



# COUNTY OF HUMBOLDT

For the meeting of: 12/16/2019

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File #: 19-1744

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**To:** Board of Supervisors

**From:** County Administrative Office

**Agenda Section:** Consent

**SUBJECT:**

Rio Dell Annexation Tax Exchange Agreement Proposal

**RECOMMENDATION(S):**

That the Board of Supervisors:

1. Approve the attached Annexation Tax Exchange Agreement Proposal submitted by the Rio Dell Fire Protection District; and
2. Direct staff to prepare and return to the Board with a Property Tax Exchange Agreement with the Rio Dell Fire Protection District in accordance with any and all applicable provisions of the California Revenue and Taxation Code and any other local, state and federal laws, regulations and standards.

**SOURCE OF FUNDING:**

General Fund (1100)

**DISCUSSION:**

In April 2019, staff presented your Board with a report on fire services funding strategies for the county. This report outlined service gaps and funding options for areas located outside the boundaries of any fire protection district or other local agency. These areas face unique challenges as no agencies are legally responsible for providing structured fire protection to these areas. For that reason, finding a long-term solution for sustaining service delivery to out-of-district areas has proven a challenge.

At your Board's direction, staff continued to work on a strategy to identify solutions to these challenges, in cooperation with the Fire Services Working Group. This ad hoc committee consists of representatives from the County of Humboldt (Board of Supervisors, Planning and Building, Public Works, and the County Administrative Office), LAFCo and the Humboldt County Fire Chief's Association. The group proposed, and your Board adopted, strategies and expectations to enable local fire districts to utilize property tax sharing agreements with the county in support of annexation and a commitment to service delivery in areas outside current district boundaries. Based on the below expectations, five Tax Exchange Agreement Offers were identified and the following qualification for each offer were provided to districts.

Offer	If	Then
<p><b>Only Pre-Prop 13 Districts will be eligible for these Offers (1, 2 and 3)</b></p>		
1	<p><b>The annexing district is willing to:</b></p> <ul style="list-style-type: none"> <li>• Establish new and or update revenue sources;</li> <li>• Pursue reorganization/consolidation;</li> <li>• Annex realistic out-of-district response area; and</li> <li>• Commit to planning for the future.</li> </ul>	<p><b>The county will:</b></p> <ul style="list-style-type: none"> <li>• Transfer a portion of the county’s share of the <b>base</b> 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 <b>base</b> would increase by the amount transferred; the county’s base would be reduced by the same amount.</li> <li>• In addition, the fire district would receive 100% of its TAF applied to <b>growth</b> in property tax in the annexation area; the County’ share of property tax growth would then be reduced by that amount.</li> </ul>
2	<p><b>The annexing district is willing to:</b></p> <ul style="list-style-type: none"> <li>• Establish new and or update revenue sources;</li> <li>• Annex realistic out-of-district response area; and</li> <li>• Commit to planning for the future;</li> <li>• <b>But</b> unwilling to pursue reorganization/consolidation.</li> </ul>	<p><b>The county will:</b></p> <ul style="list-style-type: none"> <li>• Transfer a portion of the county’s property tax within the annexation area following the methodology described above at a rate of 50% of the district’s TAF for <b>base</b>, and 100% of the district’s TAF for <b>growth</b> in property tax after annexation.</li> </ul>
3	<p><b>The annexing district is willing to:</b></p> <ul style="list-style-type: none"> <li>• Annex realistic out-of-district response area;</li> <li>• <b>But</b> not willing to meet any of the other expectations listed above.</li> </ul>	<p><b>The county will:</b></p> <ul style="list-style-type: none"> <li>• Transfer 0% of the county’s <b>base</b> property tax revenue within the annexation area and apply 75% of the district’s TAF to <b>growth</b> in property tax after annexation.</li> </ul>
<p><b>Only Existing Post-Prop 13 Districts will be eligible for Offer 4</b></p>		
4	<p><b>The annexing district does not currently receive property tax and is willing to:</b></p> <ul style="list-style-type: none"> <li>• Establish new and or update revenue sources;</li> <li>• Pursue reorganization/consolidation;</li> <li>• Annex realistic out-of-district response area; and</li> <li>• Commit to planning for the future.</li> </ul>	<p><b>The county will:</b></p> <ul style="list-style-type: none"> <li>• Transfer county property tax revenue to the district in an amount equal to the application of a 3% TAF to the <b>growth</b> (no base) in property tax revenue within the annexation area as well as the existing district area.</li> </ul>
<p><b>Only Existing Non-District Fire Companies will be eligible for Offer 5</b></p>		

5	<p><b>A non-district fire company forms a new district to cover the areas where they currently provide fire and rescue services and is willing to:</b></p> <ul style="list-style-type: none"> <li>• Establish new revenue sources;</li> <li>• Pursue reorganization/consolidation;</li> <li>• Establish a realistic district boundary; and</li> <li>• Commit to planning for the future.</li> </ul>	<p><b>The county will:</b></p> <ul style="list-style-type: none"> <li>• Transfer county property tax revenue to the new district by applying a 3% TAF for the district of the <b>growth</b> in property tax revenue within the district formation area.</li> </ul>
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RDFPD has gone above and beyond the expectations outlined in the matrix above and committed to the following actions in support of Offer No. 1:

**1. Establish new and or update revenue sources.**

- Beginning in 2014, RDFPD has investigated and successfully achieved an owner approved property tax increase that raised its special assessment from one of the lowest in the county, at \$4 per unit, to \$25 per unit. This increase is intended to support fire protection operations for lease the next 10-15 years.
- The current fee structure, based on the State Fire Marshal’s Office fee structure, is under review with plans to mirror the recently adopted Fortuna Fire Protection District model that better reflects local needs, particularly in respect to out-of-district calls.
- Negotiations with commercial forest land owners, including Humboldt Redwood Company (HRC), are underway to help defray the costs of providing services to their property.
- Efforts continue to secure grant funding from the federal Assistance to Firefighters program and the CAL Fire Volunteer Fire Assistance program, as well as local fundraising efforts led by the Rio Dell Volunteer Fire Department (VFD) Auxiliary.
- Participation in Mutual Aid efforts in partnership with CAL Fire and CAL OES providing a more robust regional response while supporting increased local revenue, resources and efforts towards staff training, recruitment and retention.

