparing the 2004 Service Review with the 2010 Draft Fire Service Review.
  
  - Difference in Economic Environment.
  - More detailed financial information/budget information in 2010 report.
  - Specific per unit/pcr capita cost information in 2010.
  - More detail to resource sharing options and opportunities (Dispatch, training and purchasing).
  - Emphasis on consideration of PD dispatching along with fire dispatch.

**Santa Clara County LAFCO website:** [www.santaclara.lafco.ca.gov](http://www.santaclara.lafco.ca.gov)

Compare the 2004 and 2010 Draft Review on line.
4.9.2 Budget

The SCFD is funded primarily by property tax. Expenditures by function and type are shown in Tables 65 and 66, as reported by the FY 2010-11 budget.¹⁰

Table 65: Expenditures by Function

<table>
<thead>
<tr>
<th>Function</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative and Management</td>
<td>$115,597</td>
</tr>
<tr>
<td>Operations</td>
<td>$4,258,723</td>
</tr>
<tr>
<td>Fire Prevention</td>
<td>$100,000</td>
</tr>
<tr>
<td>Other</td>
<td>$1,425,000</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$5,899,320</td>
</tr>
</tbody>
</table>

Table 66: Expenditures by Type

<table>
<thead>
<tr>
<th>Function</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Benefits</td>
<td>$0</td>
</tr>
<tr>
<td>Operations and Maintenance</td>
<td>$5,804,320</td>
</tr>
<tr>
<td>Subtotal Operations</td>
<td>$5,804,320</td>
</tr>
<tr>
<td>Capital</td>
<td>$95,000</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$5,899,320</td>
</tr>
</tbody>
</table>

Table 67 shows revenues for FY 2010-11.

Table 67: Revenues

<table>
<thead>
<tr>
<th>Source</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax</td>
<td>$3,859,000</td>
</tr>
<tr>
<td>Fees, EMS</td>
<td>$189,777</td>
</tr>
<tr>
<td>Fire Prevention</td>
<td>$60,000</td>
</tr>
<tr>
<td>Contracts – Mitigation Fee</td>
<td>$51,000</td>
</tr>
<tr>
<td>Other</td>
<td>$184,006</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$4,363,777</td>
</tr>
</tbody>
</table>

The unreserved fund balance on June 30, 2009 for the SCFD was $2,758,790 for the General Fund and $183,713 for other funds for a total of $2,942,503. The

¹⁰Not all departments report expenditures by function. Where such a distribution was not included in budget documents, Management Partners asked departments to sort expenditures into functions to provide a basis for comparing department expenditures on emergency response activities.
unreserved fund balance for the General Fund was 75% of its general fund expenditures for the year. The unreserved fund balance increased by $435,006 in comparison to the prior year. As CAL FIRE budgets major maintenance and apparatus in the year purchased, expenditures can fluctuate significantly between years; the department uses its reserve as necessary to fund such expenditures.

4.9.3 Stations
The district has four fire stations. The Morgan Hill station is owned by CDF. Masten station is owned by the district and is a converted house that the district obtained in 1980. ADA repairs and remodeling is budgeted for FY 2010-11. Treehaven is leased from Gilroy Gardens and needs work. Funding for repairs and remodeling for this station will be negotiated with the City of Gilroy.

4.9.4 Staffing
The department has 36.25 FTEs (of which 32.75 are sworn) and ten volunteers. Table 68 shows the budgeted personnel for FY 2010-11. All apparatus are staffed with companies of three, including a paramedic. The initial response to a single alarm structure fire is 19 personnel in the summer and 14 personnel in the winter.

Table 68: Staffing

<table>
<thead>
<tr>
<th></th>
<th>Sworn</th>
<th>Non-Sworn</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative and Management</td>
<td>0.00</td>
<td>0.50</td>
<td>1.50</td>
</tr>
<tr>
<td>Operations</td>
<td>29.75</td>
<td>1.00</td>
<td>30.75</td>
</tr>
<tr>
<td>Fire Prevention</td>
<td>0.00</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Other (FC/P) Amador</td>
<td>3.00</td>
<td>0.00</td>
<td>3.00</td>
</tr>
<tr>
<td>Total FTEs</td>
<td>32.75</td>
<td>3.50</td>
<td>36.25</td>
</tr>
</tbody>
</table>

