
FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCo)
EXECUTIVE OFFICER'S REPORT

AGENDA ITEM No. 6

DATE: August 7, 2013

TO: Fresno Local Agency Formation Commission

FROM: David E. Fey, AICP, Executive Officer

SUBJECT: Consider Adoption – Municipal Service Review and Sphere of Influence Update Prepared for the Fresno County Fire Protection District (Continued from May 1, 2013 and June 5, 2013)

Recommendations:

- A) Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, find that prior to adopting the written determinations, the Municipal Service Review and Sphere of Influence determination under consideration are Categorical Exempt from the provisions of the California Environmental Quality Act (CEQA) under Section 15306, "Information Collection" and Section 15320, "Changes in Organization of Local Agencies."
- B) Find that the Municipal Service Review and Sphere of Influence Update prepared for the District are complete and satisfactory.
- C) Find that the written determinations within the Municipal Service Review and Sphere of Influence Update satisfy State Law.
- D) Pursuant to Government Code Sections 56425 and 56430 make the required determinations for the Municipal Service Review and District Sphere of Influence, adopt the Municipal Service Review prepared for the District, and update the Sphere of Influence for said District by reaffirming the current boundaries.

Description

The Fresno County Fire Protection District (District) covers a substantial portion of Fresno County and provides public safety services to the District and to cities through aid agreements.

The Commission's consideration of the District's MSR has been closely linked with its consideration of LAFCo policy 102-04 et seq, which requires transition agreements between fire districts and cities that detach from the district upon annexation.

Summary / Background

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCo to review and update, as necessary, city and special district Spheres of Influence (SOIs) every five years. Prior to, or in conjunction with an agency's SOI update, LAFCo is required to conduct a *Municipal Service Review* (MSR) for each agency.

MSRs provide a comprehensive review of the services provided by a city or district and present recommendations with regard to the condition and adequacy of these services and whether or not modifications to a city or district's SOI are necessary. MSRs can be used as informational tools by LAFCo and local agencies in evaluating the efficiencies of current district operations and may suggest changes in order to better serve the public.

Sphere of Influence updates may involve an affirmation of the existing SOI boundaries or modifications to the SOI boundaries. LAFCo is not required to initiate changes to an SOI based on findings and recommendations of the service review, although it does have the power to do so.

State law requires that the Commission adopt written MSR determinations for each of the following seven criteria:

1. Growth and population projections for the affected area.
2. Location and characteristics of any disadvantaged unincorporated communities,
3. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

As part of the SOI update, the Commission is required to consider the following four criteria and make appropriate determinations in relationship to each:

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

Environmental Determination

The California Environmental Quality Act ("CEQA") requires that the Commission undertake and review an environmental analysis before granting approval of a project, as defined by CEQA. The MSR's are categorically exempt from the preparation of environmental documentation under a classification related to information gathering (Class 6 - Regulation section 15306), which states: "Class 6 consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded." Indeed, these MSR's collect data for the purpose of evaluating municipal services provided by the agencies. There are no land use changes or environmental impacts created by such studies.

Furthermore, the MSR's qualify for a general exemption from environmental review based upon CEQA Regulation section 15061(b)(3), which states: "The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." Additionally, the SOI updates qualify for the same general exemption from environmental review based upon CEQA Regulation section 15061(b)(3).

There is no possibility that these MSR's or SOI updates may have a significant effect on the environment because there is no land use changes associated with the documents. If the Commission approves and adopts the MSR's and SOI updates and determines that the projects are exempt from CEQA, staff will prepare a notice of exemption as required by CEQA Regulation section 15062.

Recent Activity on the MSR

Commission Activity

On May 1, 2013, this item was considered by the Commission. At the conclusion of testimony from the District, its legal representative, employee union officials, and from cities and their fire chiefs, the Commission continued the item to permit parties to provide comments on both the MSR and the transition policy continued the item to June 5. On June 5, staff recommended continuation to a date and time certain with a target of August to continue considering information regarding the project and the transition policy.

During the May 1 meeting, District legal counsel Bill Ross noted that in 2007 the five fire districts' and the 15 cities' MSR's were all prepared and approved at the same time. Mr. Ross said he felt that the cities' and Districts' MSR's should all be prepared at the same time.

Staff does not concur with this request noting that the draft MSR before the Commission complies with the requirements of state law and adequately addresses status of, and opportunities for, shared facilities; accountability for community service needs, including governmental structure and operational efficiencies, and any other matter related to effective or efficient service delivery, as required by commission policy. Moreover, while the MSR's for the District and the cities were prepared within a narrow period of time (one year), they were not all prepared and adopted together.

Correspondence from Stephen Morgan, D.P.A. and Response by Bob Braitman
(Exhibits attached)

At the District's request, Stephen Morgan, D.P.A., reviewed the draft 2013 MSR and offered observations on the context of the document and its recommendations. His first observation was "that an Us-versus-Them mentality seems to have evolved with regard to fire service in Fresno County," a "trend (that) has become counterproductive among the fire service providers...." Dr. Morgan observed that "the future of fire service is regional, and the County's responsibility for providing fire service to the unincorporated areas will not go away."

Dr. Morgan observed that "Fire delivery is by no means assumed to be a city-provided function in California," and presents information to support this statement. While a valid statement, it is noted that the government code authorizes cities to provide fire service, though how they provide it—city operated, contract, other—is by law the city's decision. (Govt. Code Section 38600 et seq).

Dr. Morgan turned his attention to the transition agreements, and noted that the language of the Commission's policy 'has contributed to the perception that a detachment from the District to a city... "if a detachment does take place, there are new revenues generated that can be shared with the District to maintain its ongoing responsibility within the balance of its boundaries and to sustain it as a regional resources that can be relied upon to continue providing auto and mutual aid to all of the citizens of the county."

Dr. Morgan then discussed the Kingsburg Guardian-Sun Maid Reorganization which was written prior to the Commission's action on this project and discusses a context that is somewhat moot given the transition agreement now in place between the District and the City.

He concluded with the statement that "the Fresno County Fire Protection District should continue to be a strong, integral part of the fire service delivery system in Fresno County"

Mr. Braitman has responded that "whether a city provides fire services for its constituents is an option afforded the city within the Government Code" and
(y)our letter concludes the 2013 MSR for the District has called into question the future role and even future existence of the District. I don't agree. The basic question is whether cities that have chosen to provide fire protection services should be able to do so for land which is annexed to the city and how the District should be treated with regard to such boundary changes.

In fact if cities that provide fire protection services continue to expand their boundaries and thereby encroach upon and reduce the area that is within the District, in the long-term the District may need to accommodate those changes in its budget and staffing. But all of the data I have seems as of late indicates this is a long-range, down the road consequence.

Overall, Dr. Morgan presents a well-reasoned point of view that is not necessarily shared by staff or the MSR consultant. It is presented in this report as additional argument and information for the benefit of the Commission.

Background

The District is primarily funded through property tax. It would also appear that the location of the property being taxed, and especially those properties which are subject to annexation by a City, do not generate enough tax increment to cover the District's expenditures. With respect to its budget of \$17,095,447 for FY 2012/13, only about 2.15 % is uncommitted and available for unexpected expenses. Considering the importance of providing life, safety, and property support, this amount seems low. It does not appear that the District has routinely received development impact fees for new development for parcels that are in their boundary. This would have enabled them to provide greater service to their remaining territory. However, there is a Mello-Roos district within the District's boundaries for larger developments that occur in the County of Fresno, which the District would be able to benefit from.

In addition to reviewing the District's funding in an MSR, other governmental structure options need to be explored. In this case, the MSR discusses several options. One option would essentially be to create a new type of regional governance for fire, life and property safety that would or could involve the cities in Fresno County. That way, revenue could be collected for fire services irrespective of city boundaries. While details of this type of concept are beyond the scope of this report, LAFCo feels it is a valid concept and worthy of further study.

Another concept suggested in the MSR is, similar to the North Central Fire Protection District, for the District to contract with the cities that provide their own fire protection to protect various County island areas. In some instances, the city may be able to respond within five to six minutes, where the District would take longer, or where the District has a closer station, it would be faster for the District to respond, until the respective city could afford to provide additional resources (i.e. new stations, etc..).

In summary, based on the materials submitted, it would appear that in order for the District to maintain its present level of operation in the future, the District would either need to find additional revenue, or downsize to operate on the available revenues.

Summary of MSR Recommendations

This MSR reflects other characteristics of the District, including, and as noted by Dr. Morgan, the relationship between the District and its brother fire agencies. The latter is characterized as "counterproductive" and should serve as a clear indication to all parties concerned for greater communication and cooperation between the District and cities that detach with annexation.

Using a context that is familiar to the fire services, the current relationship between the District and the other fire departments in Fresno County approaches the 19th "Watchout Situation"¹ for all parties concerned. The state of this relationship deserves direct attention.

The Commission shares some responsibility for the status quo inasmuch as its policy requires agreement but offers little guidance for the practical application of the transition agreement

¹ The ten Standard Firefighting Orders were developed in 1957 to be implemented systematically and applied to all fire situations. The 18 Situations That Shout Watch Out are more specific and cautionary than the Standard Fire Orders and describes situations that warrant careful observation and extreme caution to reduce the risk of firefighting.

process. Through the recommendations of this MSR and the transition policy discussion, the Commission is addressing those facets of the issue that are under its authority.

The recommendations may not go far enough for some agencies in prescribing certain actions by the District, and may seem intrusive to the District. Nonetheless, in consideration of information gathered and evaluated during the Municipal Service Review process it is recommended the Commission:

1. *Conduct a public hearing and accept testimony regarding the proposed Municipal Service Review and Sphere of Influence Update.*

The public hearings have been and continue to be an appropriate forum to discuss the MSR and the larger issues associated with fire/emergency service delivery.

2. *Approve the recommended Municipal Service Review determinations, together with any changes deemed appropriate.*

Staff stands by the draft MSR.

3. *Affirm the current Sphere of Influence and that it not to be revised at this time.*

Staff notes that detachments have historically reduced the District's sphere as land is annexed to cities that provide fire protection services. It is therefore logical to conclude that the "present and probable need for public facilities and services in the area," and the "present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide" are changed for that agency as land is removed from its boundaries. It is possible for the District to continue to provide services to detached territory within cities via special agreements with the cities.

4. *Consider modifying the Commission policy on transition agreements to facilitate logical annexations to cities and ensure each proposed annexation is able to be heard and evaluated on its own merits.*

Through correspondence and comment, the District has expressed its support of the Commission's continuation of the transition policy. The Commission will consider amendment of the policy under separate action.

5. *Advise the District to meet with cities on no less than an annual basis to estimate the annual projected acreage of detachments and exchange information for the purpose of updating their respective budgets and service plans and as support for any transition agreements developed pursuant to Commission policy.*

This recommendation addresses the Executive Officer's impression, echoed by Dr. Morgan's comments that the District and its fellow fire services must find a way to better cooperate on the one issue that has consumed a significant amount of public resources: a long-term interagency cooperative plan to provide fire service in Fresno County. Given that this issue is of equal responsibility to all fire service providers, staff will recommend including this recommendation in the MSR for the detaching cities' as well. There is no conflict with this recommendation and any of the transition policy options that the Commission will consider under separate action.

6. *Advise the District to develop budgetary and operational plans that account for the orderly detachment of its territory. Such plans should address, but not be limited to, such factors as the effect of detachments on long-term expenditures, staffing and station locations, and how transition fees will be used to by the District to facilitate the orderly transfer of service.*

Cities have observed that the District hasn't presented a plan as to what it intends to do with the transition fee revenue. Though it is not adopted public policy, the District's intentions have been part of the public record: Section 5.1 of the now-expired agreement between Fresno and the District includes the following language:

In light thereof, District agrees to use such revenues in an effort to maintain levels of district service in areas adjacent to city (which will also be available to city under mutual aid or other agreements)....

Comments by District overhead reflect that the District indeed understands the issue and accounts for this revenue in its expenditures. This should move from the administrative level to public policy enacted by the District's Board. This recommendation advises the District to make the use of transition fee revenue a matter of public record, of a budget document such as the annual budget or strategic plan, in a manner that is accessible by the public and integral to the District's overall operation.

Conclusion

The efforts of the District's fire service professionals and those of other Fresno County fire departments in the development of this MSR are appreciated. This report is not intended to be a blanket allocation of responsibility to a department or individual for a past or future issue but as notice that improvements are needed before they impact service delivery. While there may be some differences in opinion regarding the District's transition planning and long-term budgetary priorities, the record reflects a fire department that is operationally well-managed and provides an effective firefighting force.

RESOLUTION NO. MSR-13-2A

**FRESNO LOCAL AGENCY FORMATION COMMISSION
FRESNO COUNTY, CALIFORNIA**

In the Matter of

LAFCo Determination

RESOLUTION MAKING DETERMINATIONS) AND ADOPTING MUNICIPAL SERVICE) REVIEW FOR THE FRESNO COUNTY FIRE) PROTECTION DISTRICT)	MADE FINDINGS AND) DETERMINATIONS; ADOPTED) MUNICIPAL SERVICE REVIEW WITH) NOTICED CORRECTIONS; AND) UPDATED SPHERE OF INFLUENCE)
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WHEREAS, pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56425 et. seq.) the Fresno Local Agency Formation Commission is required to review and update, as necessary, Spheres of Influence of local agencies not less than once every five years; and

WHEREAS, Government Code Section 56430 directs the Commission to conduct a review of municipal services not later than the time it considers an action to establish or update a Sphere of Influence (SOI); and

WHEREAS, the Commission contracted with a consultant to prepare a Municipal Service Review for the Fresno County Fire Protection District and distributed the Draft Municipal Service Review to interested agencies for comment; and

WHEREAS, at the May 1, 2013 hearing, the Executive Officer prepared a report and the consultant presented a Draft Municipal to the Commission; and

WHEREAS, at the May 1, 2013 hearing, the Commission received numerous comments and corrections on the Draft Municipal Service Review from interested agencies and directed staff to work with the consultant to incorporate those comments and corrections into the Final Municipal Service Review for consideration at the June 5, 2013 hearing; and

WHEREAS, the Final Municipal Service Review was set for hearing on the 5th day of June, 2013, at the hour of 1:30 p.m.; and

WHEREAS, notice of this Commission's hearing of said Final Municipal Service Review was duly given in a publication of general circulation as required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and State law, and at the time and in the form and manner provided by law; and

WHEREAS, at the June 5, 2013 hearing, the Executive Officer reported that staff was still receiving information from interested agencies on the Draft Municipal Service Review and requested a continuance to allow more time to prepare the most comprehensive document possible for presentation to the Commission; and

WHEREAS, the Commission continued the consideration of the Final Municipal Service Review to a date uncertain, but no later than August 7, 2013.

WHEREAS, the Final Municipal Service Review was set for hearing on the 7th day of August, 2013, at the hour of 1:30 p.m.; and

WHEREAS, notice of this Commission's hearing of said Final Municipal Service Review was duly given in a publication of general circulation as required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and State law, and at the time and in the form and manner provided by law; and

WHEREAS, the Commission has heard, discussed and considered all relevant evidence, including but not limited to the Municipal Service Review, environmental documentation, applicable land use plans and all testimony, correspondence and exhibits received during the public hearing process, all of which are included herein by reference.

NOW, THEREFORE, BE IT RESOLVED that the Local Agency Formation Commission of the County of Fresno does HEREBY STATE, FIND, RESOLVE, DETERMINE, AND ORDER as follows:

Section #1. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, this Commission finds that prior to adopting the written determinations, the Municipal Service Review and Sphere of Influence determinations under consideration are Categorically Exempt from the provisions of the California Environmental Quality Act (CEQA) under Section 15306, "Information Collection" and Section 15320, "Changes in Organization of Local Agencies."

Section #2. This Commission finds that the Municipal Service Review and Sphere of Influence Update prepared for the District are complete and satisfactory.

Section #3. This Commission finds that the written determinations within the Municipal Service Review and Sphere of Influence Update satisfy State Law.

Section #4. Pursuant to Government Code Sections 56425 and 56430 this Commission makes the required determinations for the Municipal Service Review and District Sphere of Influence, adopts the Municipal Service Review prepared for the District with noted corrections, and updates the Sphere of Influence for said District by reaffirming the current boundaries.

* * * * *

ADOPTED THIS 7th DAY OF AUGUST, 2013, BY THE FOLLOWING VOTE:

AYES: COMMISSIONERS PEREA, LOPEZ, POOCHIGIAN, SANTOYO, SILVA

NOES: NONE

ABSENT: NONE

**STATE OF CALIFORNIA)
COUNTY OF FRESNO)**

CERTIFICATION

I, David E. Fey, Executive Officer, Fresno Local Agency Formation Commission, hereby certify that the foregoing resolution was adopted by the Commission on the 7th day of August, 2013.



**David E. Fey, AICP, Executive Officer
Fresno Local Agency Formation Commission**

MUNICIPAL SERVICE REVIEW

CHAPTER 1 - INTRODUCTION

This report is prepared for the Fresno Local Agency Formation Commission (LAFCO) in accordance with Section 56430 of the California Government Code. It is an update to the Municipal Service Review (MSR) and Sphere of Influence (SOI) Update last prepared in 2007 for the Fresno County Fire Protection District, hereafter referred to as the “District.”

This report responds to the statutory requirement that LAFCO conduct an MSR to study the delivery of municipal services and, as necessary, update the SOI for each city and special district every five years.

In June 2007 LAFCO adopted MSRs and Updated SOIs for five Fire Protection Districts: Bald Mountain, Fig Garden, Fresno County, North Central and Orange Cove Fire Protection Districts. This MSR addresses the Fresno County Fire Protection District. At a later date, the Commission will update the MSR for the remaining four districts. A copy of the 2007 MSR and LAFCO staff report is attached hereto as **Exhibit "A"** and incorporated herein by this reference.

Although this report does not recommend the boundary of the District SOI be revised, it does raise important issues and presents a significant amount of data that LAFCO can use in formulating its positions on issues affecting the organization of local agencies.

Role of the Sphere of Influence

Since 1971 LAFCO has been required to adopt a SOI for each city and special district. A SOI is defined by Government Code Section 56076, as a “... plan for the probable physical boundaries and service area. . .” of each local agency.

Government Code Section 56425 states:

In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each local governmental agency within the county and enact policies designed to promote the logical and orderly development of areas within the sphere.

The law was amended in 2002 to state, “On or before January 1, 2008, and every five years thereafter, the commission shall, as necessary, review and update each sphere of influence.”

Role of the Municipal Service Review

Government Code Section 56430, which became effective on January 1, 2001, was revised through legislation in 2007 (Assembly Bill 1744) and 2011 (Senate Bill 244 and Assembly Bill 54). The 2011 revisions became effective January 1, 2012. Government Code Section 56430 requires LAFCO to review municipal services provided in geographic areas appropriate to the service or services to be reviewed, and prepare a written statement of determinations with respect to each of the following:

1. Growth and population projections for the affected area;
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence;
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence;
4. Financial ability of agencies to provide services;
5. Status of, and opportunities for, shared facilities;
6. Accountability for community service needs, including governmental structure and operational efficiencies;
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

In conducting an MSR, the Commission shall comprehensively review all of the agencies that provide the identified service or services within the designated geographic area. LAFCO may assess various alternatives for improving efficiency and affordability of infrastructure and service delivery within and contiguous to the SOI, including, but not limited to, the consolidation of governmental agencies.

MSRs do not require LAFCO to initiate changes based on service review findings, only to make determinations regarding the provision of public services. LAFCO may use these determinations to help establish or amend spheres of influence or to analyze prospective changes of organization or reorganization.

MSRs are not *projects* under the provisions of the California Environmental Quality Act ("CEQA"); they are feasibility or planning studies for possible future LAFCO action.

A MSR may lead to a change of organization or reorganization. Either LAFCO, or a local agency, may submit a proposal and serve as the lead agency to conduct an appropriate environmental review to comply with CEQA.

Review of Data and Materials

In preparing this report a significant volume of information was reviewed some of which was not available when the District SOI was last updated in 2007.

This information includes, but is not limited to:

March 13, 2013, Fire Transition Agreement Update Staff Report prepared by LAFCO staff and legal counsel.

The portion of transcript from the March 13, 2013 Commission meeting regarding fire transition agreements.

The recently adopted property tax transfer agreement between the District and the City of Clovis.

History of the Commission's Policies, Standards and Procedures regarding transition agreements between a city and a fire protection district.

Information provided by the District regarding the proposed Sun-Maid Guardian annexation to the City of Kingsburg with data regarding property tax revenue losses as a result of city annexations and information about District Station 83.

District 2011 and 2012 Independent Auditor's Reports, Financial Statements, and Supplemental Information.

The District's Fiscal Year 2012 /2013 Final Budget Overview.

The history of mutual aid responses between the District and the Cities of Selma, Kingsburg, Parlier, and Sanger and automatic aid agreements between the District and these cities.

Extensive correspondence between the cities, the District and LAFCO.

The 2007 report referred to situations where land annexed to a city is concurrently detached from the District. It is clear from current data and correspondence that this matter is not resolved, and in fact has become more pronounced, as evident by the expiration of transition agreements for most of the affected cities.

CHAPTER 2 –PROFILE OF THE FRESNO COUNTY FIRE PROTECTION DISTRICT

Description of the District

The Fresno County Fire Protection District was created in 1994, when the Mid Valley Fire Protection District and Westside Fire Protection District were consolidated. The predecessor districts were formed, respectively, in 1949 and 1936. The District operates pursuant to the Fire Protection District Law of 1987 (Health and Safety Code, Sections 13800 *et seq.*).

The District provides fire prevention and suppression, emergency medical response, search and rescue, and emergency dispatch services. It also conducts building permit and other inspections.

The District is governed by a seven-member Board of Directors appointed by the Board of Supervisors. It contracts with CAL FIRE for staff and is administered by the District Fire Chief. A copy of the contract between the District and CAL FIRE is attached hereto as **Exhibit "B"** and incorporated herein by this reference. The District has more than 100 full-time employees and approximately 50 Paid volunteers.

The District encompasses approximately 2,547 square miles. It extends from Kings and Tulare Counties on the south to Madera County on the north, and from the coastal range on the west to the foothills of the Sierras on the east. Its boundaries and sphere of influence are coterminous. Its boundaries encompass unincorporated “islands” that are surrounded by the Cities of Clovis and Fresno.

The California Department of Forestry and Fire Protection (CDF) protect the eastern and western ends of the County of Fresno. There are mutual aid agreements between the District and CDF.

Two cities - Huron and San Joaquin - are included with the District and receive District services similar to other territory within the District

Two cities -Mendota and Parlier –contract with the District.

Three cities - Kerman, Orange Cove and San Joaquin - receive fire protection services from other fire protection districts.

Nine cities provide their own fire protection and emergency services: The standard practice is as land is annexed to one of these cities it is detached from the District.

Clovis	Fowler	Reedley
Coalinga	Fresno	Sanger
Firebaugh	Kingsburg	Selma

CHAPTER 3 – GROWTH AND POPULATION PROJECTIONS

District services do not directly facilitate or affect the rate or location of population growth; rather, District services respond to land use changes within its boundaries and within cities when permitted by mutual aid or automatic aid agreements.

According to the Fresno Council of Governments, the County population in 2010 was approximately 930,000. Countywide population projections for 2015 are 1,010,000 growing to 1,082,000 by 2020, and 1,155,000 by 2025.

Most of this population growth will occur within the current corporate boundaries of the cities or after the affected territory has been detached from the District, and the city becomes responsible for local FIRE protection services.

As cities annex land, it is common for most but not all Fresno County cities to detach from the District. The city becomes responsible for local fire protection services for such land annexed into the city. As a result, the property taxes for those lands transfer to the city and the area that the District is obligated to serve is decreased. However, this reduction of revenue has the potential to create staff and service level challenges for the District that may influence its ability to operate and maintain existing fire stations throughout its jurisdiction. The fire transition agreements, discussed in greater detail later, are intended to manage the effects of detachments by providing for an orderly transition of services.

CHAPTER 4 – DISADVANTAGED UNINCORPORATED COMMUNITIES

The term "disadvantaged unincorporated community" (DUC) means inhabited territory with 12 or more registered voters, or as determined by LAFCO policy, that constitutes all or a portion of a "disadvantaged community." A "disadvantaged community" is defined in the Water Code to be "a community with an annual median household income that is less than 80 percent of the statewide annual median household income."

There is evidence that in some counties DUCs, perhaps county "islands" surrounded by cities, communities on the fringe of cities or isolated inhabited communities, may lack basic public services, such as domestic water, sanitary sewers, paved streets, storm drains, and street lights. For these reasons, LAFCOs are now required to consider DUCs when preparing MSRs and updating SOIs.

The "Commission Policies, Standards and Procedures Manual" ("LAFCO Policies") has been modified over the years. It was most recently revised on January 9, 2013. As part of this recent modification, LAFCO adopted a policy on DUCs that defines a DUC the same way as Government Code section 56046 and Water Code section 79505.5.

LAFCOs are required to make determinations regarding DUCs when considering a change of organization, reorganization, a sphere of influence amendment and an MSR. The LAFCO staff recognizes that there may be a deficiency in census data to accurately assess median income in unincorporated communities. Nevertheless, cities and special district are required to identify DUCs within and contiguous to their boundaries.

Policy Link for the Community Equity Initiative, 2011 has produced maps showing the location of the various DUCs in Fresno County, some of which are in the vicinity of cities. These DUCs are located in unincorporated "islands" within those cities, and in the more remote or outlying areas of the County. As these DUCs are included in district or city fire protection services, the DUCs are not further considered in this MSR and SOI Update for the District.

The maps attached hereto as **Exhibit “C”** illustrate the location of preliminarily mapped DUCs in the County. The staff does not believe that any action is required as of yet with respect to updating the District Sphere of Influence to address DUCs. However, as territory is annexed into cities and out of the District, the Commission will follow its policies with respect to consideration annexation of DUCs that may adjust the territory proposed for annexation.

CHAPTER 5 – PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES, ADEQUACY OF PUBLIC SERVICES, AND INFRASTRUCTURE NEEDS AND DEFICIENCIES

The District operates 13 permanent fire stations located throughout its boundaries. The other four stations are staffed with “Paid Call Firefighters.” The District's headquarters is located in Sanger.

DISTRICT STATIONS AND LOCATIONS

<u>Station</u>	<u>Address</u>
71	1300 West Parlier Avenue, Parlier
72	4091 East Millerton Road, Friant (and Millerton CAL FIRE Station)
73	25627 N. Auberry, Clovis (and Hurley CAL FIRE Station)
74	15339 Skylan , Prather (Morgan Canyon)
75	27595 Tollhouse Road, Clovis
77	6817 Elwood Road Sanger (Wonder Valley)
82	9700 East American, Del Rey
83	11500 Mountain View, Selma
84	210 South Academy, Sanger
85	4955 East Nees, Clovis
86	4925 North Nelson, Clovis (Clovis Lakes)
87	4706 East Drummond, Fresno
89	5810 South Cherry, Fresno (Easton)
90	2701 West Lake Tahoe, Caruthers
93	36421 South Lassen Avenue, Huron
94	24125 West Dorris, Coalinga (Harris Ranch)
95	2510 West Morton, Tranquility
96	101 McCabe, Mendota

The District owns and operates ancillary and support facilities such as maintenance shops, repeater sites, and towers for radio communications and dispatch for 14 fire protection jurisdictions throughout the County.