**2. Pursue reorganization/consolidation.**

- A central component of the RDFPD reorganization is to merge with the Scotia, Redcrest, and Shively VFDs. Together, the groups will become battalions in the new expanded district and will coordinate in response and training with RDFPD. Each VFD will transfer their assets to RDFPD, the battalions will operate in much the same manner as the existing VFD and local identity will be retained. 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.
- This change effectively creates a regional district, with an improved economy of scale and associated benefits. Rio Dell FPD’s existing special assessment would be applied to the newly annexed regions, providing an improved funding source for Scotia, Redcrest, and Shively operations.
- This consolidation will improve response capabilities throughout the expanded district by

establishing a command structure through the appointment of battalion chiefs and a regular duty officer program, and through a modified communications plan with tiered alerts to focus resource deployment during emergencies and service calls. This plan includes unique pager tones that can identify firefighters within a single battalion for typical medical calls requiring limited resources and an all-call dispatch for calls requiring additional resources. This system will result in additional resources responding immediately to more remote areas that can be promptly cancelled by the duty officer if they turn out not to be needed.

**3. Annex realistic out-of-district response area.**

- Rio Dell FPD is pursuing an annexation application with LAFCo to expand their boundary to include portions of their current out of district response area, as well as the consolidation with the volunteer fire departments (VFDs) in the communities of Scotia, Shively, and Redcrest, as described above.
- Because of the Fire Protection District law (H.S.C. Section 13811) which currently excludes “commercial forest lands which are timbered lands” from being included in an FPD, the district will not be able to annex the commercial forest lands within the areas described above but will include them in their sphere of influence for future consideration should the law change.

**4. Commit to planning for the future.**

- RDFPD has a consistent record of collectively working toward the most efficient, effective, and sustainable fire and rescue service delivery system. This includes:
  - Membership with the Eel Valley Fire Chief’s and Fire Commissions committees, organization of the annual Eel Valley Fire Academy, which serves as model organizational structure for departments in other parts of the county.
  - Membership of the Eel Valley Mutual Aid Water Tender Shuttle system, where Eel Valley departments will respond water tenders to fires within each other’s jurisdictions outside of the hydranted areas to provide sustained fire flow rates comparable to a typical municipal water system, reducing fire insurance rates to property owners in these areas and increase structure fire suppression capabilities.
  - A founding department of the Eel River Technical Rescue Team (TRT), which has markedly increased the capabilities of departments in the area to respond to calls for service that require specialized skills and equipment. The TRT is comprised of members from many departments who use equipment and apparatus from their department or from TRT caches allowing for specialized rescue responses to occur without stripping any one department of available firefighters.

- RDFPD participates in a recruitment and retention program with other fire departments in the Eel River Valley that includes: a Fire Explorer Program which is a hands-on program open to youth between the ages 14 to 20 with an interest in becoming a volunteer firefighter within their community or starting a career in the fire service; a coordinated and far-reaching outreach program for recruitment (including banners; newspaper, web, and social media advertising; radio and television public service announcements; mailings; events); and pay-per-call rewards for firefighters. The Rio Dell FPD also participates in the Fortuna Volunteer shift Program which gives their members additional training and response opportunities.
  
- The Rio Dell FPD recognizes that improvements in budgeting, accounting, and reporting would result in benefit for the District. The District commits to steps outlined in Section 3 of the “Rio Dell Annexation Tax Exchange Agreement Proposal” (Attachment 4), that include:
  - Establishing a procedure by resolution for maintaining the special assessment.
  - To establish a procedure for budgeting and reporting by resolution that is consistent with state law. This includes annual financial report and the organizations’ Annual Report.
  - The District will continue to work closely with the Humboldt County Fire Chief’s Association in its implementation of its strategic plan to strengthen the organization through improved collaboration between fire departments and with the county, and to bolster participation in Association meetings, develop outreach programs through social media for better community understanding and continued needs assessments for individual departments.

The planned area of annexation, as described in sections 2 and 3 above, consist of just over 11,500 acres. It is recommended that your Board approve the attached Annexation Tax Exchange Agreement Proposal submitted by the Rio Dell Fire Protection District. It is also recommended that your Board direct staff to prepare and return with a Property Tax Exchange Agreement with the Rio Dell Fire Protection District in accordance with any and all applicable provisions of the California Revenue and Taxation Code and any other local, state and federal laws, regulations and standards.

**FINANCIAL IMPACT:**

The financial impact is uncertain at this time and will be further evaluated and presented to your Board upon completion of the LAFCo review process.

**STRATEGIC FRAMEWORK:**

This action supports your Board’s Strategic Framework by creating opportunities for improved safety and health , protecting vulnerable populations, providing community-appropriate levels of service and managing resources to ensure sustainability of services.

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OTHER AGENCY INVOLVEMENT:

N/A

ALTERNATIVES TO STAFF RECOMMENDATIONS:

At your Board's discretion.

ATTACHMENTS:

RDFPD Tax Exchange Agreement Proposal  
Rio Dell Resolution

PREVIOUS ACTION/REFERRAL:

Board Order No.: I-1  
Meeting of: 04-09-2019  
File No.: 19-501