4.9.5 Labor Agreements
Table 69 lists labor agreements for the district. The SHIU and CAUSE labor agreements have both expired. The California Department of Forestry and Fire Protection and International Union of Operating Engineers both have tentative agreements.
Table 69: Labor Agreements

<table>
<thead>
<tr>
<th>Labor Agreements</th>
<th>Term</th>
<th>Expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>SRU 1000</td>
<td>2 years</td>
<td>June 30, 2010</td>
</tr>
<tr>
<td>CAUSE State Law Enforcement Association</td>
<td>3 years</td>
<td>June 30, 2008</td>
</tr>
<tr>
<td>CA Department of Forestry and Fire Protection (tentative)</td>
<td>3 years</td>
<td>July 1, 2013</td>
</tr>
<tr>
<td>Intl' Union of Operating Engineers (tentative)</td>
<td>2 years</td>
<td>July 1, 2012</td>
</tr>
</tbody>
</table>

4.9.6 Benefits

Table 70 shows pension and health benefits for sworn personnel.

Table 70: Benefits

<table>
<thead>
<tr>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension</td>
</tr>
<tr>
<td>Health</td>
</tr>
</tbody>
</table>

4.9.7 Apparatus

The district has four engines, one truck and one rescue apparatus. One engine is in reserve. Engines are replaced at 12 years due to the high mileage needed to cover the district. Replacements are funded through the General Fund and reserves. Table 71 displays the district's apparatus.

Table 71: Apparatus

<table>
<thead>
<tr>
<th>Apparatus</th>
<th>Year</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCC-LITL-U02</td>
<td>2005</td>
<td>Heavy/Rescue Trailer</td>
</tr>
<tr>
<td>Admin1617</td>
<td>2010</td>
<td>SUV</td>
</tr>
<tr>
<td>B1617</td>
<td>2010</td>
<td>Pick Up</td>
</tr>
<tr>
<td>BS 1</td>
<td>2002</td>
<td>Trailer</td>
</tr>
<tr>
<td>Engine 1</td>
<td>2008</td>
<td>Type 1</td>
</tr>
<tr>
<td>Engine 2</td>
<td>1998</td>
<td>Type 1</td>
</tr>
<tr>
<td>Engine 3</td>
<td>2003</td>
<td>Type 1</td>
</tr>
<tr>
<td>Reserve Engine</td>
<td>1994</td>
<td>Type 1</td>
</tr>
<tr>
<td>Repair 1632</td>
<td>2009</td>
<td>Pick Up</td>
</tr>
<tr>
<td>SQ 2</td>
<td>2004</td>
<td>Pick Up</td>
</tr>
<tr>
<td>Truck 2</td>
<td>1987</td>
<td>Ladder Truck</td>
</tr>
</tbody>
</table>
Table 72: Mutual and Automatic Aid in 2009

<table>
<thead>
<tr>
<th>Agency</th>
<th>Mutual Aid Received</th>
<th>Automatic Aid Received</th>
<th>Mutual Aid Given</th>
<th>Automatic Aid Given</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gilroy Fire</td>
<td></td>
<td>367</td>
<td></td>
<td>234</td>
</tr>
<tr>
<td>CCFD</td>
<td></td>
<td>323</td>
<td></td>
<td>531</td>
</tr>
<tr>
<td>San Jose</td>
<td>183</td>
<td></td>
<td></td>
<td>22</td>
</tr>
<tr>
<td>Pajaro Fire</td>
<td>40</td>
<td></td>
<td></td>
<td>24</td>
</tr>
<tr>
<td>San Benito</td>
<td>56</td>
<td></td>
<td></td>
<td>48</td>
</tr>
<tr>
<td>Merced/Mariposa</td>
<td>0</td>
<td></td>
<td></td>
<td>17</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>969</strong></td>
<td></td>
<td></td>
<td><strong>876</strong></td>
</tr>
</tbody>
</table>

Table 73 shows response standards and performance in 2009.

Table 73: Response Standards and Performance for 2009

<table>
<thead>
<tr>
<th>Measure</th>
<th>Standard*</th>
<th>Actual Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency calls - non-medical</td>
<td>Most response time standard on 90% of calls</td>
<td>90%</td>
</tr>
<tr>
<td>Emergency calls - medical</td>
<td>90% standard</td>
<td>97.53%</td>
</tr>
</tbody>
</table>

*Response standards for non-medical emergency calls are established by the department. The County EMS agency has established the 90% compliance standard for medical emergency calls; this standard applies to each category, i.e., urban, suburban, etc.

