

GARBERVILLE ANNEXATION TAX EXCHANGE SHARING AGREEMENT PROPOSAL

The Garberville Fire Protection District (FPD) is in the process of developing an annexation application to the Local Agency Formation Commission (LAFCo). An essential component of this process will be the execution of a property tax exchange agreement with the County of Humboldt. On May 9, 2019, the Humboldt County Board of Supervisors directed that different tax exchange agreements will be offered depending on which of a set of expectations fire districts were willing and able to meet. The Garberville FPD proposes that they are eligible for tax exchange agreement Offer #1 which requires the district to meet the following expectations.

The annexing district is willing to:

- Establish new and or update revenue sources;
- Pursue reorganization/consolidation;
- Annex realistic out-of-district response area; and
- Commit to planning for the future.

If the above expectations are met the county will:

- Transfer a portion of the county's share of the base property tax revenue to the fire district equal to 75% of the district's average tax allocation factor (TAF), multiplied by the 1% property tax revenue for the current year within the annexation area. The fire district's property tax base would increase by the amount transferred; the county's base would be reduced by the same amount.
- In addition, the fire district would receive 100% of its TAF applied to growth in property tax in the annexation area; the County' share of property tax growth would then be reduced by that amount.

DESCRIPTION OF HOW EXPECTATIONS WILL BE MET:

1. Annex realistic out-of-district response area:

- **Expectation:**
 - ✓ Review and amend, as necessary, existing out-of-district response area maps to create an annexation area that matches where services are currently being demanded and provided and where they can reasonably expect to be needed in the near future, as defined by the district in collaboration with County and LAFCo staff.
- **Meeting the Expectation:**
 - ✓ Garberville FPD is pursuing an annexation application with LAFCo to expand their boundary to include portions of their current out of district response area, including the area serviced by the Sprowel Creek volunteer fire company. The annexation as proposed includes 36,280 acres includes the rural residential areas east of Garberville along Alderpoint Road; the Connick Creek, Bear Canyon, and airport areas along Sprowel Creek Road on the west side of the South Fork Eel River, and the Tooby flat and Kimtu Meadows area on the east side of the River; the communities of Benbow and the rural residences along the East Branch of the South Fork; as well as areas on either side of US 101 south to the County Line. The Garberville FPD responds to calls in these areas but does not currently receive property tax or other revenue for providing the service.
 - ✓ As the annexation area boundary was developed there was careful consideration of where access was and was not possible and areas were excluded where reasonable access was not in place. These areas can be annexed in the future as they are developed, and access is established. The requirements of Fire Protection District law (H.S.C. Section 13811) were

also considered. This law currently excludes “commercial forest lands which are timbered lands” from being included in an FPD. Because of this law, the district will not be able to annex parcels that can clearly be designated as commercial forest lands within the areas described above but will include them in their sphere of influence for future consideration should the law change. Nevertheless, this approach meets this expectation because the District is proposing to annex a realistic out-of-district response area as well as the response area of a neighboring fire company.

2. Establish new and or update revenue sources:

- **Expectation:**

- ✓ Establish a new special tax and or benefit assessment if not already in place.
- ✓ Update existing special tax and or benefit assessment if no successful update has been completed within the last 5 years or a period of time informed by credible long range financial planning; there may be instances where the existing tax is considered reasonable for covering expenses and or has reached the threshold of acceptability by taxpayers.
- ✓ All other feasible revenue sources will be diligently pursued and in good faith (feasible cost recovery for fire-based emergency response services and feasible cost recovery for plan-check/inspection services).

- **Meeting the Expectation:**

- ✓ The Garberville FPD has developed a special tax to support fire protection services to be approved by the voters of the Fire Protection District. The special tax is expected to generate approximately \$145,000 per year and will support administrative and operational improvements for the district. Approval of this special tax will be a condition of approval for the proposed annexation – if the tax is not approved by at least 2/3 of the voters the annexation will not be approved. Based on the above, the District demonstrates that it met the expectation of establishing a new special tax and or benefit assessment if not already in place.
- ✓ The Garberville FPD recognizes the importance of recovering costs associated with services that are provided and not otherwise funded by property tax or special assessment revenue.
 - Garberville Fire Protection District will prepare a fee ordinance based on the California Fire Code structure to recover costs associated with plan review and inspection. The District has a sample ordinance by another local fire district and is in the process of implementing a similar fee ordinance for the District.
 - The District will commit to developing contracts or response fee structures with commercial forest lands owners excluded from the boundary but likely to demand services on occasion to defray the cost of providing services to their properties.
 - The District will commit to seeking grant funding from the federal Assistance to Firefighters program and the CAL FIRE Volunteer Fire Assistance program to purchase equipment to benefit the community.
 - The District will commit to supporting the Garberville Firefighter Association that conducts regular annual programs and fundraising to support the volunteer firefighters of the District.
 - The District will commit to providing aid to CAL FIRE during incidents and when state resources are out of the Humboldt – Del Norte Unit.