The District also owns and operates a large inventory of engines and other rolling apparatus.

CHAPTER 6 – FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES

Current Year Budget

An overview of the District's Final Budget for the Fiscal Year 2012/13 is attached hereto as **Exhibit "D"** and incorporated herein by this reference.

This budget projects that the District will receive \$14,831,133 from property tax revenue and \$1,004,665 from providing services with other agencies. No revenue is projected from transition fees.

The total District income for this period is projected as \$17,462,301, of which property tax revenue constitutes approximately 85 percent of District income for this fiscal year.

Budgeted expenses for FY 2012/13 total \$17,095,447, leaving a balance of \$366,854 for unanticipated expenses.

Audit for Fiscal Years Ending June 30, 2012 and 2011

A copy of the District's Independent Auditor's Reports, Financial Statements, and Supplemental Information for the years ending June 30, 2012 and 2011, is attached hereto as **Exhibit "E"** and incorporated herein by this reference.

The District relies on property taxes and payments to the District for services. During the years ending June 30, 2012 and 2011, property tax revenues for the District's General Fund and Special Revenue Fund represent 88 percent and 85 percent of total revenue, respectively. This includes money received from various cities for "transition fees."

The District also receives grant money, but such funds are restricted to meeting the operational or capital requirements of a particular function or activity. Other revenues result from providing services to other agencies by contract such as the cities of Huron, Mendota and Parlier and by charging fees for services such as reviewing building plans and inspecting buildings.

The District has entered into agreements with other agencies to obtain increased levels of service and coverage. These include cities and special districts in Fresno County, CAL FIRE, adjacent counties, and the U.S. Army Corp of Engineers.

Development Impact Fees

Some cities have adopted development impact fees or formed Mello-Roos Districts that assist their public safety programs be able to respond as situations change.

When new residential and commercial properties are constructed in the unincorporated area within the District, the development adds new demands for services that are

provided by the District. This is an issue for the County to account for as the development permitting agency.

The Fire District indicates that it has tried in past years to get support at the County level to approve impact fees for districts. It reports that after much work and discussion the support from the County has never materialized.

The District's view is that if all of the fire districts within the County would support this option as a mitigation funding source this should be a recommendation of the MSR that the County approve this option for all of the districts.

It should be noted and understood though that developer impacts fees are limited to infrastructure expenditures only, and is not a funding source for current or future personnel costs. Property tax revenues is the primarily revenue source to fund personnel and ongoing operations. Therefore, developer impact fees would not be a suitable replacement funding source for tax revenue lost to cities as a result of annexation, although they would augment the District's capital expenditures.

Anticipated Reductions in Long Term District Revenues

Comments by District management indicate that they understand the potential effect of annexation on District revenues, how this effects service delivery, and how agreements with cities for revenue exchange may reduce short-term effects of annexation.

The District is concerned that the continuing detachment as land is annexed to cities will significantly reduce its ability to provide existing levels of service to areas remaining in the District. Notwithstanding, the District does not appear to have a transition plan in place to address the operational or budgetary impacts associated with the detachment of territory. Revenues paid by cities to the District as a result of fire transition agreements executed in response to LAFCo policy appear to be going to the District's general fund rather than any particular fund earmarked for transition related expenses.

One forecasting tool publically available to the District are maps of the LAFCO-approved spheres of influence for the various cities in the District. By using the maps to determine the potential property tax revenue of the area lying between city limits and spheres of influence boundaries, a figure can be derived that brings additional information to the dialog between the District and cities about the effect of annexation and detachments.

Nonetheless, concerns expressed by the District in the MSR prepared and adopted in 2007 continue to influence the overall discussion about growth of cities in the District. It is the practice of the County and LAFCO to guide most new development into cities. Most District detachments resulting from such annexations will invariably result in revenue reductions to the District. In addition, significant portions of the District are within Williamson Act contracts, which results in reduced property tax revenues from those parcels, even if annexation is not foreseen. The challenge for the District will be to manage the anticipated reduction in fire protection and medical first responder services

both within the District and for surrounding areas and cities for which the District provides assistance.

There are no obvious opportunities for rate restructuring in the operations of the District. It relies almost entirely on property tax revenue generated within its boundaries. However, the District does have the ability to hold a Proposition 218 election and impose an assessment or fee on the parcels within its boundaries for the benefits provided by the District. It is our understanding that the District conducted a Proposition 218 election within the last five years, but the landowners decided not to increase assessments.

The 2007 MSR prepared for the District referred to situations where land being annexed to a city and concurrently detached from the District, stating if this "...issue is not resolved in a way that ensures continued District funding, over time services the District can provide to areas remaining within its boundaries may decline."

It is clear from current data and correspondence from the District and cities this matter is not resolved. In fact, recently, this issue has become more critical due to the lack of transition agreements between the District and most of the cities.

CHAPTER 7 – STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES

As previously mentioned, the District participates in mutual aid and response agreements with other agencies to obtain enhanced levels of service and coverage. These include cities and special districts in Fresno County, adjacent counties, and the U.S. Army Corp of Engineers.

The District has inquired about the possibility of providing services to some of the smaller cities and terminating the mutual aid agreements with those cities. The District has also inquired about continuing to provide services to areas annexed into cities. Under such an arrangement, territory would not be detached from the District despite being annexed to a city. Cities that historically detach from the District with each annexation are currently unwilling to entertain this option.

Due to its large scale and numbers of stations and equipment the District already realizes the benefits of broadly-located facilities and operations which are integrated in their use. Greater sharing may be possible through fire service agency consolidations.

CHAPTER 8 – GOVERNMENT STRUCTURE OPTIONS

Fire protection is a local governmental service that lends itself to be efficiently provided using regional or even county-wide agencies. There have been formal and informal discussions regarding the possibility of combining or merging fire protection agencies such as the District and the cities such as Clovis, Fresno, Kingsburg and Selma, but no changes have yet occurred.

As previously mentioned, there appears to be little interest by the cities at this that that would allow for territory to remain in the District for fire protection services as that land is annexed to a city that itself provides fire protection services. Such an overlap of boundaries is not currently being considered by the affected cities.

One alternative would be to have cities cease providing fire protection and emergency services as a municipal function and annex the city territory to a new district to replace all or a portion of the existing district.

The existing District is governed by a seven-member Board of Directors appointed by the Board of Supervisors. The composition of the Board of Directors could be modified, consistent with the Fire Protection District Act, perhaps changing from an appointed board to a District governed by the Board of Supervisors or to a composite board composed of members of the Board of Supervisors and members of City Councils of cities located within the District.

CHAPTER 9 – FIRE TRANSITION AGREEMENTS

LAFCO Transition Policy

LAFCO has a long-standing practice of requiring transition agreements between cities and affected fire protection districts as a precondition of approving a proposed reorganization to annex territory to a city and detach it from a fire protection district when such changes reduce fire protection district resources.

Section 102 of the LAFCO Policies addresses transition agreements. LAFCO requires a transition agreement between a city and a fire protection district when there is a proposed reorganization that includes annexation of territory to a city and detachment from a fire protection district. Policy §102-041 does not envision LAFCO as a party to these agreements, but states:

When a proposed reorganization includes annexation of territory to a city and detachment from a fire protection district (hereinafter, a “City/Fire Protection District Reorganization”), a transition agreement shall be required to provide for the orderly transition of services from the district to the city except as provided in section 102-041A, below.

Transition agreements are to provide for orderly transfer of service from the fire protection district to the city, and may involve transfer of stations, personnel, equipment, property taxes, etc., as mutually determined by the city and fire protection district. The Commission is not a party to these agreements.

Therefore, the Commission expects the parties to negotiate their transition agreements in good faith and to obtain terms and conditions in such

agreements that are reasonable under the circumstances. (Emphasis added)

However, the Commission may choose not to require a transition agreement if it makes one or more of the following determinations, based on the public record presented to the Commission:

1. That any claimed potential negative fiscal impacts on the affected district either are considered "De Minimus" or are not sufficient to warrant a transition agreement.
2. The proponents of the reorganization and the affected district have agreed to other arrangements acceptable to both of those parties and to the Commission.
3. Any other appropriate reason(s) that are in the public interest, as determined by the Commission.

Current Situation Involving Fire Transition Agreements

Several cities had fire transition agreements with the District that expired December 31, 2013. As of this writing, only the cities of Clovis and Kingsburg have entered into new transition agreements.

LAFCO Law does not expressly provide for the Commission to require an agreement be in place for the transition of fire services. However, on May 21, 2003, LAFCO adopted a comprehensive policy effectively requiring, with the above referenced exceptions, that transition agreements be in place for the orderly transfer of service from a district to a city and that "may involve the transfer of stations, personnel, equipment, property taxes and so forth as mutually determined by the city and the fire protection district."

In the last few years, there have been disagreements over the terms of these agreements including, but not limited to, the length of the term of the agreement, how much property tax should be retained by the District, whether or not there is a "nexus" between the payment of fees and the impact of the detachment on the District, whether or not the agreements adequately provide for a transition of services from the areas being annexed and so forth. In fact, the City of Clovis and the District recently settled a lawsuit by mediation and the creation of a new fire transition agreement. Kingsburg's agreement was modeled on the Clovis agreement.

The remaining cities and the District have had a difficult time coming to terms on a new agreement. Although they have tried to negotiate the terms of new transition agreements, this effort has not been productive. The District would prefer to continue providing services to areas annexed by cities and retain the property tax revenues.

The cities, however, have their own fire protection apparatus and staff and require the property tax from the parcels being annexed to the city to ensure services are sufficiently

funded. There have also been concerns expressed how the District will plan for a reasonably foreseeable recessionary service area and funding.

CHAPTER 10 – SERVICE REVIEW DETERMINATIONS AND RECOMMENDATIONS

Existing Governmental Structure Creates Conflicts

In reviewing available information and conferring with affected parties, including District and city management, there appear to be intrinsic conflicts arising from differing points of view. Not all agencies will be satisfied moving forward with annexations to cities that will replace fire protection services now provided by the District.

The model for growth of cities in Fresno County is that as cities annex land they prefer to detach from the District and become responsible for local fire protection services for such territory, and as this occurs the District's revenue to operate and maintain the existing fire stations throughout its jurisdiction will be reduced, which may impact current staffing and service levels. It is apparent that several of the District fire stations are located in rural communities and are not supported by a significant amount of property taxes, especially those in which Williamson Act agricultural preserves are prominent.

The District notes a relatively small area of land has been annexed to cities in comparison to the overall size of the District. Since the most recent MSR six years ago, the District has lost 2,357 acres of territory through detachments. This is equivalent to only 0.14 percent of the District's total responsibility area.

The District notes that on average each of its stations provides service to over 140 square miles. However, while the loss of 2,357 acres is significant in terms of lost revenue, the acreage of the area which has been annexed represents a total area of just over 3.68 square miles. Moreover, this territory is not in the form of one large block of land but is instead the cumulative totals of all of the lands throughout the District annexed by all of the cities combined. The District view is that the cities' claim that it has to shrink its services in relation to annexations to cities is flawed since each annexation does little to reduce each station's average response area.

The District presents that position that though the annexation of land to cities over a ten-year period of time does not significantly reduce District service demands in comparison to the total area served by the District, because it shares borders with the other fire service providers within the County and adjacent counties, "any loss in revenue which affects our ability to provide services in any form or shape will have a negative impact on many other agencies.

Attached as **Exhibit "F"** hereto and incorporated herein by this reference is a list of the City/Fire Protection District Reorganizations that have been processed by LAFCO since June of 2007 (the date of the last MSR for the District). In this period there have been 29 city annexations encompassing 2,357 acres.

The District seems to be proposing, based on locations of its specific stations, to continue to provide service as land is annexed to cities, either by the territory remaining within the District (with an overlap of city boundaries) or, alternatively via ongoing transition payments to the District, to serve the annexed area.

The District notes this option was mentioned in the 2007 MSR, keeping the District boundaries unchanged as land is annexed to cities, resulting in overlaps between the District and such cities. The cities that provide fire protection services would do so only for territory already within the city, with newly annexed areas receiving services from the District.

There is a history to the LAFCO policy encouraging a “transition agreement.” The term seems to imply a process in which a fire district is “weaned” away from revenues received from areas being annexed to cities. The Commission policy as of January 2013 states:

As cities annex territory they are encouraged to develop transition agreements with affected fire districts as early as possible, when a district fire station service area is impacted. These agreements are to provide for orderly transfer of service from the fire district to the city, and may involve transfer of stations, personnel, equipment, revenue, etc.

However, there appears to be an undercurrent, perhaps recent, that transition agreements should represent a permanent sharing of property tax revenue thereby enabling the District to continue to provide the levels of service it currently provides, especially when it has stations suitably located to provide service to the area being annexed to the city.

There does not appear to be much attention being given by the cities or the District to the actually transfer of stations, personnel or equipment from the District to cities.

The District suggests that a city would have to annex 140 square miles of contiguous territory to justify the closure of one of its fire stations, which it says explains why it has not transitioned personnel or stations to cities.

Fire Protection and Emergency Services as a Local or a Regional Service

Unlike some municipal services that are confined to a specific area, fire protection and emergency services can be provided to larger geographical areas that transcend municipal boundaries.

If a fire district is large enough and encompasses cities, it can locate fire stations for optimal response times irrespective of city boundaries and have economies of scale in terms of the work force, equipment and specialization of services due to the greater capacity of the agency.

Most Fresno County cities have chosen to provide fire protection as a municipal service, which is their decision. Such cities expect, when annexing territory, to receive that portion of the property tax within the annexation area that has been allocated to the detaching fire district. Otherwise the city will not have sufficient revenues to provide these services. As such city annexations continue to occur, over time the ability of the District to provide services, including operation and maintenance of fire stations in several rural communities, may be severely curtailed.

This presents intrinsic conflicts: either the District's ability to provide services for the area remaining within its boundaries will be curtailed or cities that provide fire protection and emergency services will lack sufficient revenues to provide adequate services

Modern design and construction standards tend to create more fire-resistant communities. Emergency services including medical responses, rescues and resuscitations will capture a greater share of the attention of the emergency staff.

Potential Intergovernmental Options

The 2007 MSR and SOI Update (attached as **Exhibit A**) stated resolving difficulties respecting fire protection services may be beyond the scope of the MSR but may serve as a vehicle for communication among the parties and identification of governmental options that might help resolve the impediments that are being expressed.

While certain governmental options do not appear to be available without changes in local agency positions, we nonetheless, feel they should be at least mentioned.

- Transfer Fire Protection Responsibilities from Cities to a District

If cities that provide fire protection services were to transfer these services to a fire protection district, and no longer provide these as a municipal service, it would create a fire protection agency whose boundaries encompass both city and non-city areas. As the cities expand in the future the land would remain within the District.

Given the fact the District seven-member board of directors is appointed by the Board of Supervisors without reference to municipalities, alternatives may be necessary to bring about such an option. Perhaps the board of directors should consist of members of the Board of Supervisors, which it may do under the Health & Safety Code section 13841. Perhaps there could be research as to whether or not the members of each affected City Council could be appointed to the District's board as well.

- Cities Contract with the District for Services

Another option that may bear consideration is a situation in which cities that currently provide fire protection and emergency services contract with and pay the District for services within their boundaries.

The District view is that since its operating costs are less than those of providers that employ career staffing, the cities would benefit from this savings as well, as they would as a result of the District's CAL FIRE cooperative agreement. This argument could be nullified if the current cooperative agreement expired and new terms that perhaps did not include CAL FIRE personnel.

Many issues would have to be discussed and negotiated, including staffing and equipment transfers, procedures to decide station relocations and funding formulas.

The location of existing fire stations in relations to other fire stations and the areas that are to be protected is an important factor, especially if the goal is to ensure not more than five minute response times in emergencies.

- District Contracts with the Cities for Services

Another option is that the District contract with the cities to allow the cities to provide services in areas such as the county islands that are closer in proximity to a city's fire station. Because the city is closer in proximity to those territories, the response time would be shorter. This also takes the burden off of the District for covering certain county islands which are distant from the nearest District station.

The District notes that, as recommended in the 2007 MSR, it has transitioned the bulk of its unincorporated "islands" to the Fig Garden and North Central Fire Protection Districts. This allowed these areas to remain unincorporated but to receive fire protection services from the City via cooperative agreements with the Districts.

The District states there are few remaining unincorporated "islands" that have city fire stations in closer proximity to District stations and mentions Fort Washington and Tarpey Village has ones which are closer to city stations.

The possibility of establishing "automatic aid agreements" that quantify the calls that each agency would service for the others and that would warrant some form of compensation until the call volume levels out may be a possibility.

Thus far, these options are not on the table and cities have not expressed interest in foregoing city-operated services.

Resolution is Needed for Transition Agreement Impasse

Despite good intentions and the passage of time, based on correspondence we have reviewed it appears the parties are not close to resolving the fundamental difficulties regarding fire protection service. One group of cities in particular has questioned the District justification for funding provided through the transition agreements and seems to view this funding as general District revenues as opposed to funding related to a transition for the specific area that was annexed to the city.

As mentioned, most District and city transition agreements expired December 31, 2012 and with the exception of the cities of Clovis and Kingsburg there are currently no agreements in place.

This situation may create difficulties or even an impasse in processing city annexations unless the Commission modifies its policy of relying on transition agreements. Should the lack of a mutually-approved transition agreement result in a “veto” of an otherwise justified annexation to a city?

One current example is the recently-approved Guardian/Sun-Maid Annexation to the City of Kingsburg. The Initial Study/ Mitigated Negative Declaration states under the heading “Fire Protection” that

“The annexed area will be served by the City’s fire department. The City of Kingsburg has determined that it has sufficient service capability to meet the fire and emergency response needs of the area. A transition agreement is in place between the City and the Fresno County Fire Protection District that addresses financial impacts resulting from detachment from the District. Impacts on fire protection would be less than significant.”

The transition agreement referenced in the environmental document has expired. The question whether the Commission could and should approve the reorganization without a transition agreement was nullified when Kingsburg and the District both agreed to a 10-year transition agreement very similar to the Clovis agreement.

The new City of Clovis agreement with the District became effective January 1, 2013 and has a term of 10 years. It provides that when an annexation to the City becomes effective the District will continue to receive the base year allocation of property taxes it was receiving from the annexation area, even though it is within the City, such amounts to be increased by no more than 2% per year. Other than that 2% increase the District will not receive increased property tax revenue from the annexation area regardless of whether there are assessed value increases related to changes of land use on the property. That agreement also contains a clause that if more favorable terms are negotiated with another municipality the District will offer those same terms to the City.

CHAPTER 11 – SERVICE REVIEW SUMMARY

This portion of the report addresses the factors specified in the governing statute for Municipal Service Reviews.

Infrastructure Needs and Deficiencies

The District operates 13 permanent fire stations located throughout its boundaries. Four additional stations are staffed with "Paid Call Firefighters." The District headquarters are located in Sanger.

The District owns and operates ancillary and support facilities such as maintenance shops and repeater sites and towers for radio communications and dispatch for 14 fire protection jurisdictions throughout the County.

It appears the District can accommodate service demands from these facilities, provided funding is available to adequately staff and equip these facilities.

Growth and Population Projections

District services do not facilitate or affect the rate or location of population development. Rather, District services respond to increased fire prevention, suppression and emergency medical service needs as population growth occurs in the District and cities.

As properties are annexed to cities, often for urban development, the territory is detached from the District with attendant implications for District revenues.

Financing Constraints and Opportunities

The District receives a portion of the general property tax levied within its boundaries which accounts for more than 80 percent of overall district revenues. Other revenues are from contractual fire protection services to other agencies and fees for service such as building inspections.

These sources of funding may be inadequate to avoid long-term, unfunded financial obligations for District services. The District is concerned continuing detachments as land is annexed to cities will significantly reduce its ability to provide existing levels of service to areas that remain within the District.

The concern expressed by the District in 2007 remains today. If the District is unable to secure an ongoing stream of revenue at current levels, there will be a reduction in fire protection and medical first responder services within the District and surrounding areas to which the District provides assistance.

Long-term funding for rural fire protection in the County could be in jeopardy since it is the practice of the County and LAFCO to guide new development into cities.

In addition, significant portions of the District are within Williamson Act contracts which result in reduced property tax revenues.

Cost-Avoidance Opportunities

The District participates in agreements with other agencies to obtain increased levels of service and coverage. These include cities and special districts in Fresno County, California Division of Forestry, adjacent counties and the U.S. Army Corp of Engineers.

Opportunities for Rate Restructuring

There are no obvious opportunities for rate restructuring in the operations of the District, other than the District holding a Proposition 218 election. The District relies almost entirely on property tax revenue generated within its boundaries.

Opportunities for Shared Facilities

Due to its size and scale, the District already realizes the benefits of shared facilities and operations. Greater sharing may be possible through fire service agency consolidations.

Government Structure Options

Fire protection is a local governmental service that lends itself to be efficiently provided using regional or even county-wide agencies.

There do not appear to be discussions at this time regarding the possibility of combining or merging fire protection services provided by the District and certain cities such as Clovis, Fresno and Kingsburg.

Nor do there appears to be discussions at this time that would allow territory to remain in the District for fire protection services as that land is annexed to a city that provides fire protection services. Such boundary overlap is not currently being considered by all of the affected parties.

Management Efficiencies

As noted in the 2007 MSR, given its extensive service area, the District exhibits the characteristics of a well-managed agency operating efficiently and effectively. It is beyond the scope of this study to provide a financial or management audit of the District.

Local Accountability and Governance

The District is governed by a seven-member Board of Directors appointed by the Board of Supervisors.

SPHERE OF INFLUENCE REVIEW AND UPDATE

A sphere of Influence is, "A plan for the probable physical boundaries and service area of a local agency, as determined by LAFCO." (Government Code §56076.)

Description of Current Sphere of Influence

The District' sphere of influence includes territory within the District and some territory which has been annexed to cities and detached from the District.

The practical effect of an annexation to a city that provides fire protection service and the concurrent detachment from the District is a reduction of the District service area. It has not been the practice to modify the District sphere of influence for each detachment. It is appropriate, on a periodic basis, to remove territory from the sphere of influence that has been detached from the District.

No Proposed Sphere Changes

No changes in the District's SOI and boundary are proposed at this time by the District.

Sphere of Influence Determinations

Inasmuch as no changes in the sphere of influence are proposed at this time, it is not necessary for the Commission to adopt or approve Sphere of Influence determinations.

ACKNOWLEDGEMENTS & REFERENCES

This draft Municipal Service Review was prepared by Braitman & Associates working at the direction of the Fresno LAFCO staff. Responsibility for any errors or omissions rests with those who prepared the report.

The staff of the Fresno County Fire Protection District was very helpful in providing information on which the evaluation is based. Staff also conferred with various city managers and fire chiefs whose assistance is also appreciated.

RECOMMENDATIONS

In consideration of information gathered and evaluated during the Municipal Service Review it is recommended the Commission:

1. Conduct a public hearing and accept testimony regarding the proposed Municipal Service Review and Sphere of Influence Update.
2. Approve the recommended Municipal Service Review determinations, together with any changes deemed appropriate.
3. Affirm the current Sphere of Influence and that it not to be revised at this time.
4. Consider modifying the Commission policy on transition agreements to facilitate logical annexations to cities and ensure each proposed annexation is able to be heard and evaluated on its own merits.

EXHIBITS

- Exhibit A Fresno County Fire Protection District Municipal Service Review and Sphere of Influence Update (June 2007)
- Exhibit B A copy of the contract between the District and CAL FIRE
- Exhibit C Maps locating Disadvantaged Unincorporated Communities in Fresno County
- Exhibit D District Final Budget Overview for FY 2012/2013
- Exhibit E Independent Auditor's Reports, Financial Statements and Supplemental Information for the years ending June 30, 2012 and 2011
- Exhibit F List of City/District Reorganizations since 2007

June 13, 2007 LAFCO Staff Report
MSR and SOI Updates for Fire Protection Districts

**FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCo)
EXECUTIVE OFFICER'S REPORT**

AGENDA ITEM No. 13

DATE: June 13, 2007

TO: Fresno Local Agency Formation Commission

FROM: Rick Ballantyne, Executive Officer
Darrel Schmidt, Deputy Executive Officer

SUBJECT: **Consider Adoption** – Municipal Service Reviews and Sphere of Influence Updates prepared for the following Districts:

1. Bald Mountain Fire Protection District
2. Fig Garden Fire Protection District
3. Fresno County Fire Protection District
4. North Central Fire Protection District
5. Orange Cove Fire Protection District.

Summary / Background

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCo to review and update, as necessary, Special District's Sphere of Influence (SOI) before January 1, 2008, and every five years thereafter. Prior to, or in conjunction with an agency's SOI update, LAFCo is required to conduct a *Municipal Service Review* (MSR) for each agency.

On December 13, 2006, the Commission directed staff to enter into a contract with Braitman & Associates to prepare MSRs and SOI Updates for numerous cities and special districts. The attached MSRs have been prepared for the five Fire Protection Districts operating within Fresno County.

Municipal Service Reviews provide a comprehensive review of the services provided by a city or district and present recommendations with regard to the condition and adequacy of these services and whether or not any modifications to a city or district's SOI is necessary. MSRs can be used as informational tools by LAFCo and local agencies in evaluating the efficiencies of current district operations and may suggest changes in order to better serve the public.

SOI updates may involve an affirmation of the existing SOI boundaries or recommend modifications to the SOI boundary. LAFCo is not required to initiate changes to an SOI based on findings and recommendations of the service review, although it does have the power to do so. Such updates are required by State law to be conducted every five years. MSRs are required to be prepared prior to or in conjunction with SOI updates.

State law requires that the Commission in its consideration of the MSRs adopt written determinations for each of the following nine criteria:

1. Infrastructure needs or deficiencies.
2. Growth and population projections for the affected area.
3. Financing constraints and opportunities.
4. Cost avoidance opportunities.
5. Opportunities for rate restructuring.
6. Opportunities for shared facilities.

7. Government structure options, including advantages and disadvantages of the consolidation or reorganization of service providers.
8. Evaluation of management efficiencies.
9. Local accountability and governance.

As part of the SOI update, if the Commission determines that modifications to a district's SOI boundary is appropriate, it is required to consider the following four criteria and make appropriate determinations in relationship to each of the following criteria:

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

Environmental Determination

Staff has determined that consideration of and adoption of the Fire Protection District Municipal Service Reviews and Sphere of Influence determinations are actions considered to be "Categorically Exempt" as per Section 15306 (Information Collection) of the California Environmental Quality Act Guidelines (CEQA). Any change to a District's Sphere of Influence resulting from recommendations adopted by the Commission will require additional review under CEQA.

Discussion & Summary of Determinations

There are five Fire Protection Districts (FPDs) within the County of Fresno. These Districts are:

1. Bald Mountain Fire Protection District
2. Fig Garden Fire Protection District
3. Fresno County Fire Protection District
4. North Central Fire Protection District
5. Orange Cove Fire Protection District

The Fresno County FPD and the North Central FPD have faced substantial reductions in the size of their districts over the last several years due to the growth of the Cities of Fresno and Clovis and the detachment of the Districts from these cities. Such growth has resulted in the reduction of district tax bases required to fund their on-going operations. As indicated in the North Central FPD discussion below, North Central FPD has entered into a long-term contract with the City of Fresno whereby as of July 1, 2007, the City will begin providing fire protection and suppression and other services to the North Central Fire Protection District. District employees will be transferred to the City and District equipment and facilities, though still owned by the District, will be utilized by the City.