The district has established non-medical emergency response time standards depending upon the nature of the call.

The District's ISO rating is a 5 within five miles of a district station or a station with an auto aid agreement. Outside of these areas the rating is a 10.

The district utilizes a contract employee to conduct fire inspections and community education. Development review services are provided by CCFD. Training is provided by CDF.

4.9.9 Trends and Projections

Projections show that the district’s population will increase by an estimated 8% to approximately 26,500 between 2010 and 2035 (an annualized rate of .3%), as shown in Figure 52.
## Table 8d: Cost Factors for Provider Agencies

<table>
<thead>
<tr>
<th>Agency</th>
<th>Service Pop</th>
<th>Number of Stations</th>
<th>Number of Companies Staffed Daily*</th>
<th>Company Size</th>
<th>Number of Swift Operations Personnel</th>
<th>Calls for Service (2009)</th>
<th>2010/11 Operating Budget*</th>
<th>Operating Cost Per Capita</th>
<th>Company Personnel</th>
<th>Service Personnel</th>
<th>Calls</th>
<th>Sworn Personnel per 1,000 Residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gilroy</td>
<td>52,000</td>
<td>3</td>
<td>3</td>
<td>3, 3 person</td>
<td>36</td>
<td>2,727</td>
<td>$7,093,056</td>
<td>$136</td>
<td>$2,364,352</td>
<td>$197,029</td>
<td>$2,601</td>
<td>0.69</td>
</tr>
<tr>
<td>CCFD</td>
<td>251,950</td>
<td>17</td>
<td>21</td>
<td>16, 3</td>
<td>247</td>
<td>16,551</td>
<td>$4,411,630</td>
<td>$184</td>
<td>$2,210,078</td>
<td>$187,901</td>
<td>$2,804</td>
<td>0.98</td>
</tr>
<tr>
<td>SCFD</td>
<td>35,000</td>
<td>3</td>
<td>4</td>
<td>4, 3 person</td>
<td>29.75</td>
<td>3,101</td>
<td>$4,258,723</td>
<td>$122</td>
<td>$1,064,681</td>
<td>$143,150</td>
<td>$1,373</td>
<td>0.85</td>
</tr>
</tbody>
</table>

*Includes Truck, Engine, Rescue, Transport
**The budget figures represent an attempt to isolate those costs attributed to the emergency response function, factoring out administrative expense, as not all such costs are included in municipal fire department budgets. It also factors out fire prevention costs. As each department has different budgeting practices, these are estimates made by Management Partners using budget information and comments from the departments.
Case Study 4

Alameda County Fire Department,
Alameda County

*Materials Available Upon Request to Presenter*
Case Study 5

Five Cities Fire Authority,
San Luis Obispo County

Materials Enclosed
What You Need to Know About Regionalizing Public Safety Responsibilities

BY J. SCOTT TIEDEMANN, JACK HUGHES AND TODD SIMONSON

J. Scott Tiedemann, Jack Hughes and Todd Simonson are attorneys with Liebert Cassidy Whitmore, a labor and employment law firm representing public agency management. Tiedemann is a managing partner and can be reached at stiedemann@lcwlegal.com. Hughes is a partner and can be reached at jhughes@lcwlegal.com. Simonson is an associate and can be reached at tsimonson@lcwlegal.com.

Many public safety agencies have implemented layoffs and furloughs due to the severe fiscal restraints of the current economic downturn. Nevertheless, at some point staff reductions can undermine public safety. Consequently some agencies are exploring alternate cost-saving measures. One option receiving increased attention is regionalizing public safety services by consolidating, contracting or sharing services with neighboring agencies.

Regionalization can yield both short- and long-term cost savings through economies of scale. For example,
agencies may spread overhead costs across larger operations, increase purchasing power to obtain better
deals on equipment and services, and reduce the need for expensive capital improvement projects. Better
still, service levels may improve; for instance, response times may be shortened by eliminating previous
service-area boundaries.

However, as the saying goes, anything worth having comes with a price. Regionalization is not easy and
involves many challenges to consider and overcome. This article identifies some of the issues public
agencies must address before making a final decision to regionalize services.

Laying the Groundwork

Conduct a long-term financial analysis. Without long-term, significant cost savings, regionalization is likely
to be a non-starter. Request proposals from your county, district and neighboring agencies, and then have
your Finance Department or a third-party consultant conduct a thorough financial analysis to determine the
fiscal impact over five to 10 years.