- ✓ Based on the content of the bullets above, the District has demonstrated that it is diligently pursuing all feasible revenue sources and meets this expectation.

3. Commit to planning for the future:

- **Expectation:**

- ✓ Engage, in good faith, in the process of collectively working toward the most efficient, effective, and sustainable fire and rescue service delivery system as possible.
- ✓ Work to achieve retention/recruitment, and organizational and operational (responding together/interoperability) improvements.
- ✓ Commit to making administrative improvements such as the following:
 - Follow the “California Property Tax Managers’ Reference Manual” documentation process and applicable state law for annual submission of special tax and special assessments to the Auditor-Controller’s Office for placement of charges on the property tax bill;
 - Follow the requirements in Fire Protection District Law and other applicable state laws and regulations relating to the preparation and adoption of annual budgets, annual audits, and annual reporting, including the audit requirements of Government Code Section 26909, the financial reporting requirements of Sections 53890 through 53897 of the Government Code, and the California State Controller’s Office Special District Uniform Accounting and Reporting Procedures; and,
 - To ensure proper accounting and to facilitate annual reporting requirements, fire related districts are encouraged to use the financial services of the Auditor-Controller.
 - Maintain a website and post all required content in accordance with SB 929.
- ✓ Work to develop countywide level of service standards and a support structure to support collectively working towards meeting them.

- **Meeting the Expectation:**

- ✓ The Garberville FPD recognizes that improvements in budgeting, accounting, and reporting would result in benefit for the District. The District commits to the following:
 - To establish a procedure by resolution for maintaining the special tax that includes:
 - Requesting permit referrals from Humboldt County Building Division on an ongoing basis and tracking all new construction and changes in use;
 - Requesting Assessment Roll from Humboldt County Assessor when updates are made available;
 - With assistance from a consultant or partner agency, as necessary, updating the electronic direct charge list to reflect all new construction and any changes in use and Direct Charge Information Sheet (showing number of assessments, total dollar value of charges)
 - Adopting a Resolution containing all required information confirming that the tax was established according to law, defining the maximum charge based on the actual use of the property and requesting that the county collect the tax in the same manner and subject to the same penalties as the other assessments, fees, or other charges fixed and collected by the County on behalf of the District

- Submitting the Resolution, direct charge list, and Direct Charge Information Sheet prior to the 10th of August each year.
- To establish a procedure for budgeting and reporting by resolution that is consistent with state law that includes a:
 - Budget process that provides for:
 - Budgets that conforms to the accounting and budgeting procedures for special districts contained in Subchapter 3 (commencing with Section 1031.1) of, and Article 1 (commencing with Section 1121) of Subchapter 4 of, Chapter 2 of Division 2 of Title 2 of the California Code of Regulations. Health and Safety Code 13890;
 - The adoption of a preliminary budget on or before June 30;
 - Publication of notice of preliminary budget on or before June 30 that states that:
 - The District has adopted a preliminary budget which is available for inspection at a time and place within the district specified in the notice.
 - The date, time, and place when the board will meet to adopt the final budget and that any person may appear and be heard regarding any item in the budget or regarding the addition of other items.
 - The notice shall be published pursuant to Section 6061 of the Government Code in at least one newspaper of general circulation in the district. The first publication shall be at least two weeks before the date of the meeting. If there is no newspaper published in the district, the notice shall be posted in three public places in the district at least two weeks before the date of the meeting
 - The adoption of a final budget on or before October 1 of each year, after making any changes in the preliminary budget, the board shall adopt a final budget. The final budget shall establish its appropriation limit pursuant to Division 9 (commencing with Section 7900) of Title 1 of the Government Code. A copy of the final budget will be forwarded to the Humboldt County Auditor-Controller (per Health and Safety Code 13895)
 - A procedure will be adopted for ongoing accounting that is consistent with California State Controller's Office Special District Uniform Accounting and Reporting Procedures manual. The Garberville FPD will employ a District Secretary as secretary, clerk and bookkeeper. The District Secretary will seek mentorship from the Fortuna FPD, which recently improved its accounting procedures with the help of retired public agency officials with extensive experience in these matters and is prepared to mentor the Garberville FPD. The District commits to update their accounting procedures consistent with the California State Controller's Office Special District Uniform Accounting and Reporting Procedures manual for independent special districts.

Sprowel Creek fire station will become a satellite station of the Garberville FPD and volunteers from the Spowel Creek community will jointly train and respond as members of the Garberville FPD.

The merger will result in uniform levels of support for firefighters (personal protective equipment, workers compensation insurance, etc.), membership standards, training resources and requirements, and opportunities for advancement. Doing so effectively creates a regional district, with an improved economy of scale and associated benefits.

This consolidation will improve response capabilities throughout the expanded district by utilizing Sprowel Creek Fire personnel and apparatus for mutual aid requests throughout the existing District and proposed expansion area. Establishment of automatic aid response to areas of existing and proposed new district boundaries. Ensuring an effective and rapid response to areas previously not receiving timely fire response coverage.