

# RIO DELL ANNEXATION TAX EXCHANGE SHARING AGREEMENT PROPOSAL

November 1, 2019

The Rio Dell 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 Rio Dell 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:**
  - ✓ 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. Originally, they intended to annex all of their out of district response area, as well as the response areas of Scotia, Redcrest, and Shively VFDs. However, they have scaled back the proposed annexation area in consideration of a requirement of 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. Because of this law, 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. Nevertheless, this approach meets and exceeds this expectation because the District is

proposing to annex a realistic out-of-district response area as well as the response areas of neighboring fire companies.

## 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 Rio Dell FPD conducted extensive planning and public outreach in 2014 and 2015 to achieve property owner approval of an increased special assessment. The Rio Dell FPD's special assessment, established in 1993, was among the lowest in the County at \$4 per unit of benefit (equaling \$16 for a single-family residence). During the planning process, the District evaluated its existing and future needs for fire station operation, maintenance and expansion; increased firefighter staffing and training; improved equipment and apparatus maintenance and replacement; and other services and supplies. As a result of the District's planning and effective public outreach, the landowners within the District approved a six-fold increase in the assessment; \$25 per unit of benefit. A unit value is given to each parcel based on the current land-use of the property. The unit value varies from 1 unit of benefit for a vacant parcel to 20 units of benefit for a heavy industrial parcel. A typical single-family residence is assigned 4 units of benefit and each unit is assessed at \$25 for a total of \$100 per year. The current assessment is intended to support fire protection operations for at least the next 10-15 years. The District began receiving increased assessment revenue in 2016. Based on the above, the District demonstrates that it met the expectation of updating an existing special tax and or benefit assessment within the last 5 years or a period of time informed by credible long range financial planning.
- ✓ The Rio Dell FPD recognizes the importance of recovering costs associated with services that are provided and not otherwise funded by property tax or special assessment revenue. Examples of such costs include construction and site plan review and inspection services, the costs of responding to traffic collision involving non-district residents, and responding to calls for services outside district boundaries. Currently the District is using the State Fire Marshal's Office fee structure to recover costs associated with plan review and inspection. However, the District is committed to replicating the recently adopted Fortuna FPD fee ordinance and fire code structure as soon as it can be revised and prepared for approval by the District Board of Directors. The District is in contact with other local fire agencies that have emergency response fees and, based on findings relating to best practices, will commit to adopt an emergency response fee ordinance that reflects the out-of-district calls to which the District responds.
- ✓ Fire Protection Districts are currently prohibited from including commercial forest lands that are timbered within the expanded District boundary. There are extensive areas that

likely meet this definition within the proposed expanded District boundary, including the areas along Shively Road between the U.S. 101 Shively Road intersection and the Shively community as well as Humboldt Redwood Company commercial forest lands in the Monument and Pierce Mountain area. Timber operations within these areas periodically result in the need for medical, rescue or hazardous materials related responses. The District will commit to negotiating contracts or response fee structures with HRC and other commercial forest lands owners to defray the cost of providing services to their properties.

In addition, the Humboldt Wind Energy Project includes the construction of a maximum of 60 wind turbine generators along Monument and Bear River ridges. The Rio Dell FPD would be the closest first responder to this area. The Humboldt Wind Energy Project EIR includes a mitigation measure that requires the operator to “Prepare and Implement a Fire Services Financing Plan” that includes the equipment needed to provide emergency rescue, medical, or fire protection calls for service at the project site; the cost to acquire equipment and training in the use of the equipment as measured over the 30-year life span of the project; the project applicant’s fair-share contribution toward acquisition of this equipment and training; and a financing mechanism to allow for receipt and distribution of funds to implement the plan. If this project is approved the District will commit to negotiating an agreement to address anticipated response costs incurred by the District.