Conduct an initial legal assessment. In some jurisdictions, the local municipal code, city charter or a
memorandum of understanding may severely limit — or even prohibit — consolidating, merging or sharing
services with another agency. Your agency’s legal counsel should be able to determine whether such
limitations exist and provide advice regarding ways to overcome them.

Think incrementally. The neighboring agencies of Arroyo Grande, Grover Beach and the Oceano
Community Services District incrementally implemented the consolidation of fire services (for more
information, see “Consolidating Fire Services: Arroyo Grande, Grover Beach and Oceano Community
Services District Take a New Approach”). Incremental implementation mitigated concerns about the local
loss of control and identity, which is a very real phenomenon that can threaten the success of a
consolidation. Moreover, incremental steps allow time to build interpersonal relationships between the
involved agencies. Mutual trust is critically important, especially in the public safety context where one
employee may have to save another’s life. If possible, consider forming a finite joint training and/or mutual
aid agreement first and evaluate the outcome before moving on to mergers of equipment, finances and
employees.

Involve stakeholders at the outset. The very idea of merging or contracting for services can trigger strong
opposition from the public and employees. Consider including all the stakeholders at the outset to garner
support, especially the most vocal critics.

Many preliminary discussions will concern operational issues (not necessarily subject to the negotiation
obligations discussed later), such as: Will staffing levels remain the same? Will employees remain on their
beats? What will be the chain of command? Whose uniform and badges will be worn? How will employees
be trained on new equipment? Will police officers be able to keep their firearms?

If potential opponents believe that their opinions were considered early in the process, the journey toward
regionalization can be much smoother.
Bargaining Over the Decision and Its Impacts

Regionalizing public safety services raises numerous legal issues. Collective bargaining over the terms and conditions of employment, if required in your jurisdiction, can be one of the most complicated components of regionalization.

For example, in California under the Meyers-Milias-Brown Act, if reducing labor costs is the motivation for consolidating services, the decision is subject to negotiation with the affected labor union(s) before making a final decision.¹ After deciding to consolidate, an agency must still bargain with represented employees over the impacts of the decision. The ultimate resolution of these bargaining processes is sometimes articulated in a collective bargaining agreement called a transitional memorandum of understanding (MOU) that, depending upon the bargaining unit and the complexity of the merger, can range from a relatively short document to a very involved one.

The issues to be negotiated may include:

**Employment transition date.** There should be a designated date and time when the agency lays off represented employees and the successor employer hires them. The document should specify that all of the former agency’s obligations will cease and that employees will no longer have any rights or privileges with the former employer other than those enumerated in the transitional MOU.

**Salary and rank placement.** An employee’s salary and rank at the original and successor agencies will usually be comparable. If the original agency pays higher wages, reducing wages may be part of the savings produced by outsourcing. It is also possible to hold wages constant for transitioning employees at the higher level until the successor agency’s wage scale increases, a practice called “Y” rating.

**Benefits.** The transition of pensions, medical benefits and retiree health benefits will depend upon the agreement of the parties involved. Differences in benefits between employers can be controversial. Compromises to bridge differences can be achieved using creative solutions like purchasing supplemental retiree health benefits, contributing to enhanced medical benefits or supplementing pension benefits.

**Accruals.** Vacation and compensatory time-off accruals are an employee’s property and can be paid out immediately, converted into a savings account and/or used to buy accrual banks with the new employer. The conversion of sick leave accruals, if any, will depend upon the policies in place and the agreement of the parties involved.

**Background investigations.** These may be required for police officers transitioning from one agency to another, prior to the date of transfer.² Conducting portions of the background investigation after the officer is hired by the new agency may allow the officer the right to review adverse comments in the normally confidential background investigation.³ Before allowing the prospective employer to view an officer’s personnel records as part of the background investigation, the officer should sign a confidentiality waiver.

**Bargaining unit.** Employees will typically transfer to the bargaining unit representing the comparable employees at the new agency.
**Probationary status.** Depending on the agreement, employees transferring to the new agency may either be required to serve a probationary period or given “for cause” permanent status.

**Reasonable accommodations.** A disability accommodation that is reasonable for one employer may not be reasonable for another. Employees should execute separate medical information waivers before the new employer obtains them. A disability retirement may be required if the employee cannot pass the physical or psychological exam. It is helpful to have an agreement between employers about who will bear that cost.

**Reinstatement.** Employees may be guaranteed reinstatement with their former employer if the consolidation fails or the contract with the new agency ends without renewal.