A significant portion of Fresno County FPD's revenues are generated from property taxes on properties located within the Spheres of Influence of the Cities of Fresno and Clovis. Although a transition agreement is in effect between the District and the Cities of Fresno and Clovis, the District indicates that continued detachments will result in substantial revenue loss, closure of a number of fire stations, and reduced service levels. Further discussion of the District's current situation and suggested remedial actions are discussed below.

These Municipal Service Reviews may serve as a vehicle for increased communication among the various affected agencies, and may serve to identify potential ways to resolve the Districts' difficulties. It should be noted that resolving the financial difficulties of the Fire Protection Districts may be beyond the scope of these Municipal Service Reviews and Sphere of Influence Updates, as more detailed information and analysis, as well as a high degree of understanding of the day to day and long-term operations of these Districts is likely necessary to determine the specific and best solution(s) to this complex problem.

1. Bald Mountain Fire Protection District

- A. Maintain the District's existing Sphere of Influence boundaries.

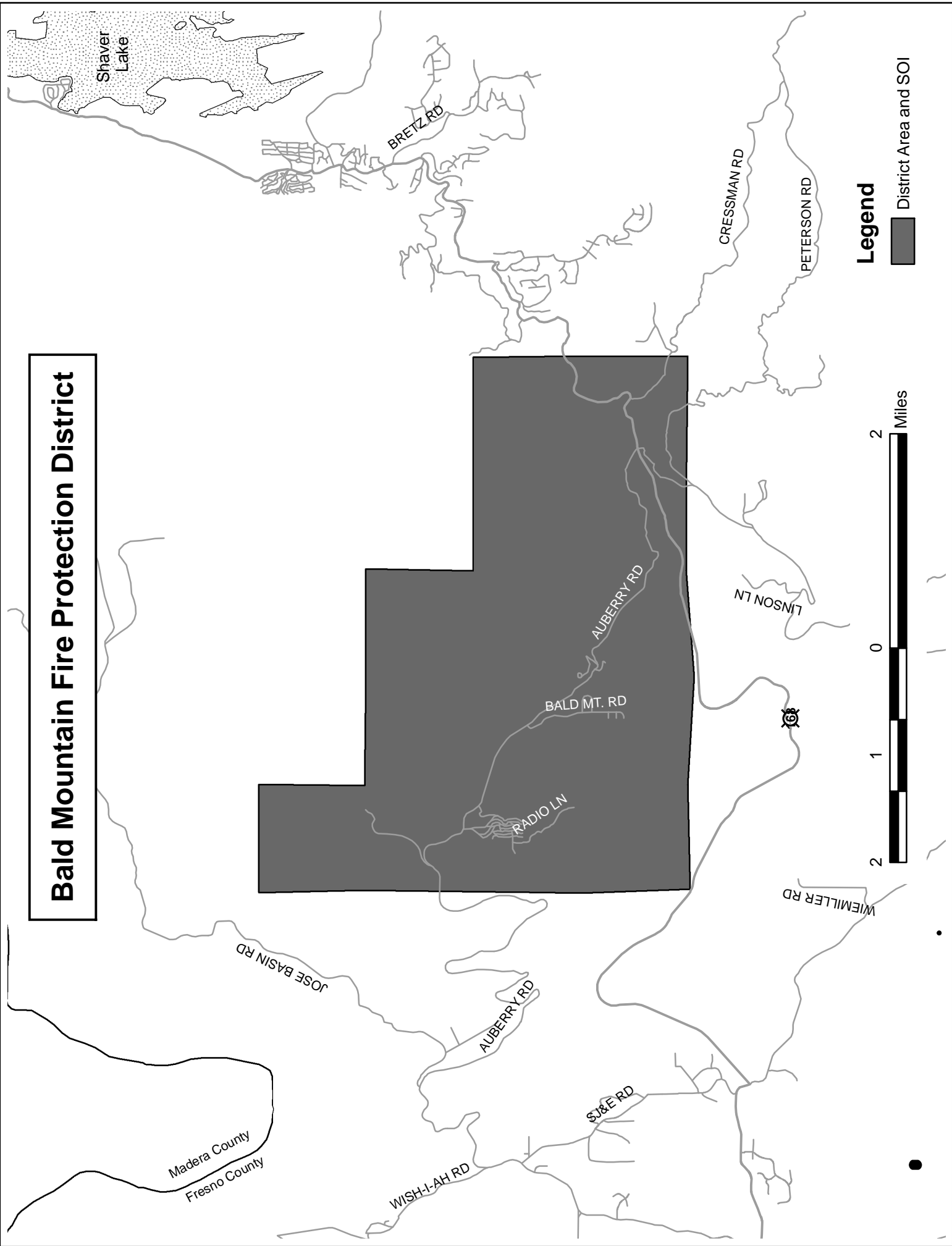
The Bald Mountain Fire Protection District encompasses approximately 8,975 acres (14 square miles) and is located generally north of Highway 168 and southwest of Shaver Lake (see location map). The southwest corner of the District abuts the Fresno County Fire Protection District. The District's boundaries and SOI are coterminous.

The District provides fire prevention and suppression and emergency medical response services. It is administered by a part-time Fire Chief—the District's only employee. Services are primarily provided by volunteers. The District works in cooperation with the Auberry, Shaver Lake, and Pine Ridge Volunteer Fire Departments and the California Division of Forestry.

The District conducts operations from its fire station located at 41967 Auberry Road. The District's budget, which totaled \$85,589 for FY 2005-06, is primarily derived from property taxes. No opportunities for shared facilities or rate restructuring were identified in this review.

It is noted that fire protection is one type of local governmental service that lends itself to be efficiently and effectively provided using regional or even county-wide agencies. Should the District determine in the future that it could be operated more efficiently (given potentially greater economies of scale), consolidation with the Fresno County FPD should be considered. The District does not propose consolidation with any other fire districts at this time, nor does it desire a revision to its existing Sphere of Influence (SOI).

Bald Mountain Fire Protection District



Legend

■ District Area and SOI



2. Fig Garden Fire Protection District.

- A. Maintain the District's existing Sphere of Influence boundaries.
- B. The District's Board of Directors should further discuss expansion of its Sphere of Influence and boundaries to include an area consisting of 53 homes currently located within the Fresno County FPD's boundaries. This action should be jointly initiated by the Fig Garden and Fresno County Fire Protection District's with an application to LAFCo.

The Fig Garden Fire Protection District encompasses 442 acres (0.69 square miles) within an unincorporated island surrounded by the City of Fresno. The District is generally bounded by Shaw Avenue to the north, Dakota Avenue to the south, Maroa Avenue to the east, and Palm Avenue to the west (see District Map). The District's boundaries and SOI are coterminous.

District services include fire prevention and suppression, search and rescue, and hazardous materials response. The District is governed by a three-member Board of Directors elected at large from throughout the District. The District has no employees. It contracts for all of its services with the City of Fresno which also staffs a fire station owned by the District.

The District's FY 2006-07 projected revenues of \$839,800 are derived nearly equally from property taxes (50%) and benefit assessments (49%) with the remainder being interest income.

The District realizes benefits of shared facilities and operations in that it contracts with the City of Fresno. No opportunities for rate restructuring were identified in this review.

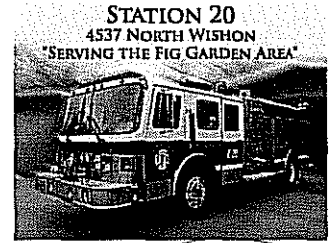
LAFCo recently received correspondence that the Fresno County FPD has recommended to Fig Garden FPD's Board that two areas located adjacent to the southern and eastern boundaries of the District and currently served by the Fresno County FPD, should be detached from the Fresno County FPD and annexed to Fig Garden FPD (see attached correspondence).

Fig Garden FPD states that its Board of Directors "fully supports this recommendation as it would be the most beneficial to the residents of this County Island in the delivery of their fire protection needs with the understanding that there will be no cost to the Fig Garden FPD". An expansion of Fig Garden FPD's SOI would be necessary to annex these two areas.

Staff believes that expansion of Fig Garden FPD's SOI as supported by the Districts would be appropriate for consideration. The appropriate procedure would be for the Fig Garden FPD to petition the Commission by filing formal applications for a change in Sphere of Influence as well as a formal District Annexation application to include a necessary environmental evaluation as required by State law.

FIG GARDEN FIRE PROTECTION DISTRICT

450 M Street
Fresno, California 93721-3083
(559) 621-4000 FAX (559) 498-4261



April 18, 2007

Mr. Rick Ballantyne, Executive Officer
Local Agency Formation Commission
2115 Kern Suite 310
Fresno, CA 93721



Dear Mr. Ballantyne:

On April 17, 2007, during a Fig Garden Fire Protection District board of directors meeting, representatives from the Fresno County Fire Protection District made a presentation regarding fire protection to the residents of a county island south of the Fig Garden district boundary (53 homes on Circle Drive and on Van Ness Avenue).

The Fresno County Fire Protection District representatives recommend this area be detached from its district and attached to the Fig Garden district through the LAFCO process. Fire protection services would then be provided by the City of Fresno Fire Department in conjunction with the contract currently in effect between the Fig Garden Fire Protection District and the City.

The Fig Garden Fire Protection District board of directors fully supports this recommendation as it would be the most beneficial to the residents of this county island in the delivery of their fire protection needs, with the understanding there will be no cost, including but not limited to legal and administrative costs, to the Fig Garden Fire Protection District to transition this area into the district.

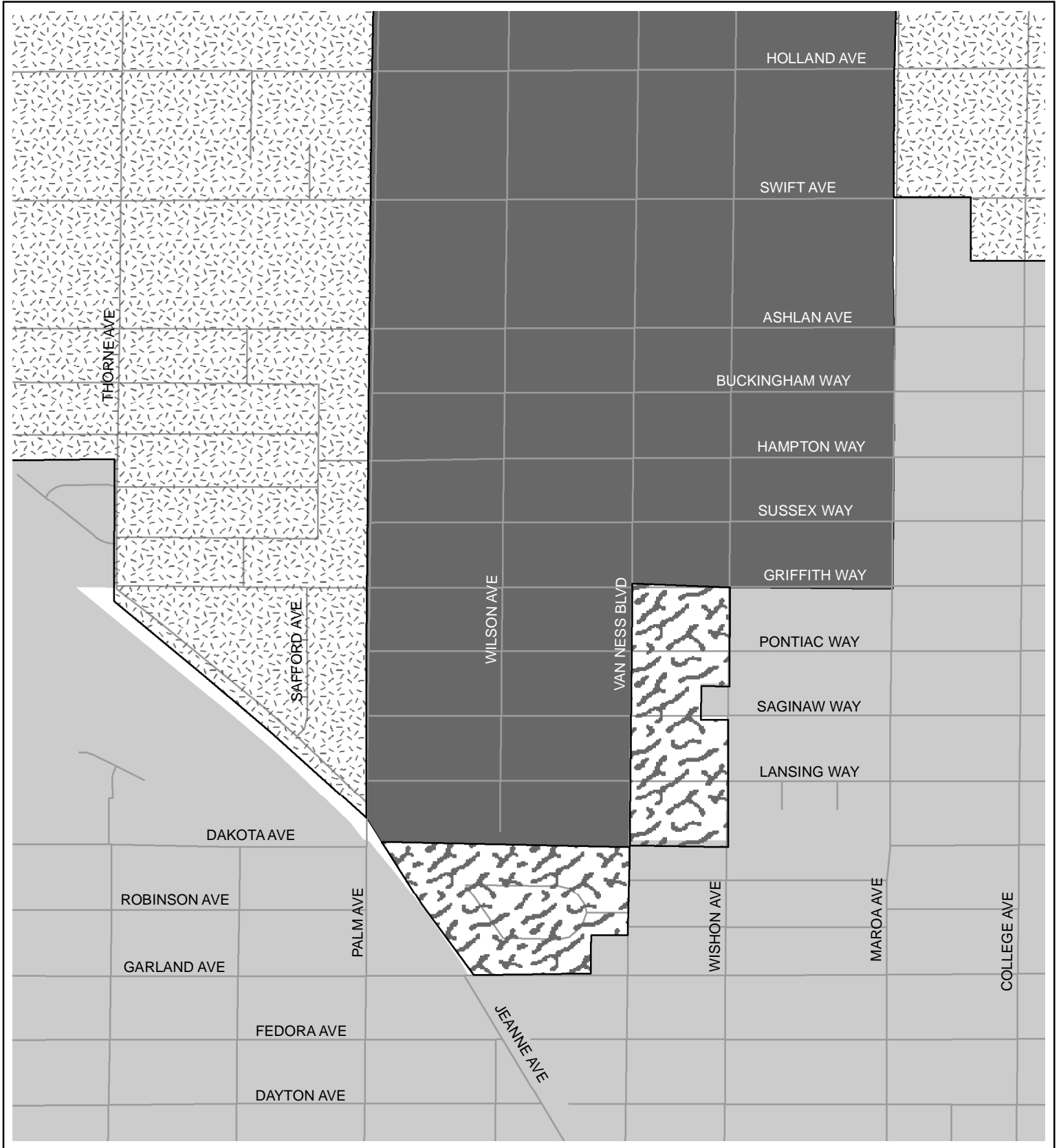
If you need further clarification or have any questions, please feel free to contact Fire Chief Randy Bruegman at 621-4000.

Sincerely,

A handwritten signature in black ink, appearing to read "John Slater".

John Slater, President
Board of Directors

Fire Protection Districts In Fig Garden Area



Fresno County Fire Protection District Territories Adjacent to Fig Garden Fire Protection District

-  Fig Garden Fire
-  Fresno County Fire
-  North Central Fire
-  City of Fresno



3. Fresno County Fire Protection District

- A. Maintain the District's existing Sphere of Influence boundaries.
- B. The District's Board of Directors should further discuss contraction of its SOI and boundaries to allow expansion of Fig Garden Fire Protection District into two unincorporated island areas. This action should be jointly initiated by the Fresno County and Fig Garden Fire Protection Districts with an application to LAFCo.
- C. The District's Board of Directors should enter into discussion with the North Central Fire Protection District regarding possible contraction of Fresno County FPD's SOI and boundaries to allow expansion of North Central FPD's SOI and boundaries to include four unincorporated island areas that might be more efficiently served by the North Central Fire Protection District.
- D. Fresno County Fire Protection District should investigate proposed options for their feasibility in providing a long-term revenue source able to maintain the District's current level of service.

Fresno County Fire Protection District encompasses approximately 2,551 square miles, extending from Kings and Tulare Counties on the south to Madera County on the north, the coastal range on the west, and the foothills of the Sierras on the east (see District map) Some unincorporated islands within the Cities of Fresno and Clovis are also located within the District (see Metropolitan Area map). The District's boundaries and SOI are coterminous. As lands within the district are annexed to cities they are concurrently detached from the District. The District does contract with some cities to provide service.

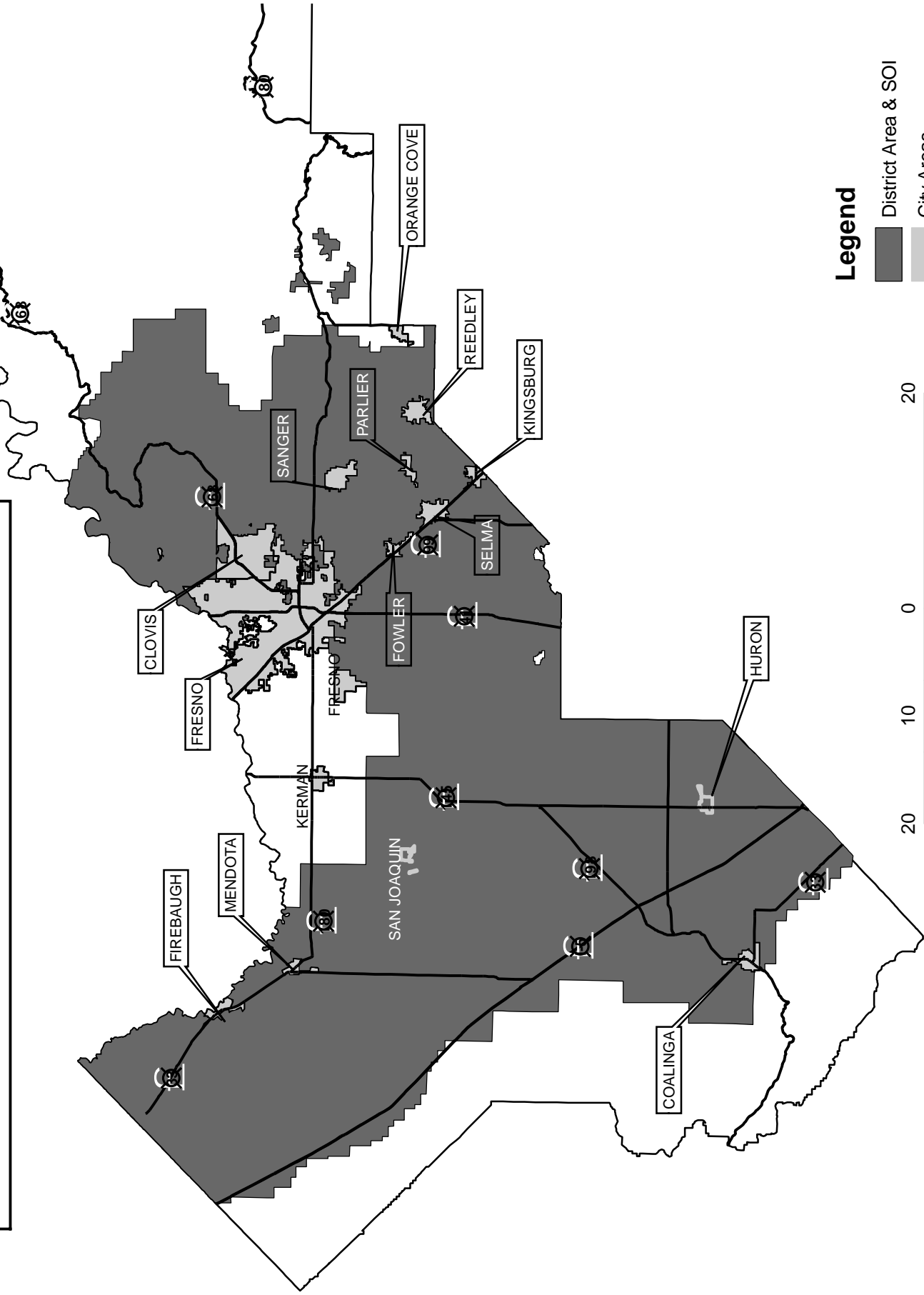
Services provided by the District include fire prevention and suppression, emergency medical response, search and rescue, building permits and inspections, and emergency dispatch operations. The District contracts with Cal/Fire (also known as the California Department of Forestry and Fire Protection) for approximately 110 full-time employees including the Fire Chief, Firefighters, and administrative staff. The District employs 175 "Paid Call Firefighters" and four contract employees. The District operates 12 permanent fire stations and six additional stations staffed with Paid Call Firefighters.

The District's projected revenues for FY 2007-06 total \$13,557,248. Approximately 82.5% of these revenues are derived from property taxes. Other sources of revenue include a Proposition 172 refund, contractual fire protection services to other agencies, and fees for services such as building inspections.

The District has expressed significant concern that their revenues have been declining due to continuing annexations of new lands by cities and concurrent detachment of District lands. According to the District, this situation is placing "long-term funding for rural fire protection in the County of Fresno in considerable jeopardy." Although a transition agreement is in effect between the District and several cities, the District indicates the continuing trend of annexation by cities and detachment from the District will significantly reduce its ability to provide existing levels of service to those areas that will remain within the District. The District states:

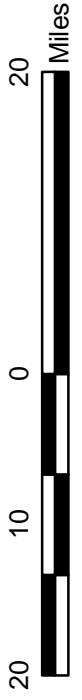
If the District is not successful in securing a constant stream of revenue at the current level, then the challenge and issue will be the organized reduction in fire protection and medical first responder services offered to the citizens of the District and to the surrounding areas and cities for which the District provides critical assistance.

Fresno County Fire Protection District



Legend

- District Area & SOI
- City Areas



Fire Protection Districts Fresno-Clovis Metropolitan Area

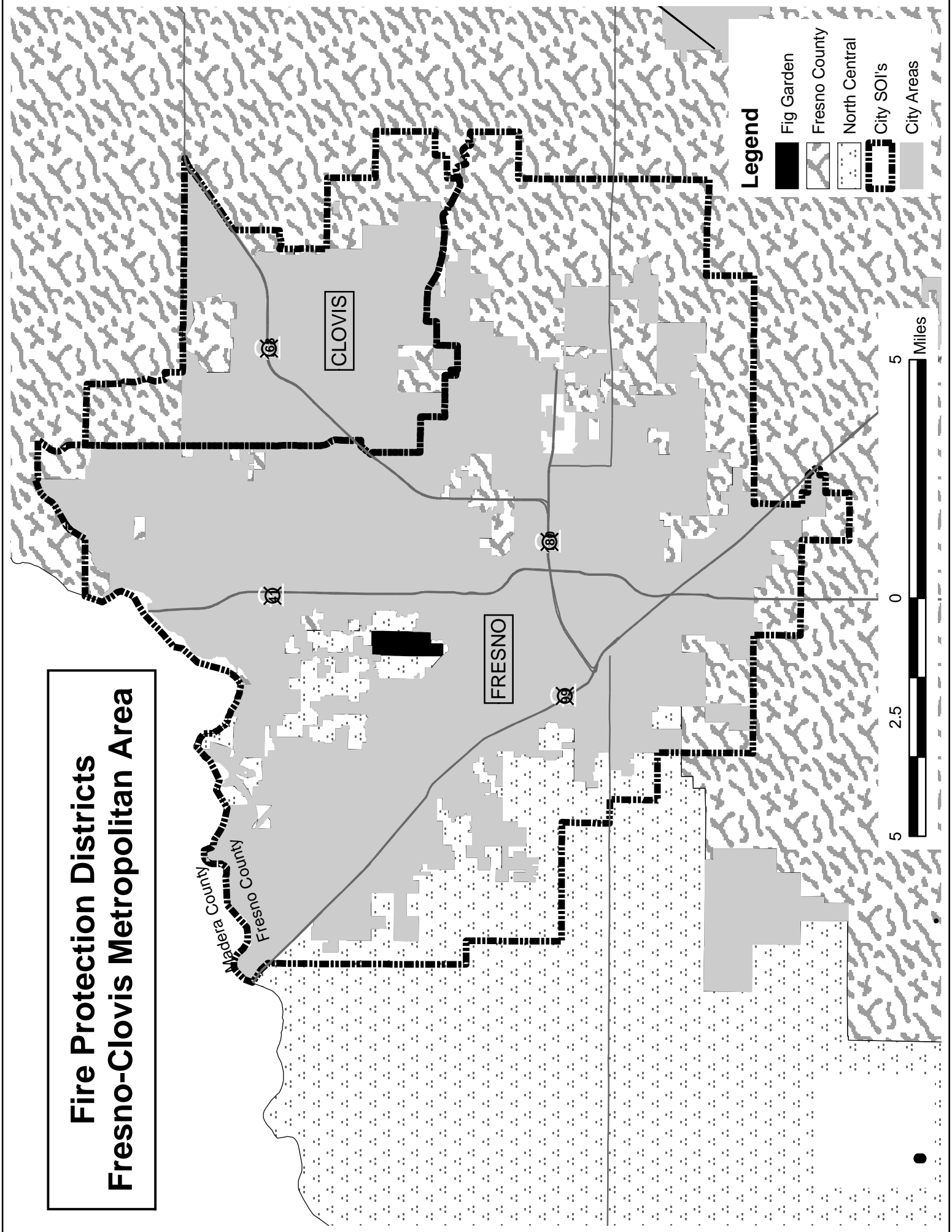
Madera County
Fresno County

CLOVIS

FRESNO

Legend

- Fig Garden
- Fresno County
- North Central
- City SOI's
- City Areas



The District estimates that the loss of revenue during the next four to eight years resulting from annexation of all the lands currently within the Cities of Clovis and Fresno's Spheres of Influence coupled with a large percentage of lands located within the District that are under Williamson Act contracts and other lands pulled out of production and placed into the Federal Reserve will reduce tax revenues dedicated for rural fire protection to a level that will sustain only about 30% to 35% of the staffed stations (level of service) currently provided. This equates to closure of eight to nine of the District's 12 permanent stations. If this is the case, the District states: "it will be impossible for the District to provide any semblance of reasonable fire protection or medical first responder service with paid staff within the District's area." Based on this information, it appears that if a long-term solution to the District's funding problem is not found, the District may not have the ability to continue providing services at current levels.

The District also notes that as additional lands on the fringe of the Cities of Clovis and Fresno are annexed, and stations are closed, response times to those unincorporated islands within the cities still served by the District will increase. Further, these islands often receive service by the cities through Automatic Aid agreements. The City of Fresno has stated that it will no longer provide services to areas within the boundaries of the District after March 15, 2008.

A potential option for the District to pursue is to seek secure a long-term funding source(s) from the voters within the District, perhaps through a benefit assessment. While such method of revenue generation is not often popular with voters, it may be a possible alternative that should be considered.

Options that may result in changes of governmental structure are also possible. Fire protection is one type of local governmental service that often lends itself to being provided efficiently and effectively on a larger regional or county-wide basis. The District may wish to pursue discussion with the Cities of Fresno and Clovis regarding the idea of formation of a special district that would combine the Cities' respective fire departments and the District into a special district whose territory would include the Cities and the District.

Another potential option which would increase the flow of property tax revenues to the District might be to keep District boundaries unchanged as territory is annexed into cities in the future. As properties are annexed and subsequently developed in the cities, property tax revenues would increase as assessed values increase. Increased revenues would allow the District to be more able to provide a higher level of service to both incorporated territories as well as more rural, unincorporated territories.

Under this option, Cities would provide fire protection service to only lands currently within the City. Newly annexed areas would receive services from the District. Such option, however, may create some confusion due to overlapping jurisdictions and is not supported by City representatives. Staff also notes that the transition agreement currently in effect between the District and Cities, does not allow for this option. The current transition agreement expires in 2012.

Another alternative would be for the District to retain that amount of property taxes it currently receives, which would be the "base tax". Property taxes resulting from increased assessed value after annexation to the City, the "tax increment", would be allocated to the City. This option would allow the City to provide fire services to the newly annexed areas, but the District would continue to receive property tax revenues, or revenues in lieu of property taxes, for lands that are no longer within the District. These revenues would provide a continuing source of revenue, helping to sustain service at current levels in the remaining District territories.

The Cities of Clovis and Fresno were both sent draft copies of the MSR prepared for the District which included the above identified options of combining fire protection services of the cities and District or retaining lands within the District's territory as they are also annexed into the cities.

The City of Fresno indicated opposition to both of these options and submitted an initial, emailed response stating it "will not entertain the notion of fire services being provided to its citizens by another fire department." City of Clovis staff also indicated opposition to both of these potential options. Both cities indicated they were in the process of discussing their response to these potential options internally and would prepare formal, written responses as soon as possible. At the writing of this report, neither City had submitted a written response.

A potential modification to the governmental structure of the District would be to change the District's Board of Directors from an appointed board to the Board of Supervisors or perhaps to a composite board composed of members of the Board of Supervisors and members of the City Councils of Cities within the District.