- ✓ The Rio Dell FPD regularly seeks 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 commits to continuing its efforts to regularly seek grant funding to benefit the communities that it serves.
- ✓ The Rio Dell Volunteer Fire Department Auxiliary conducts regular annual programs, such as Wildwood Days, and fundraising to support the volunteer firefighters of the District. In addition to providing department clothing, T-shirts, meals, food and refreshments for the volunteers, the Auxiliary often purchases specialized firefighting equipment and donates it to the District. The District commits to working with the Auxiliary to maintain these funding efforts to benefit the volunteers and the District. The District also commits to encouraging the Auxiliary to expanding its activities into the Scotia, Redcrest, and Shively communities and coordinating closely with the efforts of the 501(c)3 organizations that support the volunteers in those areas.
- ✓ The Rio Dell FPD regularly provides extended station coverage services to CAL FIRE when state resources are out of the Humboldt – Del Norte Unit (sometimes more than one CAL FIRE station is covered by Rio Dell FPD apparatus). This District also provides its water tender when requested and responds to major incidents in other parts of the State as part of local strike teams organized by CAL FIRE and CalOES. Rio Dell FPD commits to continue providing this important mutual aid assistance to the state because it supports regional response capabilities and provides additional needed revenue to the District to defray expenses, support apparatus replacement and new specialized equipment surcharges, but also because it is a useful training experience and recruitment and retention incentive for volunteers.
- ✓ Based on the content of the bullets above, the District has demonstrated that it is diligently pursuing all other 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.
- ✓ Work to develop countywide level of service standards and a support structure to support collectively working towards meeting them.

- **Meeting the Expectation:**

- ✓ Rio Dell FPD has a consistent record of collectively working toward the most efficient, effective, and sustainable fire and rescue service delivery system. The Rio Dell FPD is an active member of the Eel Valley Fire Chief’s and Fire Commissions committees, which meet regularly to discuss issues of mutual importance and define ways to work together to address problems. Examples of the successes of these Eel Valley partnerships include training, a mutual aid water tender shuttle system, and technical rescue response. The Rio Del FPD is one of several Eel Valley fire departments that organize the annual Eel Valley Fire Academy, which serves as a model organizational structure for departments in other parts of the county. Rio Dell is a member 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. The mutual aid water tender shuttle system is expected to help reduce fire insurance rates to property owners in these areas and increase structure fire suppression capabilities. Rio Dell is also one of the founding departments 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. Rio Dell FPD commits to continuing to work locally with the Eel Valley

departments and countywide with the HCFCA to provide the most efficient, effective, and sustainable fire and rescue service delivery system as possible.

- ✓ An ongoing and successful recruitment and retention program is of paramount importance to the Rio Dell FPD. Rio Dell FPD 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 the following:
  - To establish a procedure by resolution for maintaining the special assessment that includes:
    - Requesting permit referrals from Humboldt County Building Division and the City of Rio Dell 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 assessment was established according to law, defining the maximum unit of benefit based on the actual use of the property and requesting that the county collect the assessment 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 10<sup>th</sup> 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 Rio Dell FPD employs a District Secretary as secretary, clerk and bookkeeper who is currently participating in local agency training classes relating to government accounting practices. The District Secretary will be working with 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 Rio Dell 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.
- A procedure for the Annual Report of all the financial transactions of the District during the preceding fiscal year to the State Controller's Office will be consistently employed:
  - consistent with Government Code Section 53892, which specifies the contents of an annual financial report that must be submitted by all fire related districts. The report shall be furnished within seven months after the close of each fiscal year and shall be in the form required by the State Controller.

- A procedure for the completion of the annual financial audit will be consistently employed:
  - consistent with Government Code Sections 26900 through 26914, an annual audit of the District shall be prepared by the Humboldt County Auditor-Controller or a certified public accountant that conforms to generally accepted auditing standards. The report shall be filed with the Auditor-Controller within 12 months of the end of the fiscal year or years under examination. The District plans to continue to employ an independent certified public accountant to conduct an annual audit that conforms to generally accepted auditing standards and will seek the assistance from the Humboldt County Auditor-Controller as needed.
- ✓ 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. Through this countywide collaboration and through the continuation and enhancement of practices described in this report, the District will continue to be leader and example for the work of developing countywide level of service standards and a structure to support collectively working towards meeting them.

#### 4. Pursue reorganization/consolidation:

- **Expectation:**
  - ✓ Review, in good faith, the feasibility of reorganizations or consolidations with the aim of achieving an economy of scale and improving the efficiency, effectiveness, and sustainability of fire services; including administration, operations, and equipment purchases.
  - ✓ Work with members of the Fire Service Working Group to prepare a feasibility study.
  - ✓ If determined to be feasible, actively pursue reorganization/consolidation.
- **Meeting the Expectation:**
  - ✓ A central component of the proposed Rio Dell FPD reorganization is to merge with the Scotia, Redcrest, and Shively VFDs which inherently meets this expectation. Each of these VFDs regularly respond and train with the Rio Dell FPD. Rio Dell, Scotia, Redcrest, and Shively will become battalions in the new expanded district.

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. Doing so 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 by modifying the pager tones to provide a focused response requiring only 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.