**Conclusion**

Agencies searching for an alternative to reducing public safety staffing should carefully consider regionalization. With proper planning, discussion with all stakeholders and the sacrifice of personal interests in favor of the greater good, regionalizing public safety responsibilities can benefit everyone involved.

**Footnotes:**


3 County of Riverside v. Superior Court (2002) 27 Cal.4th 793.
Case Study 6

Other Case Studies (Brief Mention)

a. Agreement between the City of Modesto and Mt. View Fire District, Stanislaus County

   Materials Enclosed

b. Agreement between the City of Modesto and Westport Fire District, Stanislaus County

   Materials Enclosed
AGREEMENT
Between the
CITY OF MODESTO
And
MT. VIEW FIRE DISTRICT

THIS AGREEMENT is made and entered into this 4th day of August, 2010 by and between the CITY OF MODESTO (herein “City”) and MT. VIEW FIRE DISTRICT (herein “District”).

RECITALS

WHEREAS, the City will be annexing land currently used as the City of Modesto Wastewater Treatment Plant located at 7007 Jennings Road which is approximately 4,400 acres; and

WHEREAS, District provides fire protection services for unincorporated properties located within the WWTP; and

WHEREAS, District is supported by property tax revenues and will lose these revenues when properties are annexed to Modesto; and

WHEREAS, the total revenue for the District is $6,000 per year.

NOW, THEREFORE, the parties agree as follows:

1. After the annexation is complete, District will invoice the City annually in January the amount of $6,000 to compensate for the loss of property tax revenue.

2. District will provide Standard Fire Protection Services including fire and EMS at the City of Modesto’s Wastewater Treatment Plant Facility.

3. City and District will meet every three years at the request of either the City or the District to review terms of this agreement and make amendments as needed.
4. Any additional District needs requested or required by the City of Modesto, Police Fire Range, will be not be covered under this agreement.

5. City or District may cancel this agreement 90 days notice to the other party.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by and through their respective officers thereunto duty authorized on the date first hereinabove written. Approved by the City Council and attested by the City Clerk on August 4, 2010, by Resolution No. 2010-345.

CITY OF MODESTO

By: [Signature] Greg Myhoff, City Manager

Date: 10-4-10

MT. VIEW FIRE DISTRICT

By: [Signature] Kevin Blount, Fire Chief

Print Name: Kevin Blount

Date: 9-28-10

APPROVED AS TO FORM AND LEGALITY:

By: [Signature] Roland Stevens, Asst City Attorney

ATTEST:

By: [Signature] Stephanie Lopez, City Clerk
AGREEMENT
Between the
CITY OF MODESTO
And
WESTPORT FIRE DISTRICT

THIS AGREEMENT is made and entered into this 4th day of August, 2010
by and between the CITY OF MODESTO (herein “City”) and WESTPORT FIRE DISTRICT
(herein “District”).

RECITALS

WHEREAS, the City will be annexing land currently used as the City of Modesto
Wastewater Treatment Plant located at 7007 Jennings Road which is approximately 4,400 acres;
and

WHEREAS, District provides fire protection services for unincorporated properties
located within the WWTP; and

WHEREAS, District is supported by property tax revenues and will lose these revenues
when properties are annexed to Modesto; and

WHEREAS, the total revenue for the District is $1,500 per year.

NOW, THEREFORE, the parties agree as follows:

1. After the annexation is complete, District will invoice the City annually in
January the amount of $1,500 to compensate for the loss of property tax revenue.

2. District will provide Standard Fire Protection Services including fire and EMS at
the City of Modesto’s Wastewater Treatment Plant Facility.

3. City and District will meet every three years at the request of either the City or the
District to review terms of this agreement and make amendments as needed.

4. City or District may cancel this agreement 90 days notice to the other party.
IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by and through their respective officers thereunto duty authorized on the date first hereinafore written. Approved by the City Council and attested by the City Clerk on August 4, 2010, by Resolution # 2010-346.

CITY OF MODESTO

By: [Signature]

Greg Nyhoff, City Manager

Date: 10/4/10

WESTPORT FIRE DISTRICT

By: [Signature]

Gary Thompson, Fire Chief

Print Name: Gary Thompson

Date: 09/28/10

APPROVED AS TO FORM AND LEGALITY:

By: [Signature]

Roland Stevens, Asst City Attorney

ATTEST:

By: [Signature]

Stephanie Lopez, City Clerk