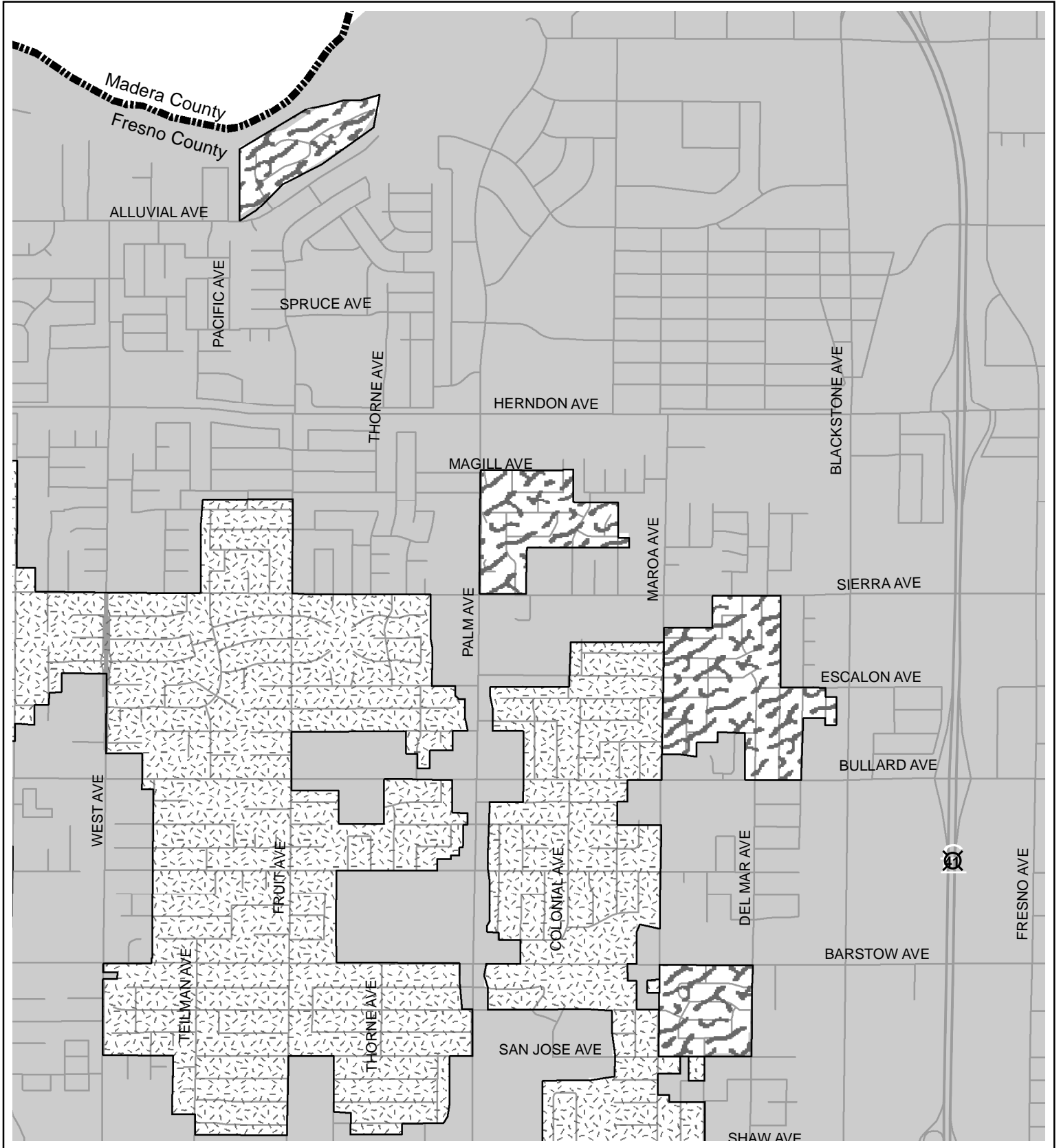
The District currently engages in cost avoidance opportunities including participation in numerous mutual aid agreements with other emergency response agencies. No opportunities for rate restructuring were identified in this review. The District was formed in 1994 as the result of the consolidation of the Mid Valley Fire Protection and the Westside Fire Protection Districts. Such effort resulted in the ability to share existing facilities and operations. Additional shared facility benefits might be realized if consolidation were to occur between the District and other fire protection districts and/or city fire departments. There are no proposed plans for consolidation at this time. As noted above, the Cities of Fresno and Clovis are opposed to any consolidation between their respective fire departments and the District.

As stated in the Fig Garden Fire Protection District MSR and SOI update above, the Fresno County FPD has recommended that two areas located adjacent to the Fig Garden FPD and within an unincorporated island surrounded by the City of Fresno be detached from Fresno County FPD and annexed by Fig Garden FPD. This proposal would appear to create a more logical boundary for Fresno County FPD and provide for more efficient services to the residents living within this area. Both Districts have indicated support of such change.

Staff notes that greater service efficiencies may also be created through detachment of four small County Island areas currently served by the Fresno County FPD, and concurrent annexation to the North Central FPD (see following map for locations). These four areas are located many miles from the nearest County FPD station located in southeast Fresno. No proposals for such reorganizations have been submitted to LAFCo. Staff believes the Districts should be encouraged to discuss this possible change in organization to better provide fire protection services to these small areas.

The Fresno County FPD may also wish to consider consolidation with the Bald Mountain and Orange Cove Fire Protection Districts as a way to increase efficiencies.

Fire Protection Districts In Fig Garden Area



-  Fresno County Fire
-  North Central Fire
-  Fresno SOI
-  City of Fresno

Fresno County Fire Protection District Territories Adjacent and Near to North Central Fire Protection District



4. North Central Fire Protection District

- A. Maintain the District's existing Sphere of Influence boundaries.
- B. The District's Board of Directors should enter into discussion with the Fresno County Fire Protection District regarding possible contraction of Fresno County FPD's SOI and boundaries to allow expansion of North Central FPD's SOI and boundaries to include four unincorporated island areas that might be more efficiently served by the North Central Fire Protection District.

North Central Fire Protection District (FPD) encompasses approximately 138,700 acres (217 square miles) within the northerly portion of Fresno County (see District map). Portions of the North Central FPD are located within the Sphere of Influence of the City of Fresno. The District's territory also includes the City of Kerman. District services include fire prevention and suppression, emergency medical response, search and rescue, building permits and inspections, emergency dispatch services and hazardous material response.

The District currently has 45 full-time employees. The District has entered into a 30-year agreement with the City of Fresno, effective July 1, 2007. As of this time, the District will have no more than two employees and all other employees will be transferred to the City of Fresno. Per the agreement, the City will provide fire protection services to the District consistent with services provided within the City. Payment for these services will be made by the District to the City consistent with a formula included in the agreement.

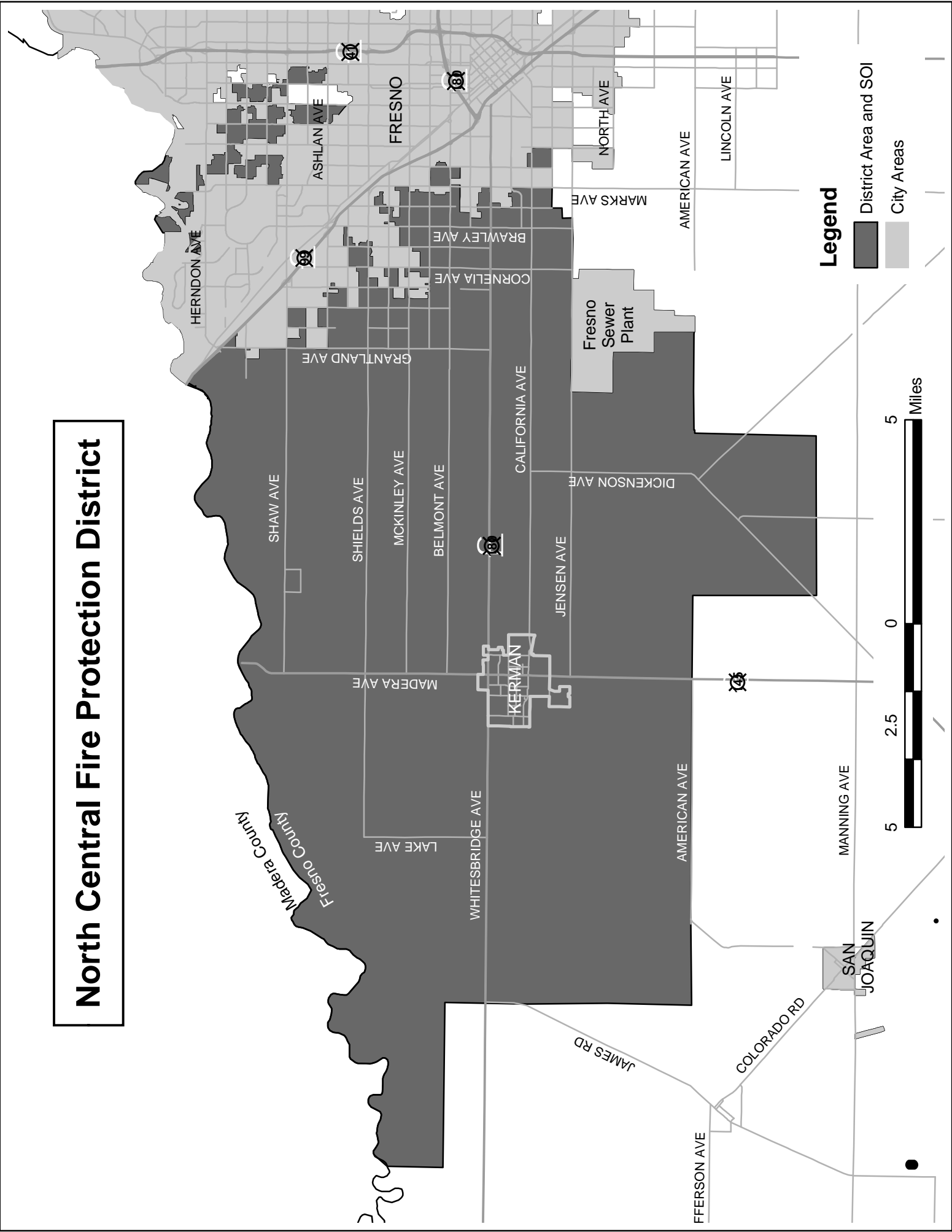
The District's headquarters are located in Kerman. The District's three operational fire stations are located in Kerman, Biola, and Fresno. Two other stations owned by the District were recently closed in anticipation of the contract with the City. Per this contract, District facilities and equipment will remain the property of the District, but will be utilized by the City in its operations.

The District's projected revenue for FY 2006-07 totals \$8,697,937. The majority of these revenues are derived from property taxes. Other revenues are derived from EMS ambulance transport fees, interest income, and building inspections. A significant portion of the EMS ambulance transport fees are paid to American Ambulance, which has contracted with the District to provide transport services. Additionally, a significant portion of these transport fees are write-downs and write-offs due to non-payment.

There are no obvious opportunities for rate restructuring within the District. The District engages in cost-avoidance opportunities through participation in mutual aid and response agreements with other emergency agencies in Fresno County. The District also anticipates cost avoidance opportunities, greater management efficiencies, and shared facilities will be realized through its contract with the City of Fresno.

At this time, staff is not aware of any proposals for a change in the District's boundaries or its SOI. As previously indicated, it may be beneficial for the four unincorporated island areas served by the Fresno County FPD to consider annexation to North Central FPD. Staff believes the two Districts should be encouraged to discuss this possible change in reorganization.

North Central Fire Protection District



Legend

- District Area and SOI
- City Areas



5. Orange Cove Fire Protection District

- A. Maintain the District's existing Sphere of Influence boundaries.

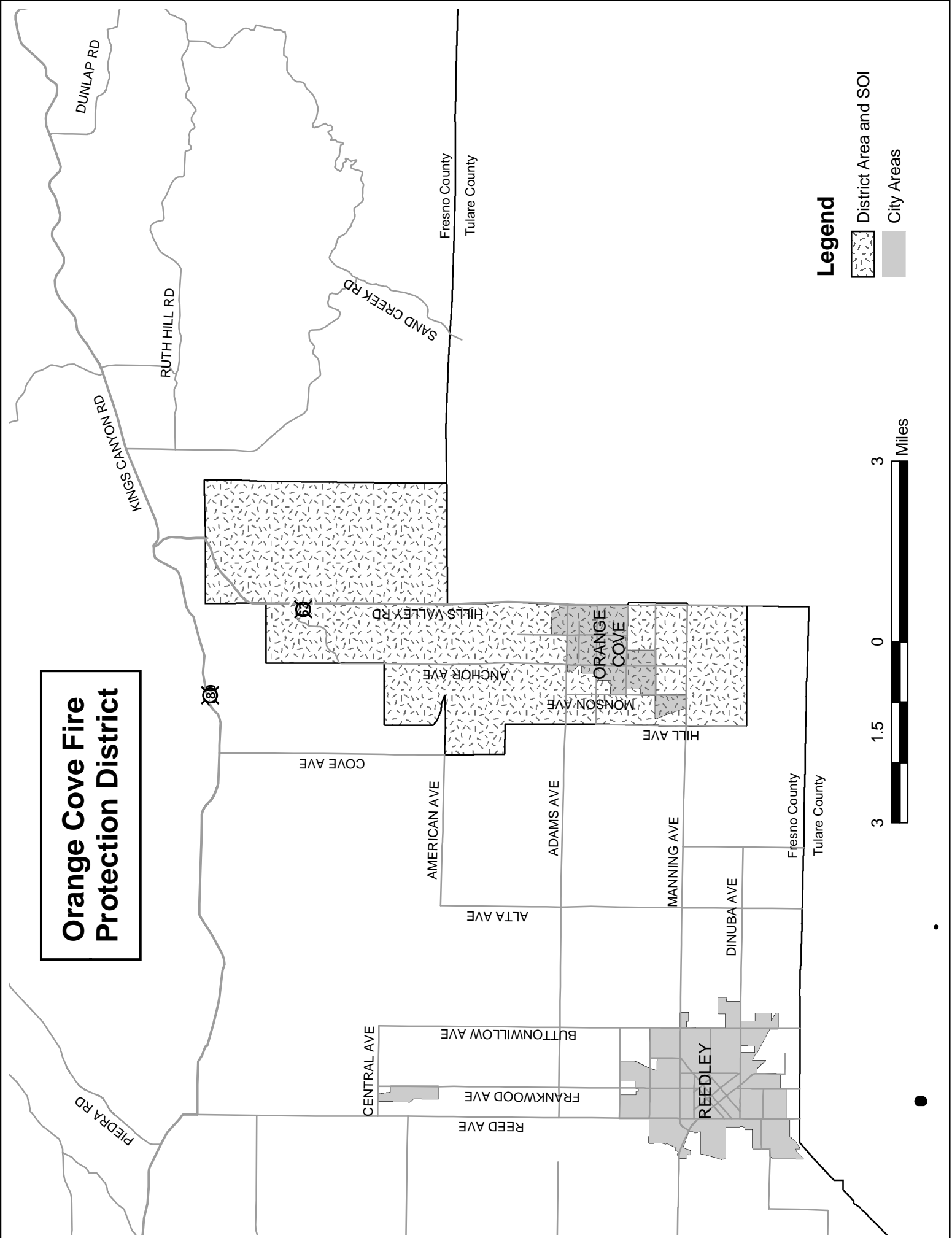
Orange Cove Fire Protection District encompasses approximately 14,434 acres (23 square miles) including the City of Orange Cove and the surrounding area. It is adjacent to the Fresno County FPD to the west and south and the County of Tulare to the east. The District has one full-time employee and 24 volunteer employees. District services include fire prevention and suppression and emergency medical response. The District operates a fire station located in the City of Orange Cove.

The District's FY 2005-06 projected revenues of \$188,250 are largely derived from property taxes. Other sources of revenue are Strike Team revenue, charges for service, and interest income.

The District engages in cost-avoidance opportunities through participation in mutual aid agreements with other emergency response agencies. No obvious opportunities for rate restructuring were identified in this review.

It is noted that fire protection is one type of local governmental service that may lend itself to be efficiently and effectively provided using regional or even county-wide agencies. The District could potentially benefit from shared facilities through consolidation with the Fresno County Fire Protection District. There has been no proposal submitted to LAFCo, nor is staff aware of any discussion between the Districts concerning potential consolidation. The District has indicated that its current SOI is sufficient and does not seek any changes.

Orange Cove Fire Protection District



Legend

-  District Area and SOI
-  City Areas



Recommendations:

- A. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, find that prior to adopting the written determinations, the Municipal Service Review and Sphere of Influence determinations under consideration are Categorical Exempt from the provisions of the California Environmental Quality Act (CEQA) under Section 15306, "Information Collection".
- B. Find the Municipal Service Reviews and Sphere of Influence Updates prepared for the Bald Mountain Fire Protection District, Fig Garden Fire Protection District, Fresno County Fire Protection District, North Central Fire Protection District, and Orange Cove Fire Protection District are complete and satisfactory.
- C. Find that the written determinations within the Municipal Service Reviews and Sphere of Influence Updates satisfy State Law.
- D. Pursuant to Government Code Sections 56425 and 56430 adopt the determinations as presented in the Municipal Service Review and Sphere of Influence Update documents.
- E. Direct staff to work with the Fresno County FPD to continue reviewing options for achieving financial stability.
- F. Direct staff to work with the Fig Garden, North Central, and Fresno County Fire Protection Districts in discussing recommended actions as contained within this report.

FIRE PROTECTION DISTRICTS

MUNICIPAL SERVICE REVIEWS AND SPHERES OF INFLUENCE UPDATE

Report to the
Fresno Local Agency Formation Commission

June 2007

FIRE PROTECTION DISTRICTS - INTRODUCTION

This report was prepared for the Fresno Local Agency Formation Commission (LAFCO) in accordance with Section 56430 of the California Government Code. It responds to the requirement that LAFCO conduct a Municipal Service Review (MSR) to study the delivery of municipal services and update spheres of influence.

Much of Fresno County is located within a Fire Protection District (FPD). The enclosed reports provide MSR determinations and SOI Updates for the following five districts:

- Bald Mountain FPD
- Fig Garden FPD
- Fresno County FPD
- North Central FPD
- Orange Cove FPD

Written determinations regarding the MSR and Sphere of Influence Updates are proposed for the Commission's consideration. This report is an informational document and does not substitute for discretionary decisions that can only be made by the Commission. The decision to approve or disapprove any determinations rests entirely with the Commission.

This report is subject to reconsideration and revision as directed by the LAFCO staff or by the Commission during the course of its deliberations.

MSR Guidelines prepared by the State Office of Planning and Research were referred to in developing information, performing analysis and organizing these studies.

Fire Protection and Emergency Services

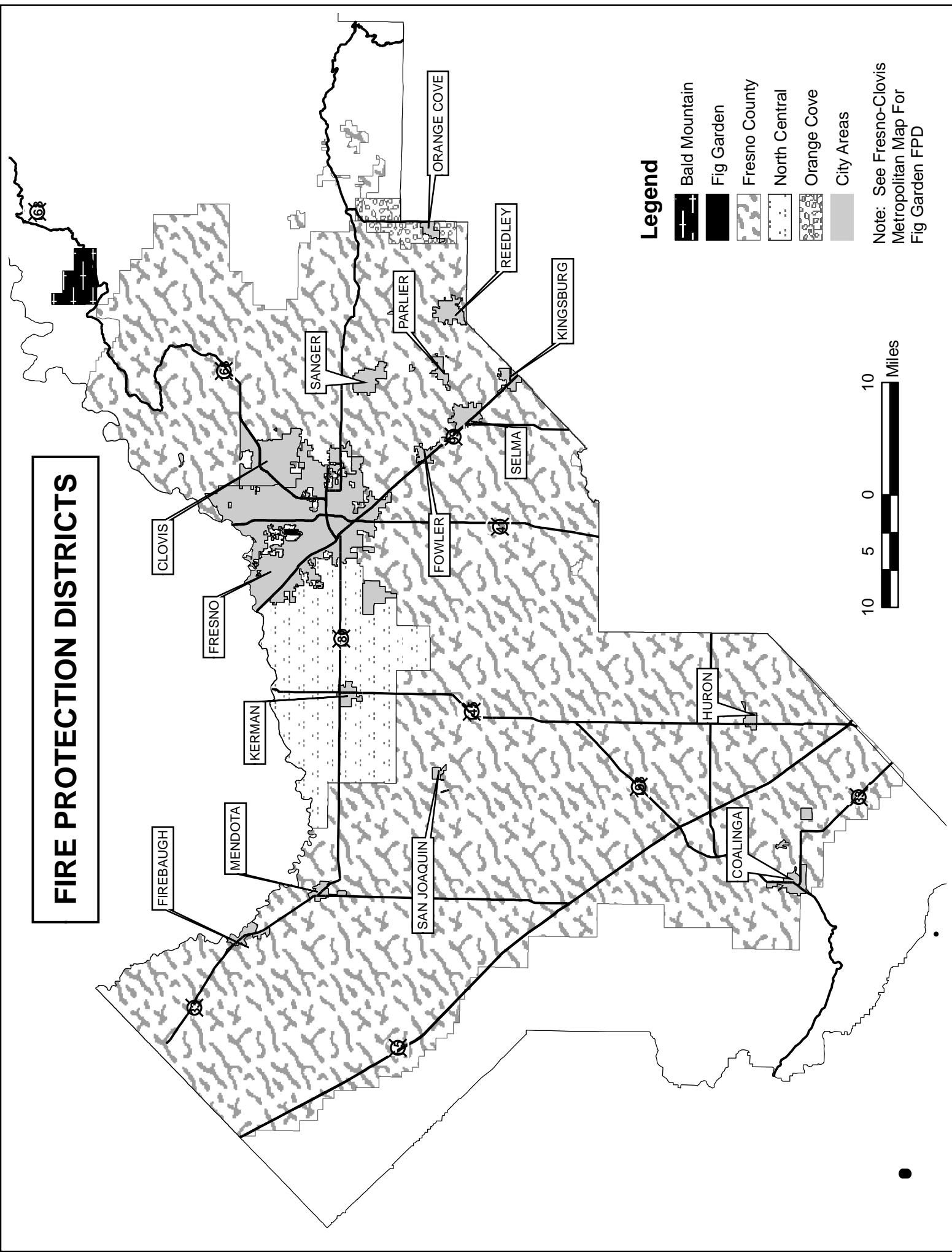
Unlike some municipal services, such as land use planning and regulation that are closely identified with specific communities of interest, fire protection services can be provided efficiently to larger geographical areas. Large fire service agencies can locate fire stations irrespective of local municipal boundaries and have economies of scale in terms of the work force and specialization of services due to the greater capacity of the agency.

City Annexations and District Detachments







A significant issue that has arisen in Fresno County results from incremental annexations of territory to cities such as Clovis and Fresno to accommodate land use development projects permitted by those cities and the concurrent detachment of that territory from the Fresno County FPD.

The result decreases the size of the District and its available financing which is based primarily on property tax revenues. This condition, the District argues, puts long term funding for outlying areas and rural fire protection into considerable jeopardy. Included

FIRE PROTECTION DISTRICTS



Legend

-  Bald Mountain
-  Fig Garden
-  Fresno County
-  North Central
-  Orange Cove
-  City Areas



Note: See Fresno-Clovis Metropolitan Map For Fig Garden FPD

Fire Protection Districts Fresno-Clovis Metropolitan Area

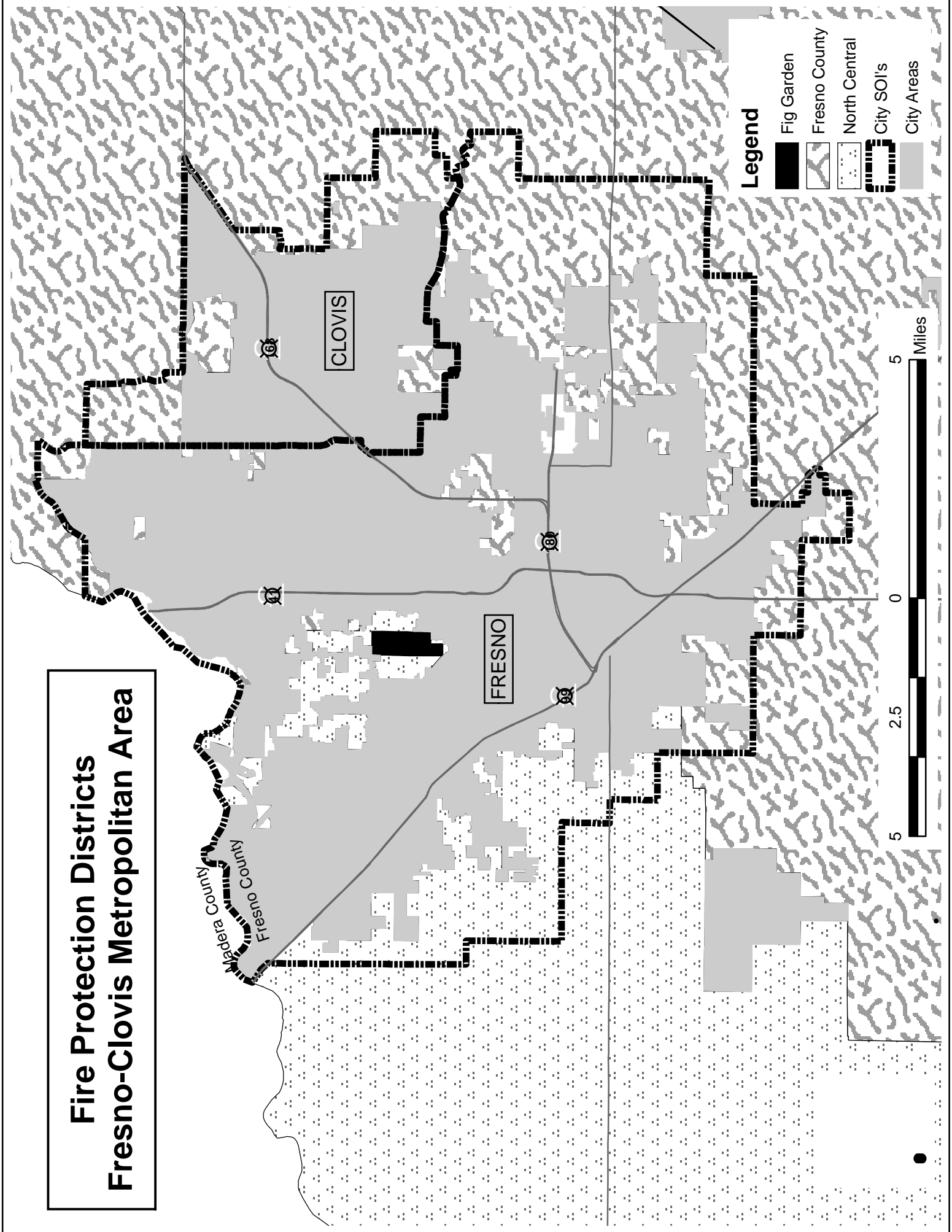
Madera County
Fresno County

CLOVIS

FRESNO

Legend

- Fig Garden
- Fresno County
- North Central
- City SOI's
- City Areas



as part of the Municipal Service Review for the Fresno County FPD is a statement from the District describing the situation from its perspective and what it anticipates might be the long-term result of this trend.

Note: The North Central Fire Protection District entered into a contractual agreement in December 2006 with the City of Fresno wherein the City will provide fire protection and emergency services within the District consistent with services provided within the City. The agreement allows the transfer of District employees to City employment.

Potential Governmental Options

Resolving difficulties with respect to fire protection services may be beyond the scope of these Municipal Service Reviews but they may serve as a vehicle for increased communication among the parties and identification of governmental options that might help resolve the impediments that are being expressed.

Property Tax Allocation

One option raised by the Fresno County FPD would be to keep a portion of the property tax it currently receives after territory is annexed to a city.

The portion retained by the District would be the “base tax” paid during the most recent fiscal year. Property taxes resulting from increased assessed value after annexation to the city, (known as the “tax increment”) would be allocated to the city. Using this approach the District would receive property tax revenues, or revenues in lieu of property taxes, for lands that are no longer within the District but which would provide a continuing source of revenue to help fund current levels of service in the remaining District.

Consolidation of Fire Protection Services

Another option, though one that has not been proposed, would be to have cities that provide fire protection transfer that responsibility to the Fresno County FPD with a transfer of property tax revenues to fund the services.

Similar fire protection organizations exist in other counties. The Ventura County FPD, governed by the Board of Supervisors, encompasses six of ten cities in the County, including large cities such as Camarillo, Simi Valley and Thousand Oaks and smaller cities such as Ojai and Port Hueneme.

Fire apparatus is labeled as “City of Camarillo” or “City of Thousand Oaks,” giving a public impression that fire service is a municipal function even though the service is provided by the County FPD. As cities annex lands and it is developed for urban uses there is no loss of property tax revenue for the fire service.

Mutual and Automatic Aid Agreements

A significant factor that allows the citizens and property owners in Fresno County to be well protected from fire and other emergencies is the interagency system of mutual aid and in some cases automatic aid agreements between the various fire protection agencies. Such agreements tend to reduce severe differences between levels of service and response times that might exist if such agreements were not adopted by the affected agencies.

FRESNO COUNTY FIRE PROTECTION DISTRICT

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE

Report to the
Fresno Local Agency Formation Commission

June 2007

1. MUNICIPAL SERVICE REVIEW

Description of District

The Fresno County Fire Protection District was created in 1994 when the Mid Valley Fire Protection District and Westside Fire Protection District were consolidated. The predecessor districts were formed, respectively, in 1949 and 1936.

The District operates pursuant to the Fire Protection District Law of 1987 (Health and Safety Code, Section 13800 et seq.).

The District is one of five Fire Protection Districts in Fresno County. The others are the Bald Mountain, Fig Garden, North Central and Orange Cove Fire Protection Districts.

The District encompasses approximately 2,551 square miles in a significant area extending from Kings and Tulare Counties on the south to Madera County on the north, and from the coastal range on the west to the foothills of the Sierras on the east. It excludes lands within the Cities of Coalinga, Clovis, Fresno, Huron, Kingsburg, Mendota, Parlier, Reedley, Sanger, San Joaquin and Selma, though it has contracts with some of these municipalities to provide service. The District also includes some unincorporated islands within the boundaries of the Cities of Fresno and Clovis.

The California Department of Forestry and Fire Protection (CDF) protects the eastern and western ends of the County. There are aid agreements between the District and CDF.

The District is governed by a seven-member Board of Directors appointed by the Board of Supervisors. The District contracts with Cal/Fire (also known as the California Department of Forestry and Fire Protection) for approximately 110 full-time employees including the Fire Chief, Firefighters, and administrative staff. The District also employs 175 Paid Call Firefighters and four contract employees.

The District's boundaries and sphere of influence are coterminous. As land is annexed to one of the cities that provide fire protection it is detached from the District.

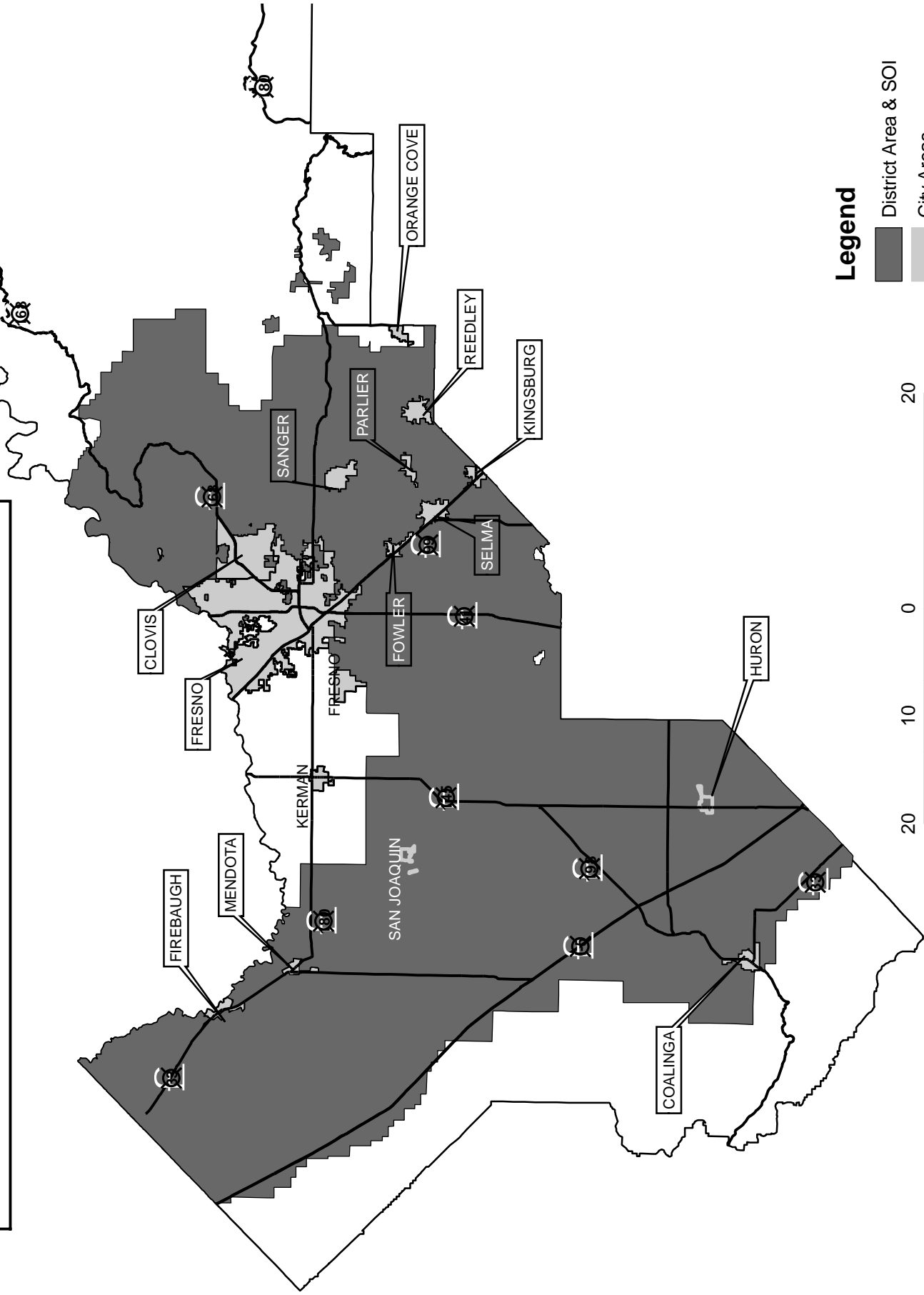
District Services

The District provides fire prevention and suppression, emergency medical response, search and rescue, building permits and inspections and emergency dispatch services.

2. MSR DETERMINATIONS

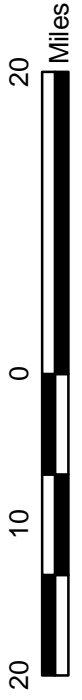
This portion of the report addresses the factors specified in the governing statute for Municipal Service Reviews.

Fresno County Fire Protection District



Legend

- District Area & SOI
- City Areas



Infrastructure Needs and Deficiencies

The District operates 12 permanent fire stations with two-person engine companies located throughout its boundaries. Six additional stations are staffed with “Paid Call Firefighters”. The headquarters are located in Sanger. A list of the fire stations and their locations is attached.

The District owns and operates ancillary and support facilities such as maintenance shops and repeater sites and towers for radio communications and dispatch for 14 fire protection jurisdictions throughout the County.

It appears the District is able to accommodate current service demands in its area from these facilities, provided sufficient funding is available to adequately staff these facilities and current automatic aid agreements and contracts for service remain in place.

The District however reports in the MSR questionnaire that:

“The annexation of land into the cities, primarily Fresno and Clovis, has left isolated parcels of land that remain in the District. As the cities expand and the District closes stations, response times are increased to these islands, bays, and peninsulas of District responsibility.

Service to most of the areas is provided by Automatic Aid agreements with the expanding city. Fresno City has stated it will stop providing services to the area in its sphere after March 15, 2008.

Growth and Population Projections

District services do not directly facilitate or affect the rate or location of population development. Rather, District services respond to increased fire prevention, suppression and emergency medical service needs as population growth occurs.

As properties are annexed to the City of Fresno, often for increased urban development, the lands are detached from the District with attendant implications for District revenues.

Financing Constraints and Opportunities

The District receives a portion of the general property tax levied within its boundaries. Of the total projected revenue of \$13,557,248 for Fiscal-Year 2006-07, \$11,184,545 (or 82.5%) is derived from property taxes. Other significant revenues are a Proposition 172 refund of \$1,050,000, contractual fire protection services to other agencies of \$735,958 and fees for service such as building inspections of \$200,000.

It is unclear whether these sources of funding will avoid long-term, unfunded financial obligations for operations or improvements of District services. The district is concerned that continuing annexations to cities (and concurrent detachments from the District) will

significantly reduce its ability to provide existing levels of service to those areas that will remain within the District. Following is an excerpt from the MSR questionnaire submitted by the District:

“If the District is not successful in securing a constant stream of revenue at the current level, then the challenge and issue will be the organized reduction in fire protection and medical first responder services offered to the citizens of the District and to the surrounding areas and cities for which the District provides critical assistance. It is estimated that the loss of revenue when Clovis and Fresno cities annex all the area within their spheres of influence will result in the closure of eight to nine of the District’s 12 permanent stations. Should this occur, it will be impossible for the District to provide any semblance of reasonable fire protection or medical first responder service with paid staff within the District’s area.

“The long-term funding for rural fire protection in the County of Fresno is in considerable jeopardy. This is the result of policies and practices in the County that have guaranteed the annexation of the District’s greatest tax revenue producing lands into the cities while steering development that could have replaced the lost revenues into the spheres of influence of the cities.

“These practices coupled with the extremely high percentage of lands dedicated to the Williamson Act and the large acreage of lands pulled out of production and placed into the Federal Reserve, will reduce tax revenues dedicated for rural fire protection to a level that will sustain only about 30% to 35% of the staffed stations (level of service) currently provided within an estimated four to eight years. (The actual timeframe will depend on real estate market prices, i.e. the timing and extent of the next surge of building).

This presents an interesting challenge. Land is often annexed to cities to obtain planning approvals and permits that allow an intensification of use. And such uses require an array of urban services such as enhanced law enforcement, parks and recreation services, public sanitation, street sweeping, road maintenance and so forth.

The legislature acknowledges this situation in Government Code Section 56001, the second section of the Cortese-Knox-Hertzberg Local Government Reorganization Act:

“The Legislature recognizes that urban population densities and intensive residential, commercial, and industrial development necessitate a broad spectrum and high level of community services and controls. The Legislature also recognizes that when areas become urbanized to the extent that they need the full range of community services, priorities are required to be established regarding the type and levels of services that the residents of an urban community need and desire; that community service priorities be established by weighing the total community service needs against the total financial resources available for

securing community services; and that those community service priorities are required to reflect local circumstances, conditions, and limited financial resources.

“The Legislature finds and declares that a single multipurpose governmental agency is accountable for community service needs and financial resources and, therefore, may be the best mechanism for establishing community service priorities especially in urban areas.

“Nonetheless, the Legislature recognizes the critical role of many limited purpose agencies, especially in rural communities. The Legislature also finds that, whether governmental services are proposed to be provided by a single-purpose agency, several agencies, or a multipurpose agency, responsibility should be given to the agency or agencies that can best provide government services.”

It appears that if the “annex to the City/ detach from the District” issue is not resolved in a way that ensures continued District funding, over time services the District can provide to areas remaining within its boundaries may decline.

One option would be for the District to seek to secure from voters within its boundaries, additional long-term sources of funding, perhaps through a benefit assessment.

Cost-Avoidance Opportunities

The District participates in numerous mutual aid and response agreements with other emergency response agencies to obtain increased levels of service and coverage. These exist not only with cities and special districts within Fresno County but with adjacent counties and the U.S. Army Corp of Engineers at Pine Flats.

Opportunities for Rate Restructuring

There are no obvious opportunities for rate restructuring in the operations of the District. It relies almost entirely on property tax revenue generated within its boundaries.

Opportunities for Shared Facilities

Due to its size and scale, the District already realizes the benefits of shared facilities and operations, partly a result of the earlier consolidation of the predecessor districts. .

Greater sharing of facilities and equipment with other fire service agencies may be possible through additional fire service agency consolidations.

Government Structure Options

The existing District results from the 1994 consolidation of two predecessor fire districts. While no proposals have been submitted for additional structural reorganizations, it is

noted that fire protection is one type of local governmental service that lends itself to be efficiently and effectively provided using regional or even county-wide agencies.

There have been discussions in the past few years between the District and City of Fresno regarding effects of city annexations on the District but we are unsure of any discussions regarding a consolidation of fire prevention and suppression services that would combine the City of Fresno Fire Department into a special district that includes territory in the City of Fresno, and perhaps the City of Clovis, with territory in the District.

An option to increase rather than diminish the flow of property tax revenues to the District might be to keep District boundaries unchanged as territory is annexed to cities in the future. The result would be an overlap between the District and city in these future annexation areas.

As the territory is developed in the City and its assessed value increase, the District would receive property taxes based on this increased value and would be better able to provide high levels of service to territories both within incorporated areas and the more rural portions of the District. Under this option the City would provide fire protection services to only a portion of the City, with newly annexed areas receiving services from the District.

Another governmental structure option would be to change the District's Directors from an appointed board to the elected Board of Supervisors, similar to some other districts, or perhaps to a composite board composed of members of the Board of Supervisors and members of the City Councils of cities whose territory is located within the District.

Management Efficiencies

Given its extensive service area, the District exhibits the characteristics of a well-managed agency operating efficiently and serving its residents and customers effectively. This is also indicated by the fact the District provides services to other agencies under contract, such as emergency dispatch services.

Local Accountability and Governance

The District is governed by a seven-member Board of Directors appointed by the Board of Supervisors.

3 . SPHERE OF INFLUENCE REVIEW AND UPDATE

Government Code Section 56076 defines sphere of Influence as "A plan for the probable physical boundaries and service area of a local agency, as determined by the commission.

Description of Current Sphere of Influence

The District's boundaries and sphere of influence are coterminous.

No Proposed Sphere Changes

Correspondence received from Fig Garden FPD indicates Fresno County FPD has approached Fig Garden FPD and recommended that two small areas comprised of 53 homes and located within Fresno County FPD's boundary, be served by the Fig Garden FPD. This would require an amendment to both districts' spheres of influence, annexation of the area by Fig Garden FPD and the concurrent detachment from Fresno County FPD. Neither district has submitted a proposal to LAFCo to effect this change in organization.

It is observed that four other unincorporated island areas currently provided fire protection services by Fresno County FPD, might more efficiently be provided fire protection services by North Central FPD. Two of these areas are located north of the Fig Garden Neighborhood near Maroa and Barstow Avenues and Maroa and Bullard Avenues. The other two areas are located further to the north. Increased efficiencies may be realized if these areas were annexed to the North Central FPD concurrent with their detachment from Fresno County FPD. A Sphere of Influence adjustment would also be required. Neither district has submitted a proposal to effect this change in organization.

Sphere of Influence Determinations

Inasmuch as no changes in the sphere of influence are proposed at this time it is not necessary for the Commission to adopt or approve Sphere of Influence determinations.

4. ACKNOWLEDGEMENTS & REFERENCES

This draft Municipal Service Review was prepared by Braitman & Associates working at the direction of the Fresno LAFCO staff. Responsibility for any errors or omissions rests with those who prepared the report.

The Fresno County Fire Protection District provided information on which the evaluation is based. Western Division Chief Ted VanDevort and Administrative Division Chief Tom Sandelin were instrumental in providing a significant amount of data.

Available Documentation

The "Request for Information for Municipal Service Reviews" submitted by the District and supporting documents referred to therein are available in the LAFCO office.

5. RECOMMENDATIONS

In consideration of information gathered and evaluated during the Municipal Service Review it is recommended the Commission:

1. Accept public testimony regarding the proposed Municipal Service Review.
2. Approve the recommended Municipal Service Review determinations, together with any changes deemed appropriate.
3. Affirm the current Sphere of Influence and that it not be revised at this time.
4. The Fresno County Fire Protection District is encouraged to enter into discussion with the Fig Garden Fire Protection District and North Central Fire Protection District regarding detachment of areas within Fresno County FPD's boundaries and concurrent annexation to the other Districts as appropriate.

Inventory of Fresno County FPD Fire Stations

Station	Address
71	1300 East Parlier Avenue, Parlier
72	4091 East Millerton, Friant
74	15339 Sky Lane/Hurley, Prather
75	27595 Tollhouse Road, Tollhouse
77	6817 Elwood/Wonder Valley, Sanger
81	Parlier
82	9700 East American, Del Rey
83	11500 Mountain View, Selma
84	210 South Academy, Sanger
85	4955 East Nees, Clovis
86	4925 North Nelson, Clovis
87	4706 East Drummond, Fresno
89	5810 South Cherry, Easton
90	2701 West Lake Tahoe, Caruthers
93	36421 South Lassen Avenue, Huron
94	24125 W. Dorris, Coalinga (Harris Ranch)
95	2510 West Morton, Tranquility
96	101 McCabe, Mendota

EXHIBIT "B"

Contract between CAL FIRE and the Fresno County Fire Protection District

Memorandum

To: Keith A. Larkin
Fresno-Kings
210 S Academy Ave
Sanger, CA 93654

Date: November 7, 2011

Telephone: (559) 493-4300

From: California Department of Forestry and Fire Protection (CAL FIRE)
Business Services Office
Special Projects Unit

Subject: Fresno County Fire Protection District
Agreement Number 4CA01295

Attached is a fully executed copy of the above agreement. Please be sure that the contractor refers to this contract number on all invoices, billing, and correspondence.

Forward original signed agreement/amendment to the contractor. The remaining copies are for your files.

Make any copies needed for your files. Forward original signed agreement/amendment to the contractor.

Other: _____

Should you have any questions, please contact Mui Hoang, Special Projects Analyst, at (916) 323-0470 or at Mui.Hoang@fire.ca.gov.

Attachments

cc: Christine Espinoza, CSR
Dan Reagan, Fire Protection
File

CAL FIRE -106

AGREEMENT SUMMARY
STD 915 (Rev. 03/2011)

AGREEMENT NUMBER 4CA01295	AMENDMENT NUMBER
-------------------------------------	------------------

CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED

1. CONTRACTOR'S NAME FRESNO COUNTY FIRE PROTECTION DISTRICT	2. FEDERAL I.D. NUMBER N/A
---	--------------------------------------

3. AGENCY TRANSMITTING AGREEMENT Forestry and Fire Protection	4. DIVISION, BUREAU, OR OTHER UNIT FKU	5. AGENCY BILLING CODE 013028
---	--	---

6. NAME AND TELEPHONE NUMBER OF CONTRACT ANALYST FOR QUESTIONS REGARDING THIS AGREEMENT
Dan Reagan, (916) 654-6833 / Lala Rukh, (916) 323-0623

7. HAS YOUR AGENCY CONTRACTED FOR THESE SERVICES BEFORE?
 NO YES (If YES, enter prior contractor name and Agreement Number)
FRESNO COUNTY FIRE PROTECTION DISTRICT
4CA00210

8. BRIEF DESCRIPTION OF SERVICES - LIMIT 72 CHARACTERS INCLUDING PUNCTUATION AND SPACES
Fire Protection Services

9. AGREEMENT OUTLINE (Include reason for Agreement: Identify specific problem, administrative requirement, program need or other circumstances making the Agreement necessary; include special or unusual terms and conditions.)
California Department of Forestry and Fire Protection (CALFIRE) shall provide fire protection services pursuant to Public Resources Code Sections 4142 and/or 4144.

This Local Governments Wildland/Agreement falls under two of the exceptions listed in the DGS Administrative Order 06-06-1.

"The contract is an interagency or revenue/reimbursement agreement, there are reasonable factors that caused the delay, and it is in the State's best interest to process the contract or amendment."

"The contract involves another governmental entity, and an action or inaction of that other governmental entity delayed timely processing of the contract or amendment by the State."

10. PAYMENT TERMS (More than one may apply.)

<input type="checkbox"/> MONTHLY FLAT RATE	<input type="checkbox"/> QUARTERLY	<input type="checkbox"/> ONE -TIME PAYMENT	<input type="checkbox"/> PROGRESS PAYMENT
<input type="checkbox"/> ITEMIZED INVOICE	<input type="checkbox"/> WITHHOLD _____ %	<input type="checkbox"/> ADVANCED PAYMENT NOT TO EXCEED	
<input checked="" type="checkbox"/> REIMBURSEMENT/REVENUE		\$ _____ or _____ %	
<input type="checkbox"/> OTHER (Explain) _____			

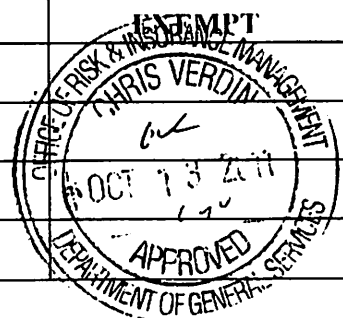
11. PROJECTED EXPENDITURES FUND TITLE	ITEM	F.Y.	CHAPTER	STATUTE	PROJECTED EXPENDITURES
REIMBURSEMENT		10/11			\$14,237,834.00
REIMBURSEMENT		11/12			\$14,372,270.00
REIMBURSEMENT		12/13			\$15,089,909.00
OBJECT CODE:			AGREEMENT TOTAL	\$	43,700,013.00

OPTIONAL USE

I CERTIFY upon my own personal knowledge that the budgeted funds for the current budget year are available for the period and purpose of the expenditure stated above.

AMOUNT ENCUMBERED BY THIS DOCUMENT	\$
PRIOR AMOUNT ENCUMBERED FOR THIS AGREEMENT	\$
TOTAL AMOUNT ENCUMBERED TO DATE	\$

12. AGREEMENT	TERM From Through	TOTAL COST OF THIS TRANSACTION	BID, SOLE SOURCE, EXEMPT
Original	07012010 06302013	\$ 43,700,013.00	EXEMPT
Amendment No. 1		\$	
Amendment No. 2		\$	
Amendment No. 3		\$	
TOTAL		\$ 43,700,013.00	



(Continue)

Handwritten initials

13. BIDDING METHOD USED:

- REQUEST FOR PROPOSAL (RFP) INVITATION FOR BID (IFB) USE OF MASTER SERVICE AGREEMENT
(Attach justification if secondary method is used)
- SOLE SOURCE CONTRACT EXEMPT FROM BIDDING OTHER *(Explain)*
(Attach STD. 821) *(Give authority for exempt status)* **Reimbursement**

NOTE: Proof of advertisement in the State Contracts Register or an approved form STD. 821, Contract Advertising Exemption Request, must be attached

14. SUMMARY OF BIDS *(List of bidders, bid amount and small business status) (If an amendment, sole source, or exempt, leave blank)*

15. IF AWARD OF AGREEMENT IS TO OTHER THAN THE LOWER BIDDER, PLEASE EXPLAIN REASON(S) *(If an amendment, sole source, or exempt, leave blank)*

16. WHAT IS THE BASIS FOR DETERMINING THAT THE PRICE OR RATE IS REASONABLE?

Not applicable. This is a reimbursement agreement with a local agency.

17. JUSTIFICATION FOR CONTRACTING OUT *(Check one)*

- Contracting out is based on cost savings per Government Code 19130(a). The State Personnel Board has been so notified. Contracting out is justified based on Government Code 19130(b). Justification for the Agreement is described below.

Justification:

Not applicable. This is a reimbursement agreement with a local agency.

18. FOR AGREEMENTS IN EXCESS OF \$5,000, HAS THE LETTING OF THE AGREEMENT BEEN REPORTED TO THE DEPARTMENT OF FAIR EMPLOYMENT AND HOUSING?

- NO YES N/A

19. HAVE CONFLICT OF INTEREST ISSUES BEEN IDENTIFIED AND RESOLVED AS REQUIRED BY THE STATE CONTRACT MANUAL SECTION 7.10?

- NO YES N/A

20. FOR CONSULTING AGREEMENTS, DID YOU REVIEW ANY CONTRACTOR EVALUATIONS ON FILE WITH THE DGS LEGAL OFFICE?

- NO YES NONE ON FILE N/A

21. IS A SIGNED COPY OF THE FOLLOWING ON FILE AT YOUR AGENCY FOR THIS CONTRACTOR?

- A. CONTRACTOR CERTIFICATION CLAUSES NO YES N/A
 B. STD. 204, VENDOR DATA RECORD NO YES N/A

22. REQUIRED RESOLUTIONS ARE ATTACHED

- NO YES N/A

23. ARE DISABLED VETERANS BUSINESS ENTERPRISE GOALS REQUIRED? *(If an amendment, explain changes, if any)*

- NO *(Explain below)* YES *(If YES complete the following)*

DISABLED VETERAN BUSINESS ENTERPRISES: _____ % OF AGREEMENT

Good faith effort documentation attached if 3% goal is not reached.

We have determined that the contractor has made a sincere good faith effort to meet the goal.

Explain:

Local Government and Wildland agreements are exempt from DVBE requirements per SCM Section 8.12

24. IS THIS A SMALL BUSINESS CERTIFIED BY OSBCR?

- NO YES *(Indicate Industry Group)*

SMALL BUSINESS REFERENCE NUMBER

25. IS THIS AGREEMENT (WITH AMENDMENTS) FOR A PERIOD OF TIME LONGER THAN ONE YEAR? *(If YES, provide justification)*

- NO YES

This is an ongoing fire protection agreement in which CAL FIRE provides services to and reimbursed by local agency. Local agency has control over the approval based on fiscal and board restraints; this agreement includes and extension clause to enable CAL FIRE to provide continuous, uninterrupted protection to local agency.

I certify that all copies of the referenced Agreement will conform to the original Agreement sent to the Department of General Services.

SIGNATURE/TITLE

[Signature]

DATE SIGNED

9/12/11

**COÖPERATIVE FIRE PROGRAMS
FIRE PROTECTION REIMBURSEMENT AGREEMENT**
LG-1 REV. 05/2011

AGREEMENT NUMBER	4CA01295
REGISTRATION NUMBER:	

1. This Agreement is entered into between the State Agency and the Local Agency named below:

STATE AGENCY'S NAME
California Department of Forestry and Fire Protection – (CAL FIRE)

LOCAL AGENCY'S NAME
FRESNO COUNTY FIRE PROTECTION DISTRICT

2. The term of this Agreement is: JULY 1, 2010 through JUNE 30, 2013

3. The maximum amount of this Agreement is: \$ 43, 700, 013.00
Forty-three million seven hundred thousand and thirteen dollars and no cents

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement.

Exhibit A – Scope of Work – Includes page 2 (contact page) in count for Exhibit A	4	pages
Exhibit B – Budget Detail and Payment Provisions	2	pages
Exhibit C – General Terms and Conditions	6	pages
Exhibit D – Additional Provisions	14	pages
Exhibit E – Description of Other Services	N/A	pages

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

LOCAL AGENCY

LOCAL AGENCY'S NAME
FRESNO COUNTY FIRE PROTECTION DISTRICT

BY (Authorized Signature)
Michael Del Puppo

DATE SIGNED (Do not type)
9/13/11

PRINTED NAME AND TITLE OF PERSON SIGNING
MICHAEL DEL PUPPO, PRESIDENT

ADDRESS
210 S. ACADEMY AVE., SANGER, CA 93657

STATE OF CALIFORNIA

AGENCY NAME
California Department of Forestry and Fire Protection

BY (Authorized Signature)
Clare Frank

DATE SIGNED (Do not type)
9.20.11

PRINTED NAME AND TITLE OF PERSON SIGNING
Clare Frank, Assistant Deputy Director, Cooperative Fire Protection, Training & Safety

ADDRESS P.O. Box 944246, Sacramento, CA 94244-2460

California Department of General Services Use Only

CMF

APPROVED

001 21 2011

DEPT. OF GENERAL SERVICES

3

EXHIBIT A
COOPERATIVE FIRE PROGRAMS
FIRE PROTECTION REIMBURSEMENT AGREEMENT

The project representatives during the term of this agreement will be:

CAL FIRE Unit Chief:		Local Agency:	FRESNO COUNTY FIRE PROTECTION DISTRICT
Name:	KEITH A. LARKIN, CHIEF	Name:	KEITH A. LARKIN, FIRE CHIEF
Phone:	559/493-4300	Phone:	559/493-4300
Fax:	559/875-8290	Fax:	559/875-8290

All required correspondence shall be sent through U.S. Postal Service by certified mail and directed to:

CAL FIRE Unit Chief:		Local Agency:	FRESNO COUNTY FIRE PROTECTION DISTRICT
Section/Unit:	FKU	Section/Unit:	
Attention:	KEITH A. LARKIN, CHIEF	Attention:	KEITH A. LARKIN, FIRE CHIEF
Address:	210 S. ACADEMY AVE., SANGER, CA 93654	Address:	210 S. ACADEMY AVE., SANGER, CA 93654
Phone:	559/493-4300	Phone:	559/493-4300
Fax:	559/875-8290	Fax:	559/875-8290

Send an additional copy of all correspondence to:

CAL FIRE
Cooperative Fire Services
P.O. Box 944246
Sacramento, CA 94244-2460

AUTHORIZATION

As used herein, Director shall mean Director of CAL FIRE. This agreement, its terms and conditions are authorized under the Public Resources Code Sections 4141, 4142, 4143 and 4144, as applicable.

EXHIBIT A
SCOPE OF WORK

Under Public Resources Code Section 4114 and other provisions of law, STATE maintains fire prevention and fire suppression forces including the necessary equipment, personnel, and facilities required to prevent and extinguish forest fires.

The purpose of this agreement is to provide mutually advantageous fire and emergency services through an effective consolidated organization, wherein the STATE is primarily financially responsible for protecting natural resources from vegetation fires and the LOCAL AGENCY is primarily financially responsible for protecting life and property from fires and other emergencies. The LOCAL AGENCY shall have sole authority to establish the fire protection organization and structure needed to meet the determined level of service. This level of service may be based on the LOCAL AGENCY governing board's established fiscal parameters and assessment of risks and hazards. LOCAL AGENCY personnel providing services under this agreement may include any one or a combination of the following: regular employees, persons temporarily employed and commonly known as volunteers, paid-call firefighters, or others temporarily employed to perform any emergency work or emergency service including, but not limited to fire prevention, fire suppression and emergency medical response.

To comply with the STATE's mandate for full cost recovery of goods and services provided for others, the LOCAL AGENCY shall be responsible for all STATE costs, both direct and indirect, required to execute the terms of this agreement. These costs shall include, but not be limited to: required training and associated post coverage, employee uniform and Personal Protective Equipment (PPE) costs.

1. FIRE PROTECTION SERVICES TO BE PROVIDED BY THE STATE

STATE provides a modern, full service fire protection and emergency incident management agency that provides comprehensive fire protection and other emergency incident response. STATE designs regional fire protection solutions for urban and rural communities by efficiently utilizing all emergency protection resources. Regional solutions provide the most effective method of protecting the citizens of California at local, county and state levels.

Fire protection services to be provided by STATE under this agreement shall include the following: (check boxes below that apply)

- 1) Emergency fire protection, emergency response and basic life support: services include commercial, residential, and wildland fire protection, prevention and investigation; hazardous materials incident response; emergency vehicle extrication; hazardous conditions response (flooding, downed power lines, earthquake, terrorist incident, etc.); Emergency Medical Technician (EMT) level emergency medical and rescue response; public service assistance. Also included are management support services that include fire department administration, training and safety, personnel, finance and logistical support.
- 2) Advanced Life Support Services: paramedic level emergency medical response providing early advanced airway management, intravenous drug therapy, and life support system stabilization until patients are transported to the nearest emergency care facility.
- 3) Dispatch Services: provide fire department 9-1-1 emergency dispatch by CAL FIRE Fire/Emergency Command Center (ECC). CAL FIRE will be responsible for fire/emergency dispatching emergency resource units covered under this agreement. The CAL FIRE ECC is staffed with a Battalion Chief, three or more Fire Captains and Communications Operators to

provide 24/7 year-round coverage. There is always an officer of Captain rank or higher to serve as the shift supervisor and command officer. CAL FIRE uses an integrated Computer Aided Dispatch (CAD) system using the latest technology, to direct the closest available resources to all emergency incidents.

4) Fire Code Inspection, Prevention and Enforcement Services: CAL FIRE has staff Fire Inspectors serving under the direction of the LOCAL AGENCY Fire Marshal to provide services to the area covered by this agreement. Fire Code Enforcement will normally be available five days per week, with emergency or scheduled enforcement inspections available seven days per week. Fire Prevention and Investigation services will be provided by CAL FIRE Prevention Officers trained in arson, commercial, and wildland fire investigation. Officers are available by appointment for site visits and consultations. Officers are trained at CAL FIRE's Peace Officer Standard Training (POST) certified law enforcement training academy and they cooperate effectively with all local, state and federal law enforcement agencies.

5) Land Use/ Pre-Fire Planning Services – CAL FIRE staff will provide community land use planning, administration of Pre-Fire project work, including community outreach, development of community education programs, project quality control, maintenance of project records and submittal of progress reports, completion of required environmental documentation, acquisition of required permits and completion of other associated administrative duties.

6) Disaster planning services (listed in Exhibit E, Description of Other Services, attached hereto and made a part of this agreement)

7) Specific service descriptions and staffing coverage, by station (listed in Exhibit E, Description of Other Services, attached hereto and made a part of this agreement)

8) Extended Fire Protection Service Availability (Amador)

2. ADMINISTRATION

Under the requirements of California Public Resources Code Section 4114 and other provisions of law, STATE maintains fire prevention and firefighting services as outlined in Exhibit D, Schedule B of this agreement.

- A. Director shall select and employ a Region Chief who shall, under the direction of the Director/Chief Deputy Director, manage all aspects of fire prevention and fire protection services and forestry-related programs.
- B. Director will select and employ a State Forest Officer referred to as Unit Chief who shall, under the supervision and direction of Director or a lawful representative, have charge of the organization described in Exhibit D, Schedules A, B and C included hereto and made a part of this agreement.
- C. LOCAL AGENCY may appoint, with the concurrence of the Region Chief, which concurrence shall not be unreasonably withheld, the Unit Chief as the LOCAL AGENCY Fire Chief pursuant to applicable statutory authority.
- D. The Unit Chief may dispatch personnel and equipment listed in Exhibit D, Schedules A, B and C from the assigned station or location under guidelines established by LOCAL AGENCY and approved by STATE. Personnel and/or equipment listed in Exhibit D, Schedule B may be dispatched at the sole discretion of STATE.
- E. The Unit Chief shall exercise professional judgment consistent with STATE policy and his or her employment by STATE in authorizing or making any assignments to emergencies and other responses, including assignments made in response to requests for mutual aid.

- F. Except as may be otherwise provided for in this agreement, STATE shall not incur any obligation on the part of LOCAL AGENCY to pay for any labor, materials, supplies or services beyond the total set forth in the respective Exhibit D, Schedules A and C, as to the services to be rendered pursuant to each Schedule.
- G. Nothing herein shall alter or amend or be construed to alter or amend any Collective Bargaining Agreement or Memorandum of Understanding between the State of California and its employees under the State Employer-Employee Relations Act.

3. SUPPRESSION COST RECOVERY

As provided in Health and Safety Code (H&SC) Section 13009, STATE may bring an action for collection of suppression costs of any fire caused by negligence, violation of law, or failure to correct noticed fire safety violations. When using LOCAL AGENCY equipment and personnel under the terms of this agreement, STATE may, at the request of LOCAL AGENCY, bring such an action for collection of costs incurred by LOCAL AGENCY. In such a case LOCAL AGENCY appoints and designates STATE as its agent in said collection proceedings. In the event of recovery, STATE shall deduct fees and litigation costs in a proportional percentage amount based on verifiable and justifiable suppression costs for the fire at issue. These recovery costs are for services provided which are beyond the scope of those covered by the local government administrative fee.

In all such instances, STATE shall give timely notice of the possible application of H&SC Section 13009 to the representative designated by LOCAL AGENCY.

4. MUTUAL AID

When rendering mutual aid or assistance as authorized in H&SC Sections 13050 and 13054, STATE may, at the request of LOCAL AGENCY, demand payment of charges and seek reimbursement of LOCAL AGENCY costs for personnel, equipment and operating expenses as funded herein, under authority given by H&SC Sections 13051 and 13054. STATE, in seeking said reimbursement pursuant to such request of LOCAL AGENCY, shall represent LOCAL AGENCY by following the procedures set forth in H&SC Section 13052. Any recovery of LOCAL AGENCY costs, less expenses, shall be paid or credited to LOCAL AGENCY, as directed by LOCAL AGENCY.

In all such instances, STATE shall give timely notice of the possible application of H&SC Sections 13051 and 13054 to the officer designated by LOCAL AGENCY.

5. PROPERTY PURCHASE AND ACCOUNTING

LOCAL AGENCY shall be responsible for all costs associated with property required by personnel to carry out this agreement. Employee uniform costs will be assessed to the LOCAL AGENCY through the agreement billing process. Personal Protective Equipment (PPE) costs shall be the responsibility of the LOCAL AGENCY. By mutual agreement, PPE meeting the minimum specifications established by the STATE may be purchased directly by the LOCAL AGENCY. Alternately, the STATE will supply all PPE and the LOCAL AGENCY will be billed for costs incurred.

All property provided by LOCAL AGENCY and by STATE for the purpose of providing fire protection services shall be marked and accounted for by the Unit Chief in such a manner as to conform to the regulations, if any, established by the parties for the segregation, care, and use of the respective properties.

EXHIBIT B
BUDGET DETAIL AND PAYMENT PROVISIONS

1. PAYMENT FOR SERVICES

- A. LOCAL AGENCY shall pay STATE actual cost for fire protection services pursuant to this agreement an amount not to exceed that set forth in Exhibit D, Schedule A for each fiscal year. STATE shall prepare an Exhibit D, Schedule A each year, which shall be the basis for payment for the entire fiscal year for which services are provided.
- B. Any other funds designated by LOCAL AGENCY to be expended under the supervision of or for use by a Unit Chief for fire protection services shall be set forth in Exhibit D, Schedule C. This clause shall not limit the right of LOCAL AGENCY to make additional expenditures, whether under Exhibit D, Schedule C or otherwise.
- C. STATE shall invoice LOCAL AGENCY for the cost of fire protection services on a quarterly basis as follows:
- 1) For actual services rendered by STATE during the period of July 1 through September 30, by an invoice filed with LOCAL AGENCY on or after December 10.
 - 2) For actual services rendered by STATE during the period October 1 through December 31, by an invoice filed with LOCAL AGENCY on or after December 31.
 - 3) For actual services rendered by STATE during the period January 1 through March 31, by an invoice filed with LOCAL AGENCY on or after March 31.
 - 4) For the estimated cost of services during the period April 1 through June 30, by an invoice filed in advance with LOCAL AGENCY on or after March 1.
 - 5) A final statement shall be filed with LOCAL AGENCY by October 1 following the close of the fiscal year, reconciling the payments made by LOCAL AGENCY with the cost of the actual services rendered by STATE and including any other costs as provided herein, giving credit for all payments made by LOCAL AGENCY and claiming the balance due to STATE, if any, or refunding to LOCAL AGENCY the amount of any overpayment.
 - 6) All payments by LOCAL AGENCY shall be made within thirty (30) days of receipt of invoice from STATE, or within thirty (30) days after the filing dates specified above, whichever is later.
 - 7) The STATE reserves the right to adjust the frequency of billing and payment to a monthly cycle with a thirty (30) day written notice to the LOCAL AGENCY when:
 - a. The Director predicts a cash flow shortage, or
 - b. When determined by the Region Chief, after consulting with the Unit Chief and the LOCAL AGENCY Contract Administrator, that the LOCAL AGENCY may not have the financial ability to support the contract at the contract level.
- D. Invoices shall include actual or estimated costs as provided herein of salaries and employee benefits for those personnel employed, charges for operating expenses and equipment and the administrative charge in accordance with Exhibit D, Schedule A. When "contractual rates" are indicated, the rate shall be based on an average salary plus all benefits. "Contractual rates" means an all-inclusive rate established in Exhibit

D, Schedule A for total costs to STATE, per specified position, for 24-hour fire protection services during the period covered.

- E. STATE shall credit the LOCAL AGENCY, or cover behind at no cost, for the costs of Non-Post (e.g. Fire Marshal, Training Officer, etc.) positions and equipment assigned to STATE responsibility fires or other STATE funded emergency incidents. The STATE shall notify the LOCAL AGENCY when this occurs.

2. **COST OF OPERATING AND MAINTAINING EQUIPMENT AND PROPERTY**

The cost of maintaining, operating, and replacing any and all property and equipment, real or personal, furnished by the parties hereto for fire protection purposes, shall be borne by the party owning or furnishing such property or equipment unless otherwise provided for herein or by separate written agreement.

3. **BUDGET CONTINGENCY CLAUSE**

- A. It is mutually agreed that if the LOCAL AGENCY or the STATE Budget Act of the current year or any subsequent years covered under this agreement does not appropriate sufficient funds, this agreement shall be of no further force and effect. In this event, the STATE shall have no liability to perform any provisions of this agreement.
- B. If funding for any fiscal year is reduced or deleted by the LOCAL AGENCY or the STATE Budget Act, the STATE shall have the option to either cancel this agreement with no liability occurring to the STATE, or offer an agreement amendment to the LOCAL Agency to reflect the reduced amount.
- C. Notwithstanding the foregoing provisions (paragraphs A and B) under this clause, the LOCAL AGENCY remains responsible for payment for services rendered by the STATE. The LOCAL AGENCY is responsible for immediately notifying the STATE in writing of budgetary changes.

EXHIBIT C
GENERAL TERMS AND CONDITIONS

1. **APPROVAL:** This Agreement is of no force or effect until signed by both parties and approved by the Department of General Services, if required. STATE will not commence performance until such approval has been obtained.
2. **AMENDMENT:** This agreement may be amended by mutual consent of LOCAL AGENCY and STATE. No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.

If during the term of this agreement LOCAL AGENCY shall desire a reduction in STATE civil service employees assigned to the organization provided for in Exhibit D, Schedule A, LOCAL AGENCY shall provide 120 days written notice of the requested reduction. Notification shall include the following: (1) The total amount of reduction; (2) The firm effective date of the reduction; and (3) The number of employees, by classification, affected by a reduction. If such notice is not provided, LOCAL AGENCY shall reimburse STATE for relocation costs incurred by STATE as a result of the reduction. Personnel reductions resulting solely from an increase in STATE employee salaries or STATE expenses occurring after signing this agreement and set forth in Exhibit D, Schedule A to this agreement shall not be subject to relocation expense reimbursement by LOCAL AGENCY.

If during the term of this agreement costs to LOCAL AGENCY set forth in any Exhibit D, Schedule A to this agreement increase and LOCAL AGENCY, in its sole discretion, determines it cannot meet such increase without reducing services provided by STATE, LOCAL AGENCY shall within thirty (30) days of receipt of such Schedule notify STATE and designate which adjustments shall be made to bring costs to the necessary level. If such designation is not received by STATE within the period specified, STATE shall reduce services in its sole discretion to permit continued operation within available funds.

3. **ASSIGNMENT:** This Agreement is not assignable by the LOCAL AGENCY either in whole or in part, without the consent of the STATE in the form of a formal written amendment.
4. **EXTENSION OF AGREEMENT:**
 - A. One year prior to the date of expiration of this agreement, LOCAL AGENCY shall give STATE written notice of whether LOCAL AGENCY intends to extend or enter into a new agreement with STATE for fire protection services and, if so, whether LOCAL AGENCY intends to change the level of fire protection services from that provided by this agreement. If this agreement is executed with less than one year remaining on the term of the agreement, LOCAL AGENCY shall provide this written notice at the time it signs the agreement and the one year notice requirement shall not apply.
 - B. If LOCAL AGENCY fails to provide the notice, as defined above in (A), STATE shall have the option to extend this agreement for a period of up to one year from the original termination date and to continue providing services at the same or reduced level as STATE determines would be appropriate during the extended period of this agreement. Six months prior to the date of expiration of this agreement, or any extension hereof, STATE shall give written notice to LOCAL AGENCY of any extension of this agreement and any change in the level of fire protection services STATE will provide during the extended period of this agreement. Services provided and obligations incurred by STATE during an extended period shall be accepted by LOCAL AGENCY as services and obligations under the terms of this agreement.

- C. The cost of services provided by STATE during the extended period shall be based upon the amounts that would have been charged LOCAL AGENCY during the fiscal year in which the extended period falls had the agreement been extended pursuant hereto. Payment by LOCAL AGENCY for services rendered by STATE during the extended period shall be as provided in Exhibit B, Section 1, B of this agreement.
5. **AUDIT:** STATE, including the Department of General Services and the Bureau of State Audits, and LOCAL AGENCY agree that their designated representative shall have the right to review and to copy any records and supporting documentation of the other party hereto, pertaining to the performance of this agreement. STATE and LOCAL AGENCY agree to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated, and to allow the auditor(s) of the other party access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. STATE and LOCAL AGENCY agree to a similar right to audit records and interview staff in any subcontract related to performance of this Agreement. (Gov. Code §8546.7, Pub. Contract Code §10115 et seq., CCR Title 2, Section 1896).
6. **INDEMNIFICATION:** Each party, to the extent permitted by law, agrees to indemnify, defend and save harmless the other party, its officers, agents and employees from (1) any and all claims for economic losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers and any other person, firm, or corporation furnishing or supplying work services, materials or supplies to that party and (2) from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by that party, in the performance of any activities of that party under this agreement, except where such injury or damage arose from the sole negligence or willful misconduct attributable to the other party or from acts not within the scope of duties to be performed pursuant to this agreement; and (3) each party shall be responsible for any and all claims that may arise from the behavior and/or performance of its respective employees during and in the course of their employment to this cooperative agreement.
7. **DISPUTES:** LOCAL AGENCY shall select and appoint a "Contract Administrator" who shall, under the supervision and direction of LOCAL AGENCY, be available for contract resolution or policy intervention with the STATE's Region Chief when, upon determination by the designated STATE representative, the Unit Chief acting as LOCAL AGENCY's Fire Chief under this agreement faces a situation in which a decision to serve the interest of LOCAL AGENCY has the potential to conflict with STATE interest or policy. Any dispute concerning a question of fact arising under the terms of this agreement which is not disposed of within a reasonable period of time by the LOCAL AGENCY and STATE employees normally responsible for the administration of this agreement shall be brought to the attention of the Chief Executive Officer (or designated representative) of each organization for joint resolution. For purposes of this provision, a "reasonable period of time" shall be ten (10) calendar days or less. STATE and LOCAL AGENCY agree to continue with the responsibilities under this Agreement during any dispute.
8. **TERMINATION FOR CAUSE/CANCELLATION:**
- A. If LOCAL AGENCY fails to remit payments in accordance with any part of this agreement, STATE may terminate this agreement and all related services upon 60 days written notice to LOCAL AGENCY. Termination of this agreement does not relieve LOCAL AGENCY from providing STATE full compensation in accordance with terms of this agreement for services actually rendered by STATE pursuant to this agreement.

B. This agreement may be cancelled at the option of either STATE or LOCAL AGENCY at any time during its term, with or without cause, on giving one year's written notice to the other party. Either LOCAL AGENCY or STATE electing to cancel this agreement shall give one year's written notice to the other party prior to cancellation.

9. **INDEPENDENT CONTRACTOR**: Unless otherwise provided in this agreement LOCAL AGENCY and the agents and employees of LOCAL AGENCY, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the STATE.

10. **NON-DISCRIMINATION CLAUSE**: During the performance of this agreement, LOCAL AGENCY shall be an equal opportunity employer and shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS) mental disability, medical condition (e.g.cancer), age (over 40), marital status, denial of family care leave, veteran status, sexual orientation, and sexual identity. LOCAL AGENCY shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. LOCAL AGENCY shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. LOCAL AGENCY shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

In addition, LOCAL AGENCY acknowledges that it has obligations relating to ethics, Equal Employment Opportunity (EEO), the Fire Fighter's Bill of Rights Act (FFBOR), and the Peace Officer's Bill of Rights Act (POBOR). LOCAL AGENCY shall ensure that its employees comply with all the legal obligations relating to these areas. LOCAL AGENCY shall ensure that its employees are provided appropriate training.

11. **TIMELINESS**: Time is of the essence in the performance of this agreement.

12. **COMPENSATION**: The consideration to be paid STATE, as provided herein, shall be in compensation for all of STATE's expenses incurred in the performance hereof, including travel, per diem, and taxes, unless otherwise expressly so provided.

13. **GOVERNING LAW**: This agreement is governed by and shall be interpreted in accordance with the laws of the State of California.

14. **CHILD SUPPORT COMPLIANCE ACT**: "For any Agreement in excess of \$100,000, the LOCAL AGENCY acknowledges in accordance with Public Contract Code 7110, that:

A. The LOCAL AGENCY recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and

B. The LOCAL AGENCY, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department."



15. **UNENFORCEABLE PROVISION:** In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

16. **COMPLIANCE WITH THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)**

The STATE and LOCAL AGENCY have a responsibility to comply with the provisions of the 1996 Federal Health Insurance Portability and Accountability Act (HIPAA) and the 2001 State Health Insurance Portability and Accountability Implementation Act. HIPAA provisions become applicable once the association and relationships of the health care providers are determined by the LOCAL AGENCY. It is the LOCAL AGENCY'S responsibility to determine their status as a "covered entity" and the relationships of personnel as "health care providers", "health care clearinghouse", "hybrid entities", business associates", or "trading partners". STATE personnel assigned to fill the LOCAL AGENCY'S positions within this Agreement, and their supervisors, may fall under the requirements of HIPAA based on the LOCAL AGENCY'S status. It is the LOCAL AGENCY'S responsibility to identify, notify, train, and provide all necessary policy and procedures to the STATE personnel that fall under HIPAA requirements so that they can comply with the required security and privacy standards of the act.

17. **LIABILITY INSURANCE**

The STATE and LOCAL AGENCY shall each provide proof of insurance in a form acceptable to the other party at no cost one to the other, to cover all services provided and use of local government facilities covered by this agreement. If LOCAL AGENCY is insured and/or self-insured in whole or in part for any losses, LOCAL AGENCY shall provide a completed Certification of Self Insurance (Exhibit D, Schedule E) or certificate of insurance, executed by a duly authorized officer of LOCAL AGENCY. Upon request of LOCAL AGENCY the STATE shall provide a letter from DGS, Office Risk and Insurance Management executed by a duly authorized officer of STATE. If commercially insured in whole or in part, a certificate of such coverage executed by the insurer or its authorized representative shall be provided.

Said commercial insurance or self-insurance coverage of the LOCAL AGENCY shall include the following:

- A. Fire protection and emergency services - Any commercial insurance shall provide at least general liability for \$5,000,000 combined single limit per occurrence.
- B. Dispatch services – Any commercial insurance shall provide at least general liability for \$1,000,000 combined single limit per occurrence.
- C. The CAL FIRE, State of California, its officers, agents, employees, and servants are included as additional insured's for purposes of this contract.
- D. The STATE shall receive thirty (30) days prior written notice of any cancellation or change to the policy at the addresses listed on page 2 of this agreement.

18. **WORKERS COMPENSATION:** (only applies where local government employees/volunteers are supervised by CAL FIRE, as listed in Exhibit D Schedule C. STATE contract employees' workers compensation is included as part of the contract personnel benefit rate).

- A. Workers' Compensation and related benefits for those persons, whose use or employment is contemplated herein, shall be provided in the manner prescribed by California Labor Codes, State Interagency Agreements and other related laws, rules, insurance policies, collective bargaining agreements, and memorandums of understanding.

- B. The STATE Unit Chief administering the organization provided for in this agreement shall not use, dispatch or direct any non STATE employees, on any work which is deemed to be the responsibility of LOCAL AGENCY, unless and until LOCAL AGENCY provides for Workers' Compensation benefits at no cost to STATE. In the event STATE is held liable, in whole or in part, for the payment of any Worker's Compensation claim or award arising from the injury or death of any such worker, LOCAL AGENCY agrees to compensate STATE for the full amount of such liability.
- C. The STATE /LOCAL AGENCY shall receive proof of Worker's Compensation coverage and shall be notified of any cancellation and change of coverage at the addresses listed in Section 1.

19. **CONFLICT OF INTEREST**: LOCAL AGENCY needs to be aware of the following provisions regarding current or former state employees. If LOCAL AGENCY has any questions on the status of any person rendering services or involved with the Agreement, the STATE must be contacted immediately for clarification.

Current State Employees (Public Contract Code §10410):

- 1) No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
- 2) No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (Public Contract Code §10411):

- 1) For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.
- 2) For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

If LOCAL AGENCY violates any provisions of above paragraphs, such action by LOCAL AGENCY shall render this Agreement void. (Public Contract Code §10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (Public Contract Code §10430 (e))

20. **LABOR CODE/WORKERS' COMPENSATION**: LOCAL AGENCY needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and LOCAL AGENCY affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

21. **AMERICANS WITH DISABILITIES ACT**: LOCAL AGENCY assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the

basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

22. **LOCAL AGENCY NAME CHANGE**: An amendment is required to change the LOCAL AGENCY'S name as listed on this Agreement. Upon receipt of legal documentation of the name change the STATE will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.
23. **RESOLUTION**: A county, city, district, or other local public body must provide the STATE with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.
24. **AIR OR WATER POLLUTION VIOLATION**: Under the State laws, the LOCAL AGENCY shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.
25. **ENTIRE AGREEMENT**: This agreement contains the whole agreement between the Parties. It cancels and supersedes any previous agreement for the same or similar services.

EXHIBIT D

ADDITIONAL PROVISIONS

EXCISE TAX: State of California is exempt from federal excise taxes, and no payment will be made for any taxes levied on employees' wages. STATE will pay any applicable State of California or local sales or use taxes on the services rendered or equipment or parts supplied pursuant to this agreement. The STATE may pay any applicable sales and use tax imposed by another state.

Schedules

The following Schedules are included as part of this agreement (check boxes if they apply):

- A. Fiscal Display, PRC 4142 AND/OR PRC 4144** - STATE provided LOCAL AGENCY funded fire protection services. STATE-owned vehicles shall be operated and maintained in accordance with policies of STATE at rates listed in Exhibit D, Schedule A.
- B. STATE Funded Resource** - A listing of personnel, crews and major facilities of the STATE overlapping or adjacent to the local agency area that may form a reciprocal part of this agreement.
- C. LOCAL AGENCY Provided Local Funded Resources** - A listing of services, personnel, equipment and expenses, which are paid directly by the local agency, but which are under the supervision of the Unit Chief.
- D. LOCAL AGENCY Owned STATE Maintained Vehicles** - Vehicle information pertaining to maintenance responsibilities and procedures for local agency-owned vehicles that may be a part of the agreement.

LOCAL AGENCY-owned firefighting vehicles shall meet and be maintained to meet minimum safety standards set forth in Title 49, Code of Federal Regulations; and Titles 8 and 13, California Code of Regulations.

LOCAL AGENCY-owned vehicles that are furnished to the STATE shall be maintained and operated in accordance to LOCAL AGENCY policies. In the event LOCAL AGENCY does not have such policies, LOCAL AGENCY-owned vehicles shall be maintained and operated in accordance with STATE policies. The cost of said vehicle maintenance and operation shall be at actual cost or at rates listed in Exhibit D, Schedule D.

Exhibit D, Schedule D is incorporated into this section if LOCAL AGENCY-owned vehicles listed in Exhibit D, Schedule D are to be operated, maintained, and repaired by STATE.

LOCAL AGENCY assumes full responsibility for all liabilities associated therewith in accordance with California Vehicle Code Sections 17000, 17001 et seq. STATE employees operating LOCAL AGENCY-owned vehicles shall be deemed employees of LOCAL AGENCY, as defined in Vehicle Code Section 17000. Except where LOCAL AGENCY would have no duty to indemnify STATE under Exhibit C, Section 6 for all LOCAL AGENCY-owned vehicles operated or used by employees of STATE under this agreement.

LOCAL AGENCY employees who are under the supervision of the Unit Chief and operating STATE-owned motor vehicles, as a part of the duties and in connection with fire protection and other emergency services, shall be deemed employees of STATE, as defined in Vehicle Code Section 17000 for acts or omissions in the use of such vehicles. Except where STATE would have no duty to indemnify LOCAL AGENCY under Exhibit C, Section 6.

E. Certification of Insurance - Provider Insurance Certification and/or proof of self-insurance for:

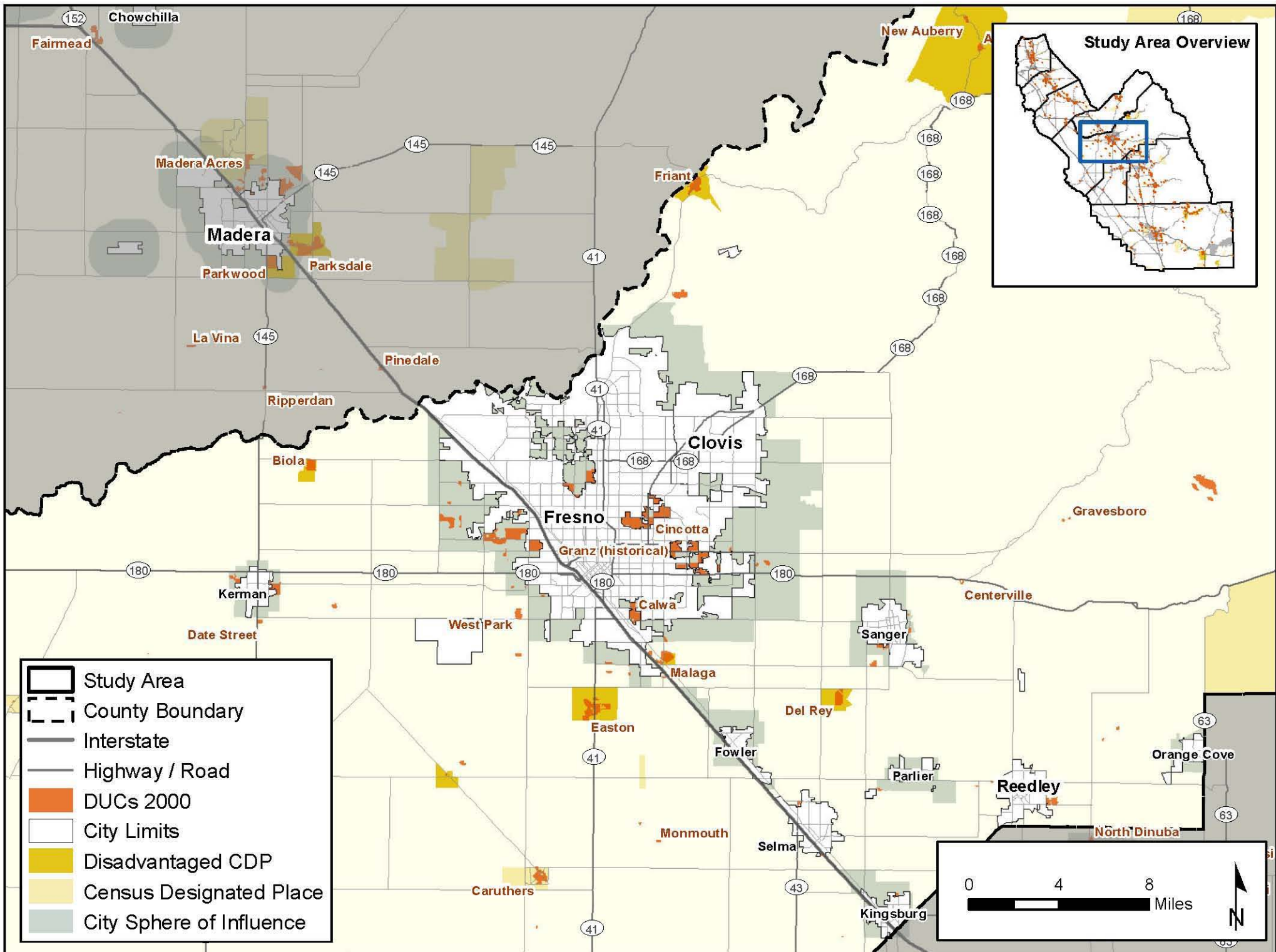
Workers' Compensation Benefits (State and Local Government Employees)

Tort Liability

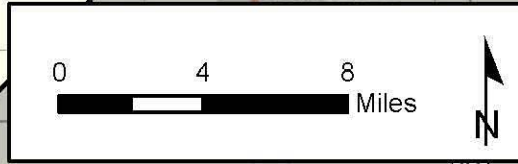
Vehicle Liability

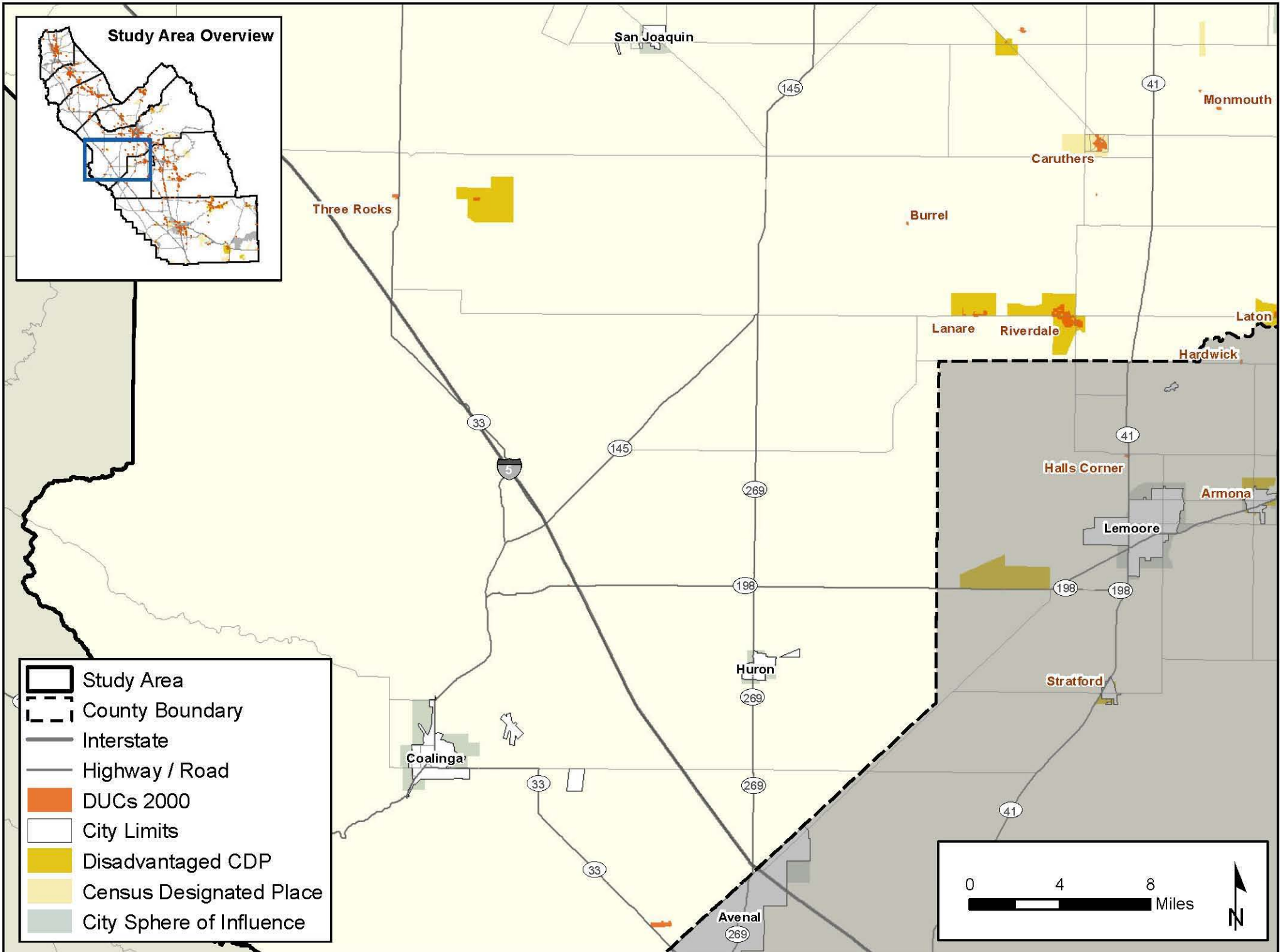
EXHIBIT "C"

Maps locating Disadvantaged Unincorporated Communities in Fresno County



- Study Area
- County Boundary
- Interstate
- Highway / Road
- DUCs 2000
- City Limits
- Disadvantaged CDP
- Census Designated Place
- City Sphere of Influence





map created by PolicyLink for the Community Equity Initiative, 2011

Fresno County Fire Protection District
Final Budget Overview for FY 2012-13

Fresno County Fire Protection District
Final Budget Overview
 July 2012 through June 2013

Jul '12 - Jun 13

	Jul '12 - Jun 13
Income	
Total 3000 · PROPERTY TAX REVENUE	14,831,133
Total 3380 · INTEREST INCOME	109,712
Total 4969 · TRANSITION FEES	0
Total 4975 · GRANT REVENUE	137,188
Total 5000 · OTHER INCOME	185,850
Total 5039 · SERVICES-OTHER AGENCIES	1,004,665
Transfer in from Training Center Reserves	500,000
Transfer in from General Fund Reserves	693,753
Total Income	17,462,301
Expense	
Total 6100 · CONTRACTUAL SPECIALIZED SERVICE	13,279,505
Total 6150 · REPAIRS AND MAINTENANCE	378,500
Total 6200 · LABOR AND RELATED COSTS	1,002,361
Total 6300 · TRAVEL AND TRANSPORTATION	409,229
Total 7025 · FIREFIGHTING CLOTHING/EQUIPMENT	45,000
Total 7030 · LEGAL AND PROFESSIONAL	229,000
Total 7032 · GENERAL UTILITIES	172,000
Total 7034 · INSURANCE-ALL TYPES	133,017
Total 7040 · COMMUNICATIONS	134,400
Total 7050 · HOUSEHOLD SUPPLIES & FOOD	69,286
Total 7080 · SPECIAL DISTRICT COSTS-GENERAL	42,000
Total 7100 · OFFICE SUPPLIES AND POSTAGE	35,000
Total 7200 · OTHER	51,795
Total 7350 · MEDICAL AND OXYGEN SUPPLIES	20,000
Total 7400 · TRAINING-GENERAL	22,000
Total 7500 · SMALL TOOLS AND SUPPLIES	7,500
Total 8000 · CAPITAL EQUIPMENT	458,854
Total 8001 · CAPITAL FACILITIES	606,000
Total Expense	17,095,447
Net Ordinary Income	366,854
Net Other Income	-366,854
Net Income	0

Fresno County Fire Protection District
Independent Auditor's Reports for Years Ended June 30 2012 and 2011

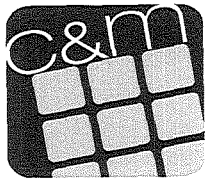
FRESNO COUNTY FIRE PROTECTION DISTRICT

**INDEPENDENT AUDITOR'S REPORTS,
FINANCIAL STATEMENTS, AND
SUPPLEMENTAL INFORMATION**

YEARS ENDED JUNE 30, 2012 and 2011

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fresno County Fire Protection District
Sanger, California

We have audited the accompanying financial statements of the Fresno County Fire Protection District (the District) as of and for the year ended June 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Fresno County Fire Protection District as of June 30, 2012 and 2011, and the changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's office and state regulations governing special districts.

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 6, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the budgetary comparison information on pages 25-26 in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The District has not presented management's discussion and analysis.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information had been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Cuttone & Mastro

November 6, 2012
Fresno, California

**FRESNO COUNTY FIRE PROTECTION DISTRICT
STATEMENTS OF NET ASSETS
JUNE 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Assets		
Cash and cash equivalents	\$ 7,331,914	\$ 6,952,596
Interest receivable	47,159	34,832
Taxes receivable	38,498	28,618
Accounts receivable	1,820,548	2,418,033
Prepaid expenses	4,694	900
Deposit on purchase of capital asset	412,226	-
Capital assets, net of accumulated depreciation	<u>11,944,658</u>	<u>12,210,438</u>
Total Assets	<u>\$ 21,599,697</u>	<u>\$ 21,645,417</u>
Liabilities		
Accounts payable and accrued expenses	\$ 617,605	\$ 186,483
Non-current liabilities:		
Capital lease – Due within one year	336,229	321,888
Capital lease – Due in more than one year	<u>351,208</u>	<u>687,437</u>
Total Liabilities	<u>1,305,042</u>	<u>1,195,808</u>
Net Assets		
Invested in capital assets, net of related debt	11,257,221	11,201,113
Restricted for early detection program	10,732	10,732
Unreserved and undesignated	<u>9,026,702</u>	<u>9,237,764</u>
Total Net Assets	<u>\$ 20,294,655</u>	<u>\$ 20,449,609</u>

The accompanying notes are an integral part of the financial statements.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Expenditures		
Contractual specialized services	\$ 12,740,220	\$ 12,864,808
Litigation losses	331,106	-
Repairs and maintenance	381,339	402,732
Labor and related costs	877,453	609,253
Travel and transportation	391,575	308,397
Clothing and personal supplies	33,943	118,765
Legal and professional	238,287	381,017
Utilities	159,313	162,212
Insurance	136,638	151,289
Communications	123,817	119,726
Household supplies and food	57,268	63,246
Special district costs	37,058	34,837
Office supplies and postage	32,497	37,738
Other	38,992	38,702
Medical	16,320	25,990
Training	14,319	22,274
Equipment and supplies	278,040	330,398
Interest	44,966	58,694
Depreciation	838,977	740,080
Total Expenditures	<u>16,772,128</u>	<u>16,470,158</u>
 Program Revenues		
Charges for services	<u>979,409</u>	<u>969,677</u>
Total Program Revenues	<u>979,409</u>	<u>969,677</u>
 Net Program Revenues	<u>(15,792,719)</u>	<u>(15,500,481)</u>
 General Revenues		
Property tax and assessments	14,714,347	14,162,481
Interest	135,866	162,842
Transition fees	36,751	1,078,963
Grants	375,492	907,252
Other general revenues	<u>375,309</u>	<u>269,010</u>
Total General Revenues	<u>15,637,765</u>	<u>16,580,548</u>
 Change in Net Assets	(154,954)	1,080,067
 Net Assets		
Beginning of year	<u>20,449,609</u>	<u>19,369,542</u>
End of year	<u>\$ 20,294,655</u>	<u>\$ 20,449,609</u>

The accompanying notes are an integral part of the financial statements.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2012**

	<u>General Fund</u>	<u>Zone Ten</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 7,331,914	\$ -	\$ -	\$ 7,331,914
Interest receivable	36,421	9,615	1,123	47,159
Taxes receivable	30,067	7,920	511	38,498
Accounts receivable	387,026	-	-	387,026
Prepaid expenses	4,694	-	-	4,694
Deposit on purchase of capital asset	<u>412,226</u>	<u>-</u>	<u>-</u>	<u>412,226</u>
Total Assets	<u>\$ 8,202,348</u>	<u>\$ 17,535</u>	<u>\$ 1,634</u>	<u>\$ 8,221,517</u>
Liabilities				
Accounts payable and accrued expense	\$ <u>617,605</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>617,605</u>
Total Liabilities	<u>617,605</u>	<u>-</u>	<u>-</u>	<u>617,605</u>
Fund Balance				
Restricted for early detection program	10,732	-	-	10,732
Unassigned	<u>7,574,011</u>	<u>17,535</u>	<u>1,634</u>	<u>7,593,180</u>
Total Fund Balance	<u>7,584,743</u>	<u>17,535</u>	<u>1,634</u>	<u>7,603,912</u>
Total Liabilities and Fund Balance	<u>\$ 8,202,348</u>	<u>\$ 17,535</u>	<u>\$ 1,634</u>	<u>\$ 8,221,517</u>

The accompanying notes are an integral part of the financial statements.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2011**

	General Fund	Zone Ten	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 6,952,596	\$ -	\$ -	\$ 6,952,596
Interest receivable	23,699	10,262	871	34,832
Taxes receivable	20,873	7,286	459	28,618
Accounts receivable	689,066	-	-	689,066
Prepaid expenses	900	-	-	900
Total Assets	\$ 7,687,134	\$ 17,548	\$ 1,330	\$ 7,706,012
Liabilities				
Accounts payable and accrued expense	\$ 186,483	\$ -	\$ -	\$ 186,483
Total Liabilities	186,483	-	-	186,483
Fund Balance				
Restricted for early detection program	10,732	-	-	10,732
Unassigned	7,489,919	17,548	1,330	7,508,797
Total Fund Balance	7,500,651	17,548	1,330	7,519,529
Total Liabilities and Fund Balance	\$ 7,687,134	\$ 17,548	\$ 1,330	\$ 7,706,012

The accompanying notes are an integral part of the financial statements.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE
SHEET TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2012 and 2011**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

	<u>2012</u>	<u>2011</u>
Total fund balance -- total governmental funds	\$ 7,603,912	\$ 7,519,529
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds	11,944,658	12,210,438
Revenue not available due to being collected beyond 90 day Period	1,433,522	1,728,967
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(687,437)</u>	<u>(1,009,325)</u>
Net assets of governmental activities	<u>\$ 20,294,655</u>	<u>\$ 20,449,609</u>

The accompanying notes are an integral part of the financial statements.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2012**

	General Fund	Zone Ten	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 10,765,583	\$ 3,646,603	\$ 236,873	\$ 14,649,059
Service fees	979,409	-	-	979,409
Grants	375,492	-	-	375,492
Other	376,399	-	-	376,399
Interest	117,734	16,438	1,694	135,866
Assessments	-	-	65,288	65,288
Total Revenue	<u>12,614,617</u>	<u>3,663,041</u>	<u>303,855</u>	<u>16,581,513</u>
Expenditures				
Contractual specialized services	8,783,504	3,653,907	302,809	12,740,220
Repairs and maintenance	381,339	-	-	381,339
Labor and related costs	877,453	-	-	877,453
Travel and transportation	391,575	-	-	391,575
Clothing and personal supplies	33,943	-	-	33,943
Legal and professional	238,287	-	-	238,287
Utilities	159,313	-	-	159,313
Insurance	136,638	-	-	136,638
Communications	123,817	-	-	123,817
Household supplies and food	57,268	-	-	57,268
Special district costs	27,169	9,147	742	37,058
Office supplies and postage	32,497	-	-	32,497
Other	38,992	-	-	38,992
Medical supplies	16,320	-	-	16,320
Training	14,319	-	-	14,319
Small tools and supplies	546	-	-	546
Capital outlay	850,691	-	-	850,691
Debt service	366,854	-	-	366,854
Total Expenditures	<u>12,530,525</u>	<u>3,663,054</u>	<u>303,551</u>	<u>16,497,130</u>
Revenue over/(under) expenditures	84,092	(13)	304	84,383
Fund balance (deficit), beginning of year	<u>7,500,651</u>	<u>17,548</u>	<u>1,330</u>	<u>7,519,529</u>
Fund balance, end of year	<u>\$ 7,584,743</u>	<u>\$ 17,535</u>	<u>\$ 1,634</u>	<u>\$ 7,603,912</u>

The accompanying notes are an integral part of the financial statements.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2011**

	General Fund	Zone Ten	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 10,177,634	\$ 3,686,563	\$ 232,730	\$ 14,096,927
Service fees	969,677	-	-	969,677
Grants	907,252	-	-	907,252
Transition fees	16,703	-	-	16,703
Other	269,010	-	-	269,010
Interest	140,367	20,784	1,691	162,842
Assessments	<u>-</u>	<u>-</u>	<u>65,554</u>	<u>65,554</u>
Total Revenue	<u>12,480,643</u>	<u>3,707,347</u>	<u>299,975</u>	<u>16,487,965</u>
Expenditures				
Contractual specialized services	8,922,860	3,647,414	294,534	12,864,808
Repairs and maintenance	402,732	-	-	402,732
Labor and related costs	609,253	-	-	609,253
Travel and transportation	308,397	-	-	308,397
Clothing and personal supplies	118,765	-	-	118,765
Legal and professional	381,017	-	-	381,017
Utilities	162,212	-	-	162,212
Insurance	151,289	-	-	151,289
Communications	119,726	-	-	119,726
Household supplies and food	63,246	-	-	63,246
Special district costs	25,241	9,019	577	34,837
Office supplies and postage	37,738	-	-	37,738
Other	38,702	-	-	38,702
Medical supplies	25,990	-	-	25,990
Training	22,274	-	-	22,274
Small tools and supplies	2,930	-	-	2,930
Capital outlay	1,774,029	-	-	1,774,029
Debt service	<u>366,854</u>	<u>-</u>	<u>-</u>	<u>366,854</u>
Total Expenditures	<u>13,533,255</u>	<u>3,656,433</u>	<u>295,111</u>	<u>17,484,799</u>
Revenue over/(under) expenditures	(1,052,612)	50,914	4,864	(996,834)
Fund balance (deficit), beginning of year	<u>8,553,263</u>	<u>(33,366)</u>	<u>(3,534)</u>	<u>8,516,363</u>
Fund balance, end of year	<u>\$ 7,500,651</u>	<u>\$ 17,548</u>	<u>\$ 1,330</u>	<u>\$ 7,519,529</u>

The accompanying notes are an integral part of the financial statements.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2012 and 2011**

Amounts reported for governmental activities in the Statement of Activities are different because:

	<u>2012</u>	<u>2011</u>
Net change in fund balance -- total governmental funds	\$ 84,383	\$ (996,834)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (exceeded) capital outlays capitalized or capital outlays capitalized exceeded depreciation in the period.	(265,780)	706,481
Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds	321,888	308,160
The District recorded accounts receivable in prior year for revenues anticipated, but did not receive due to settlement loss.	(331,106)	-
Revenue reported in prior year on a full accrual basis collected in the current year.	(1,090)	-
Revenue not available within the 90 day period.	<u>36,751</u>	<u>1,062,260</u>
Change in net assets of governmental activities	<u>\$ (154,954)</u>	<u>\$ 1,080,067</u>

The accompanying notes are an integral part of the financial statements.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 and 2011**

Note 1 – Summary of Significant Accounting Policies:

Fresno County Fire Protection District was organized upon the approval of the Board of Supervisors of Fresno County. The District was organized to serve the Fresno County area. As the District is a governmental unit, it is exempt from federal and California taxes on income.

The more significant accounting policies of the District are described below:

A. Financial Reporting Entity

As required by generally accepted accounting principles, these general purpose financial statements present the District in conformance with GASB Statement No. 14, “The Financial Reporting Entity.” Under Statement No. 14, component units are organizations that are included in the District’s reporting entity because of the significance of their operational or financial relationships with the District. The District has no component units.

B. Basis of Presentation

Government-Wide Financial Statements:

The government-wide financial statements, which are the statement of the net assets and the statement of activities, report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and services, are reported separately from business-type activities, which rely on a significant extent of fees and charges for support. The District currently has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses, of a given function or activity, are offset by program revenues. District expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers that directly benefit from goods, services, or privileges provided by a given function or activity and 2) grants and assessments that are restricted to meeting the operational or capital requirements of a particular function or activity.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 and 2011**

Note 1 – Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The funds have been established for the purpose of accounting for specific activities or attaining certain objectives in accordance with applicable regulations, restrictions, or limitations. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the District's major operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for a specified purpose. The Zone Ten Fund (major fund) and Other Governmental Funds are special revenue funds.

Amounts reported as program revenue include charges to customers for goods and services, operating grants and contributions and capital grants and contributions.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 and 2011**

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting

The financial statements of the District are prepared in accordance with generally accepted accounting principles. The District’s reporting entity applies all relevant Governmental Accounting Standards Board.

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The government-wide Statement of Net Assets and the Statement of Activities are using the “economic resources” measurement focus.

The fund financial statements use the “current financial resources” measurement focus. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources at the end of the period

Basis of Accounting

The government-wide Statement of Net Assets and Statement of Activities for governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of related cash flow. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenues when all eligibility requirements imposed by the provider have been met. Revenues, expenses, gains, losses, assets, and liabilities resulting from the exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are both “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 90 days of the end of the current period. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 and 2011**

Note 1 – Summary of Significant Accounting Policies (continued)

C. Budgets and Budgetary Accounting

An annual budget is adopted for the General Fund and other funds in total and on a modified accrual basis consistent with Generally Accepted Accounting Principles (GAAP). The Budgetary Comparison Schedule for the General Fund is included in the required supplementary information on pages 25-26.

D. Cash and Investments

The District has defined cash and cash equivalents to include cash on hand, in banks, demand deposits, and cash with fiscal agent. Additionally, each fund's equity in the District's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

The District invests its excess cash principally with the Fresno County Treasury. The County pools these funds with those of other entities in the county and invests the cash in accordance with California Government Codes. Generally, investments with the County are available for withdrawal on demand.

Investments are stated at fair value, (quoted market price or the best available estimate). Investments made from pooled cash consist primarily of short-term investments.

E. Receivables

Receivables consist primarily of property taxes, contract services and interest on funds deposited with Fresno County. All receivables are reported at their gross value and where appropriate are reduced by the estimated portion that is expected to be uncollectible.

F. Capital Assets

Capital assets, which include property, plant and equipment are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$7,500 and an estimated useful life in excess of five years. All material fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. When an asset is disposed of, cost and related accumulated depreciation is removed and any gain or loss arising from its disposal is credited or charged to operations.

The cost of normal maintenance and repairs that do not add value to the asset or materially extend lives are not capitalized.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2012 and 2011**

Note 1 – Summary of Significant Accounting Policies (continued)

F. Capital Assets (continued)

Depreciation is recorded by using the straight-line method. The book value of each asset is reduced by equal amounts over its estimated useful life as follows:

	<u>Estimated Useful Life in Years</u>
Buildings	50
Land improvements	20
Equipment	7 - 20

G. Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets—Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets—All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 and 2011**

Note 1 – Summary of Significant Accounting Policies (continued)

G. Equity Classifications (continued)

Committed – amounts that can be used only for specific purposes determined by a formal action of the Fresno County Fire Protection District Board (Board). The Board is the highest level of decision-making authority for the Fresno County Fire Protection District. Commitments may be established, modified, or rescinded only through resolutions or motions approved by the Board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board has the authority to assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of June 30, 2012 and 2011, Fund Balances were composed of the following classifications:

	<u>2012</u>	<u>2011</u>
Restricted for early detection program	\$ 10,732	\$ 10,732
Unassigned	<u>7,593,180</u>	<u>7,508,797</u>
Total Fund Balances	<u>\$ 7,603,912</u>	<u>\$ 7,519,529</u>

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimated and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

I. Income Tax

The District qualifies for tax exempt status as an internal part of the State of California or a political subdivision in accordance with the Internal Revenue Code (IRC) Section 115. As a result, no tax provisions apply to the District’s income.

J. Property Taxes

Taxes are levied on March 1 and are payable in two installments on December 10 and April 10. The County of Fresno collects the property taxes for the District and withholds an administrative fee.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2012 and 2011**

Note 1 – Summary of Significant Accounting Policies (continued)

K. Economic Dependency

The District receives a substantial amount of its support from property tax revenue. During the years ended June 30, 2012 and 2011, property tax revenues for General Fund and Special Revenue Fund represent 88% and 85% of total revenue, respectively.

Note 2 – Cash and Cash Equivalent and Investments:

The carrying amount of cash and investments at June 30, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Checking	\$ 1,328,539	\$ 1,013,052
Cash on hand	200	199,190
External Investment Pool –		
Fresno County Treasury Investment Pool	<u>\$ 6,003,175</u>	<u>\$ 5,740,354</u>
	<u>\$ 7,331,914</u>	<u>\$ 6,952,596</u>

Investments Authorized by the California Government Code

The District does not have an investment policy independent of what is allowed under the California Government Code.

The table below identifies the investment types that are authorized for the District by the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 and 2011**

Note 2 – Cash and Cash Equivalent and Investments (continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposits	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in the market interest rates. As of the year ended June 30, 2012, the weighted average maturity of the investments contained in the Fresno County Treasury Investment Pool is 2.8 years. 10.9% of the Treasury Investment Pool portfolio at cost matures within 30 days, 10.9% matures within 90 days, and 12.3% within 180 days.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. None of the District's investments have a rating provided by a nationally recognized statistical rating organization. However, the assets of the portfolio held by the pool as of June 30, 2012, had an average dollar weighted quality rating of "AAA" as rated by Moody's. Approximately 85.8% of the assets in the County's portfolio are invested in U.S. Treasury, U.S. Agencies, Government-backed Corporates, Collateral-backed Money Markets, and Cash at June, 30, 2012.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 and 2011**

Note 2 – Cash and Cash Equivalent and Investments (continued)

Concentration of Credit Risk

The District does not have an investment policy that contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of the total District investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage noted having a value of 150% of the secure public deposits. The District's deposits with Premier Valley Bank have been properly collateralized subsequent to April 25, 2011.

The custodial credit risk for investments is the risk that, in the events of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to local government's indirect investment in securities through the use of mutual funds or government investment pools (such as Fresno County).

Cash and investment balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2012 the carrying amount of the District's accounts was \$1,328,530 and the bank balance was \$4,625,600. At June 30, 2011 the carrying amount of the District's accounts was \$1,013,051 and the bank balance was \$5,125,519. The carrying value and the bank balance differ due to deposits in transit and outstanding checks. As of June 30, 2012 the bank balance exceeded the FDIC insurance amount by \$4,375,600. However the balance was collateralized by securities held by the pledging financial institution's trust department or agent but not in the District's name.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 and 2011**

Note 3 – Capital Assets:

Capital assets activity for the year ended June 30, 2012, was as follows:

	<u>Balance 6/30/2011</u>	<u>Acquisitions</u>	<u>Dispositions</u>	<u>Balance 6/30/2012</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 1,147,979	\$ -	\$ -	\$ 1,147,979
Construction in Progress	<u>-</u>	<u>57,649</u>	<u>-</u>	<u>57,649</u>
Total capital assets, not being depreciated	<u>1,147,979</u>	<u>57,649</u>	<u>-</u>	<u>1,205,628</u>
Capital assets, being depreciated:				
Land Improvements	1,774,613	112,629	-	1,887,242
Buildings	7,641,392	-	-	7,641,392
Building Improvements	630,414	28,631	-	659,045
Equipment	<u>11,082,451</u>	<u>374,288</u>	<u>(10,000)</u>	<u>11,446,739</u>
Total capital assets being depreciated	<u>21,128,870</u>	<u>515,548</u>	<u>(10,000)</u>	<u>21,634,418</u>
Less accumulated depreciation:	<u>(10,066,411)</u>	<u>(838,977)</u>	<u>10,000</u>	<u>(10,895,388)</u>
Total capital assets, being depreciated, net	<u>11,062,459</u>	<u>(323,429)</u>	<u>-</u>	<u>10,739,030</u>
Capital assets, net	<u>\$ 12,210,438</u>	<u>\$ (265,780)</u>	<u>\$ -</u>	<u>\$ 11,944,658</u>

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 and 2011**

Note 3 – Capital Assets:

Capital assets activity for the year ended June 30, 2011, was as follows:

	<u>Balance 6/30/2010</u>	<u>Acquisitions</u>	<u>Dispositions</u>	<u>Balance 6/30/2011</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 1,147,979	\$ -	\$ -	\$ 1,147,979
Total capital assets, not being depreciated	<u>1,147,979</u>	<u>-</u>	<u>-</u>	<u>1,147,979</u>
Capital assets, being depreciated:				
Land Improvements	1,774,613	-	-	1,774,613
Buildings	7,641,392	-	-	7,641,392
Building Improvements	121,933	508,481	-	630,414
Equipment	<u>10,352,196</u>	<u>938,080</u>	<u>(207,825)</u>	<u>11,082,451</u>
Total capital assets being depreciated	<u>19,890,134</u>	<u>1,446,561</u>	<u>(207,825)</u>	<u>21,128,870</u>
Less accumulated depreciation:	<u>(9,534,156)</u>	<u>(740,080)</u>	<u>207,825</u>	<u>(10,066,411)</u>
Total capital assets, being depreciated, net	<u>10,355,978</u>	<u>706,481</u>	<u>-</u>	<u>11,062,459</u>
Capital assets, net	<u>\$ 11,503,957</u>	<u>\$ 706,481</u>	<u>\$ -</u>	<u>\$ 12,210,438</u>

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 and 2011**

Note 4 – Capital Lease

Capital lease payable represents a liability incurred on September 5, 2008 to purchase four pumpers (fire engines) for use by the District. Payments are due in annual installments of \$366,854, including interest of 4.474 percent per annum, maturing July 15, 2013. The lease is secured by the pumpers purchased with the lease.

The following schedule presents future minimum lease payments as of June 30, 2012:

	2013	2014	Total
	\$ 366,854	\$ 366,854	\$ 733,708
Less: Interest			46,271
Present Value of Minimum Lease Payment			\$ 687,437

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>
	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>
Capital Lease	\$ <u>1,009,325</u>	\$ <u>-</u>	\$ <u>321,888</u>	\$ <u>687,437</u>

Note 5 – Joint Ventures

The District participates in two joint ventures under joint powers agreements (JPA's); the Fire District Association of California-Fire Agency Self Insurance System and the Fire Agencies Insurance Risk Authority. The relationships between the District and the JPA's are such that neither JPA is a component unit of the District for financial reporting purposes.

The Fire District Association of California-Fire Agency Self Insurance System (FDAC-FASIS) arranges for workmen's compensation insurance for its members, all of which are fire districts located with California. FDAC-FASIS is governed by a board of directors consisting of representatives from member districts. The board controls the operations of FDAC-FASIS, including selection of management and approval of operating budgets, independent of any influence by member districts beyond their representation of the board. Each member district pays a premium commensurate with the level of coverage required and shared surpluses and deficits proportionately to their participation in FDAC-FASIS.

The Fire Agencies Insurance Risk Authority (FAIRA) arranges for liability and property insurance for its members, all of which are fire districts located within California. FAIRA is governed by a board of directors consisting of representatives from member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage required and shares surpluses and deficits proportionately to their participation in FAIRA.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 and 2011**

Note 5 – Joint Ventures (continued)

Condensed financial information of the JPA's for the year ended June 30, 2012 is as follows:

	<u>FASIS</u>	<u>FAIRA</u>
Total assets	\$ 50,264,911	\$ 3,000,813
Total liabilities	<u>30,742,424</u>	<u>65,742</u>
Net assets	\$ <u>19,522,487</u>	\$ <u>2,935,071</u>
Total revenue	\$ 8,912,906	\$ 2,845,051
Total expenses	<u>9,981,253</u>	<u>2,720,258</u>
Net change in net assets	\$ <u>(1,068,347)</u>	\$ <u>124,793</u>

Condensed financial information of the JPA's for the year ended June 30, 2011 is as follows:

	<u>FASIS</u>	<u>FAIRA</u>
Total assets	\$ 48,779,458	\$ 2,973,720
Total liabilities	<u>28,188,624</u>	<u>163,442</u>
Retained earnings	\$ <u>20,590,834</u>	\$ <u>2,810,278</u>
Total revenue	\$ 9,608,132	\$ 2,909,388
Total expenses	<u>11,770,780</u>	<u>2,715,367</u>
Net change in retained earnings	\$ <u>(2,162,648)</u>	\$ <u>194,021</u>

The District's share of assets, liabilities and retained earnings as of June 30, 2012 and 2011 has not been calculated by either JPA.

Note 6 – Board of Directors

Members of the Board of Directors as of June 30, 2012 are as follows:

Michael Del Puppo	President
James Kern	Vice President
Frank Del Testa	Secretary
John Arabian	Director
Francisco Chavez	Director
Steve Orton	Director
Stephen Julian	Director

The Fire Chief of the District is Keith Larkin.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 and 2011**

Note 7 – Contingency

There are separate pending litigation cases relating to the collection of transition fees receivable from the City of Clovis and the City of Fresno. In addition transition fees receivable from the Cities of Sanger and Fowler are delinquent and in dispute. The referenced cities dispute the imposition and amounts of “transition fees” under existing transition agreements. The District is in mediation with the City of Clovis and has written off \$331,106 of the receivable and revenue previously reported. The litigation with the City of Fresno is presently before the Fifth District Court of Appeal. At this time the District is unable to determine the ultimate resolution of the described disputes and the collection of the \$1,433,522 recorded as receivable in the Statement of Net Assets. No allowance for uncollectable receivables has been established.

REQUIRED SUPPLEMENTARY INFORMATION

**FRESNO COUNTY FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS TOTAL
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 14,098,562	\$ 14,098,562	\$ 14,649,059	\$ 550,497
Service fees	1,004,665	1,004,665	979,409	(25,256)
Grants	405,392	435,833	375,492	(67,083)
Other	177,550	177,550	376,399	198,849
Interest	150,000	150,000	135,866	(14,134)
Assessments	<u>65,500</u>	<u>65,500</u>	<u>65,288</u>	<u>(212)</u>
Total Revenue	15,901,669	15,932,110	16,581,513	649,403
Expenditures				
Contractual specialized services	13,666,855	13,666,855	12,740,220	926,635
Repairs and maintenance	382,000	382,000	381,339	661
Labor and related costs	703,030	703,030	877,453	(174,423)
Travel and transportation	329,000	328,500	391,575	(63,075)
Clothing and personal supplies	45,000	45,000	33,943	11,057
Legal and professional	390,000	390,000	238,287	151,713
Utilities	165,000	165,000	159,313	5,687
Insurance	155,435	155,435	136,638	18,797
Communications	121,000	121,000	123,817	(2,817)
Household supplies and food	67,320	67,320	57,268	10,052
Special district costs	3,500	38,500	37,058	1,442
Office supplies and postage	42,500	42,500	32,497	10,003
Other	88,255	53,255	38,992	14,263
Medical supplies	20,000	20,000	16,320	3,680
Training	20,000	20,000	14,319	5,681
Small tools and supplies	7,500	7,500	546	6,954
Capital outlay	960,133	1,004,574	850,691	153,883
Debt service	<u>366,854</u>	<u>366,854</u>	<u>366,854</u>	<u>-</u>
Total Expenditures	<u>17,533,382</u>	<u>17,577,323</u>	<u>16,497,130</u>	<u>1,080,193</u>
Revenue over/(under) expenditures	(1,631,713)	(1,645,213)	84,383	1,729,596
Use of reserves	<u>1,631,713</u>	<u>1,645,213</u>	<u>(84,383)</u>	<u>1,729,596</u>
Net total	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

See accompanying notes to financial statements.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS TOTAL
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 13,410,710	\$ 13,410,710	\$ 14,096,927	\$ 686,217
Service fees	993,085	1,000,780	969,677	(31,103)
Grants	880,668	974,335	907,252	(67,083)
Transition fees	277,500	277,500	16,703	(260,797)
Other	307,500	307,500	269,010	(38,490)
Interest	250,000	250,000	162,842	(87,158)
Assessments	<u>70,000</u>	<u>70,000</u>	<u>65,554</u>	<u>(4,446)</u>
 Total Revenue	 16,189,463	 16,290,825	 16,487,965	 197,140
Expenditures				
Contractual specialized services	14,410,991	14,475,439	12,864,808	1,610,631
Repairs and maintenance	438,000	438,000	402,732	35,268
Labor and related costs	733,736	784,326	609,253	175,073
Travel and transportation	300,000	300,000	308,397	(8,397)
Clothing and personal supplies	80,000	80,000	118,765	(38,765)
Legal and professional	190,000	340,000	381,017	(41,017)
Utilities	150,000	150,000	162,212	(12,212)
Insurance	157,685	157,685	151,289	6,396
Communications	115,000	115,000	119,726	(4,726)
Household supplies and food	80,320	80,320	63,246	17,074
Special district costs	3,500	3,500	34,837	(31,337)
Office supplies and postage	42,500	42,500	37,738	4,762
Other	235,195	245,831	38,702	207,129
Medical supplies	20,000	20,000	25,990	(5,990)
Training	20,000	20,000	22,274	(2,274)
Small tools and supplies	7,500	7,500	2,930	4,570
Capital outlay	1,627,291	2,305,633	1,774,029	531,604
Debt service	<u>366,854</u>	<u>366,854</u>	<u>366,854</u>	<u>-</u>
 Total Expenditures	 <u>18,978,572</u>	 <u>19,932,588</u>	 <u>17,484,799</u>	 <u>2,447,789</u>
 Revenue over/(under) expenditures	 (2,789,109)	 (3,641,763)	 (996,834)	 2,644,929
Use of reserves	<u>2,789,109</u>	<u>3,641,763</u>	<u>996,834</u>	<u>2,644,929</u>
Net total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements. .

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

Budgets and Budgetary Accounting

An annual budget is adopted for the General Fund and other funds in total and on a modified accrual basis consistent with Generally Accepted Accounting Principles (GAAP). The Budgetary Comparison Schedule for the General Fund is included in the required supplementary information on pages 25-26.

SUPPLEMENTARY INFORMATION

**FRESNO COUNTY FIRE PROTECTION DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR FUNDS
 JUNE 30, 2012**

	Zone Two	Zone Three	Zone Four	Zone Five	Zone Six	Zone Seven	Zone Eight	Zone Nine	Millerton New Town	Total Non-major Funds
Assets										
Interest receivables	\$ 211	\$ 5	\$ -	\$ 264	\$ 13	\$ 136	\$ 61	\$ 231	\$ 202	\$ 1,123
Taxes receivables	<u>114</u>	<u>3</u>	<u>-</u>	<u>146</u>	<u>7</u>	<u>78</u>	<u>34</u>	<u>129</u>	<u>-</u>	<u>511</u>
Total Assets	<u>\$ 325</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 410</u>	<u>\$ 20</u>	<u>\$ 214</u>	<u>\$ 95</u>	<u>\$ 360</u>	<u>\$ 202</u>	<u>\$ 1,634</u>
Liabilities										
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance										
Unassigned	<u>325</u>	<u>8</u>	<u>-</u>	<u>410</u>	<u>20</u>	<u>214</u>	<u>95</u>	<u>360</u>	<u>202</u>	<u>1,634</u>
Total Liabilities and Fund Balance	<u>\$ 325</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 410</u>	<u>\$ 20</u>	<u>\$ 214</u>	<u>\$ 95</u>	<u>\$ 360</u>	<u>\$ 202</u>	<u>\$ 1,634</u>

See accompanying notes to financial statement

**FRESNO COUNTY FIRE PROTECTION DISTRICT
COMBINING BALANCE SHEET
NONMAJOR FUNDS
JUNE 30, 2011**

	Zone Two	Zone Three	Zone Four	Zone Five	Zone Six	Zone Seven	Zone Eight	Zone Nine	Millerton New Town	Total Non-major Funds
Assets										
Interest receivables	\$ 133	\$ 4	\$ 1	\$ 204	\$ 9	\$ 103	\$ 47	\$ 178	\$ 192	\$ 871
Taxes receivables	<u>91</u>	<u>2</u>	<u>-</u>	<u>137</u>	<u>6</u>	<u>71</u>	<u>32</u>	<u>120</u>	<u>-</u>	<u>459</u>
Total Assets	<u>\$ 224</u>	<u>\$ 6</u>	<u>\$ 1</u>	<u>\$ 341</u>	<u>\$ 15</u>	<u>\$ 174</u>	<u>\$ 79</u>	<u>\$ 298</u>	<u>\$ 192</u>	<u>\$ 1,330</u>
Liabilities										
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance										
Unassigned	<u>224</u>	<u>6</u>	<u>1</u>	<u>341</u>	<u>15</u>	<u>174</u>	<u>79</u>	<u>298</u>	<u>192</u>	<u>1,330</u>
Total Liabilities and Fund Balance	<u>\$ 224</u>	<u>\$ 6</u>	<u>\$ 1</u>	<u>\$ 341</u>	<u>\$ 15</u>	<u>\$ 174</u>	<u>\$ 79</u>	<u>\$ 298</u>	<u>\$ 192</u>	<u>\$ 1,330</u>

See accompanying notes to financial statement

**FRESNO COUNTY FIRE PROTECTION DISTRICT
COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

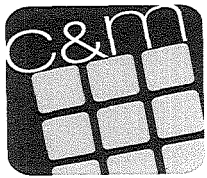
	Zone Two	Zone Three	Zone Four	Zone Five	Zone Six	Zone Seven	Zone Eight	Zone Nine	Millerton New Town	Total Non-major Funds
Revenues										
Property taxes	\$ 56,050	\$ 1,293	\$ 64	\$ 67,062	\$ 3,461	\$ 34,570	\$ 15,518	\$ 58,855	\$ -	\$ 236,873
Interest	317	8	-	390	19	201	90	341	328	1,694
Assessments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,288</u>	<u>65,288</u>
Total Revenues	<u>56,367</u>	<u>1,301</u>	<u>64</u>	<u>67,452</u>	<u>3,480</u>	<u>34,771</u>	<u>15,608</u>	<u>59,196</u>	<u>65,616</u>	<u>303,855</u>
Expenditures										
Contractual specialized services	56,153	1,296	65	67,208	3,468	34,643	15,552	58,982	65,442	302,809
Special district costs	<u>113</u>	<u>3</u>	<u>-</u>	<u>175</u>	<u>7</u>	<u>88</u>	<u>40</u>	<u>152</u>	<u>164</u>	<u>742</u>
Total Expenditures	<u>56,266</u>	<u>1,299</u>	<u>65</u>	<u>67,383</u>	<u>3,475</u>	<u>34,731</u>	<u>15,592</u>	<u>59,134</u>	<u>65,606</u>	<u>303,551</u>
Revenue over/(under) expenditures	101	2	(1)	69	5	40	16	62	10	304
Fund balance (deficit), beginning of year	<u>224</u>	<u>6</u>	<u>1</u>	<u>341</u>	<u>15</u>	<u>174</u>	<u>79</u>	<u>298</u>	<u>192</u>	<u>1,330</u>
Fund balance, end of year	<u>\$ 325</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 410</u>	<u>\$ 20</u>	<u>\$ 214</u>	<u>\$ 95</u>	<u>\$ 360</u>	<u>\$ 202</u>	<u>\$ 1,634</u>

See accompanying notes to financial statements.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
 COMBINING STATEMENT OF REVENUE, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 NONMAJOR FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011**

	Zone Two	Zone Three	Zone Four	Zone Five	Zone Six	Zone Seven	Zone Eight	Zone Nine	Millerton New Town	Total Non-major Funds
Revenues										
Property taxes	\$ 45,682	\$ 1,291	\$ 287	\$ 70,105	\$ 2,944	\$ 35,282	\$ 16,074	\$ 61,065	\$ -	\$ 232,730
Interest	267	7	1	408	17	204	92	349	346	1,691
Assessments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,554</u>	<u>65,554</u>
Total Revenues	<u>45,949</u>	<u>1,298</u>	<u>288</u>	<u>70,513</u>	<u>2,961</u>	<u>35,486</u>	<u>16,166</u>	<u>61,414</u>	<u>65,900</u>	<u>299,975</u>
Expenditures										
Contractual specialized services	45,860	1,295	287	69,542	2,955	36,576	14,972	61,285	61,762	294,534
Special district costs	<u>116</u>	<u>3</u>	<u>-</u>	<u>7</u>	<u>7</u>	<u>87</u>	<u>38</u>	<u>144</u>	<u>175</u>	<u>577</u>
Total Expenditures	<u>45,976</u>	<u>1,298</u>	<u>287</u>	<u>69,549</u>	<u>2,962</u>	<u>36,663</u>	<u>15,010</u>	<u>61,429</u>	<u>61,937</u>	<u>295,111</u>
Revenue over/(under) expenditures	(27)	-	1	964	(1)	(1,177)	1,156	(15)	3,963	4,864
Fund balance (deficit), beginning of year	<u>251</u>	<u>6</u>	<u>-</u>	<u>(623)</u>	<u>16</u>	<u>1,351</u>	<u>(1,077)</u>	<u>313</u>	<u>(3,771)</u>	<u>(3,534)</u>
Fund balance, end of year	<u>\$ 224</u>	<u>\$ 6</u>	<u>\$ 1</u>	<u>\$ 341</u>	<u>\$ 15</u>	<u>\$ 174</u>	<u>\$ 79</u>	<u>\$ 298</u>	<u>\$ 192</u>	<u>\$ 1,330</u>

See accompanying notes to financial statements.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Fresno County Fire Protection District

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Fresno County Fire Protection District, as of and for the year ended June 30, 2012, which collectively comprise the Fresno County Fire Protection District's basic financial statements and have issued our report thereon dated November 6, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Fresno County Fire Protection District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fresno County Fire Protection District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fresno County Fire Protection District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fresno County Fire Protection District's financial statements are free of material misstatement, we performed tests of its compliance with

certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cuttone & Mastro

Fresno, California
November 6, 2012

EXHIBIT "F"

City/Fire Protection District Reorganizations
June 2007 – January 2013

EXHIBIT "F"

City Annexations with Corresponding Detachments from the
Fresno County Fire Protection District since 2007

Each of these reorganizations was subject to a transition agreement. Some cities detach and contract for service but are still required to have an agreement with the District prior to the land being detached.

<u>City</u>	<u>LAFCO Ref:</u>	<u>Title</u>	<u>Acreage</u>	<u>Approved</u>
Reedley	RO-12-6	Central Valley Transportation Center	38.51	1/14/13
Clovis	RO-12-5	Teague-Fowler NE	31.86	12/20/12
Fresno	RO-12-2	Nees-Willow No. 3	35.71	6/6/12
Fresno	RO-10-6	Willow-Copper No. 1	264.66	6/6/12
Fresno	RO-08-1	Chestnut-Copper No. 1	180.01	4/9/12
Parlier	RO-11-2	Reorg No. 06-02	29.95	11/28/11
Fresno	RO-08-14	Belmont-Sunnyside No. 3	92.54	3/7/11
Clovis	RO-10-5	Ashlan-Leonard SE	19.45	2/1/12
Fresno	RO-07-4	Church-Fowler No. 2	57.3	5/7/10
Fresno	RO-08-8	Orange-Central No. 4	176.45	7/7/09
Fresno	RO-06-9	Clinton-Armstrong SE	45.29	4/24/09
Fresno	RO-08-6	Jensen-Clovis No. 4	35.44	11/13/08
Fresno	RO-08-13	Dakota-Maple No. 2	82.98	11/13/08
Mendota	RO-08-3	WWTP Expansion	465.97	7/20/08
Selma	RO-07-15	Highland-Rose-Bratton I	89.94	6/24/08
Clovis	RO-07-13	Clovis Pump Station E	3.778	5/19/08
Clovis	RO-07-14	Clovis Sewage Treatment- Water Reuse	16.307	5/19/08
Fowler	RO-06-13	Fowler-Adams No. 1	37.34	4/8/08
Clovis	RO-07-11	Bullard-DeWolf SW	41.82	3/3/08
Reedley	RO-07-18	East Dinuba Avenue Annexation No. 2004-5	93.34	2/14/08
Fresno	RO-06-24	Kings Cyn Minnewawa No. 3B	37.15	1/23/08

Fresno	RO-07-8	Dakota-Temperance No. 1	51.91	12/10/07
Fresno	RO-07-5	Clinton-Fowler No. 1	142.13	10/12/07
Fresno	RO-07-2	Shields-Armstrong No. 3	20.1	10/12/07
Fresno	RO-07-12	Alluvial-Chestnut No. 1B	3.223	9/19/07
Firebaugh	RO-06-1	Behymer-Clyde Fannon SW	220.217	8/27/07
Selma	RO-07-10	North of Nebraska-East of Highland	21.75	8/1/07
Fowler	RO-06-35	Temperance Avenue Right-of-Way	1.8	8/1/07
Selma	RO-07-9	Rose-Del Rey Alignment	20.28	6/28/07

29 annexations equal to 2,357 acres