

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
BOARD ACTION SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA #: \*B-8

AGENDA DATE: June 27, 2017

**SUBJECT:**

Approval of a Memorandum of Understanding with Oakdale Rural Fire Protection District for the Annexation of Division 1 North and Authorization for the Chief Executive Officer to Negotiate and Enter Into a Tax Revenue Sharing Agreement with Oakdale Rural Fire Protection District

**BOARD ACTION AS FOLLOWS:**

No. 2017-346

On motion of Supervisor Withrow, Seconded by Supervisor Olsen  
and approved by the following vote,

Ayes: Supervisors: Olsen, Withrow, Monteith, DeMartini, and Chairman Chiesa

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1)  Approved as recommended

2)  Denied

3)  Approved as amended

4)  Other:

MOTION:

ATTEST:   
ELIZABETH A. KING, Clerk of the Board of Supervisors

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
AGENDA ITEM**

DEPT: Chief Executive Office BOARD AGENDA #: \*B-8  
Urgent  Routine   AGENDA DATE: June 27, 2017  
CEO CONCURRENCE: *phx* 4/5 Vote Required: Yes  No

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**SUBJECT:**

Approval of a Memorandum of Understanding with Oakdale Rural Fire Protection District for the Annexation of Division 1 North and Authorization for the Chief Executive Officer to Negotiate and Enter Into a Tax Revenue Sharing Agreement with Oakdale Rural Fire Protection District

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**STAFF RECOMMENDATIONS:**

1. Approve and adopt the Memorandum of Understanding between Stanislaus County and Oakdale Rural Fire Protection District to pursue annexation of Division 1 North into the District's territory.
2. Authorize the Chairman of the Board of Supervisors to sign the memorandum of understanding with Oakdale Rural Fire Protection District.
3. Authorize the Chief Executive Officer to negotiate, sign, and execute a tax revenue sharing agreement with Oakdale Rural Fire Protection District in connection with the Division 1 North annexation, not to exceed 12.5% of the County share of the annexation area.
4. Authorize the Auditor-Controller to allocate property tax revenue to Oakdale Rural Fire Protection District according to the provisions of the signed tax revenue sharing agreement.

**DISCUSSION:**

The Oakdale Rural Fire Protection District (District) is located in the northern portion of Stanislaus County and provides fire suppression, prevention, rescue emergency medical response, hazardous material emergency response, and other services relating to the protection of lives and property within its territorial boundaries, including the unincorporated communities of Valley Home, Knights Ferry, and the East Oakdale area. The area directly to the north, identified as Division 1 North (Attachment A), is currently outside any organized fire protection district boundary and stretches from the Oakdale region to the northern edges of Stanislaus County. Fire suppression services are currently being provided by the District, with fire prevention services provided by the Stanislaus County Fire Warden.

The District wishes to pursue annexation of the Division 1 North area into District territory in order to provide comprehensive fire protection services to the region. However, the decision to annex is determined by property owner vote through the Proposition 218 process. The District has acquired the services of Capital Public Finance Group, LLC (Capitol PFG) to assist with the annexation project. Based on the proposal prepared by Capital PFG, the District projects costs for the annexation project will total approximately \$20,000. Estimates provided

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by Capitol PFG identify \$7,000 in charges for annexation services, \$8,000 for the Local Agency Formation Commission (LAFCO) application fee, \$3,500 for the State Board of Equalization filing fee, and an additional \$1,500 to cover costs related to legal descriptions or document charges that may arise related to the completion of the project.

The District requested financial assistance from the County in order to initiate the annexation project. On April 5, 2016, the Board of Supervisors approved the use of Community Development Funds to assist the District with the annexation project and authorized the Stanislaus County Chief Executive Officer (CEO) to enter into an agreement with the District to provide the approved funds. Subsequent negotiations identified deal points that were no longer agreeable to both parties and the project was delayed. To ensure a positive outcome for the District and the County, a memorandum of understanding (MOU) has been drafted that outlines the updated terms and conditions related to the annexation project (Attachment B). The MOU formalizes the County's agreement to pick up 90% of the costs to annex, pledging up to \$18,000 in Community Development Funds assigned to Stanislaus County supervisorial District 1 for the project, as previously approved by the Board of Supervisors.

In addition to the MOU, the County and the District would like to negotiate a separate property tax revenue sharing agreement that would take effect upon completion of the Division 1 North annexation project. This would allow the County and District to agree to a rate exchange of property tax revenue commensurate with the service area acquired through annexation. The discussed allocation provides that the District shall receive 12.5% of the County share of property tax from the annexation area identified as Division 1 North. The staff recommendation contained herein would allow the CEO to formally negotiate, sign, and execute a tax revenue sharing agreement with the District, not to exceed a rate of 12.5%.

**POLICY ISSUE:**

Board of Supervisors approval is required to approve and adopt the memorandum of understanding (MOU) between Stanislaus County (County) and the Oakdale Rural Fire Protection District (District). The MOU formalizes the agreement to provide Community Development Funds for the Division 1 North annexation project.

Additionally, Section 99 of the Revenue and Taxation Code requires a jurisdiction seeking to annex property to its territory and a county affected by such annexation to agree upon an exchange of property taxes which are derived from the annexed territory and available to the county and district following annexation of the property to the territory of the district. The County and the District wish to negotiate a property tax revenue sharing agreement for the Division 1 North annexation and have reached an understanding as to a rate of exchange of property tax revenue to be made pursuant to Section 99 of the Revenue and Taxation Code. The transfer of property tax revenue is dependent upon completion of the Division 1 North annexation.

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**FISCAL IMPACT:**

Community Development Funds assigned to Stanislaus County supervisorial District 1 of up to \$18,000 have been reserved for the Division 1 North annexation project based upon the approval granted on April 5, 2016, by the Board of Supervisors. The funds will roll forward into Fiscal Year 2017-2018 through the funds available process at Final Budget and be available for reimbursement to the District upon receipt of an invoice describing the charges for the annexation project, according to the terms of the memorandum of understanding (MOU).

The recommended action includes the ability of the Chief Executive Officer to negotiate, sign, and execute a tax revenue sharing agreement with the District. Discussions between both parties have identified an appropriate rate of exchange of 12.5% of the County share of property tax from the annexation area. Based on this rate, the value of the property tax shift is estimated at \$21,000 in annual revenue upon the successful annexation of the area to the District.

**BOARD OF SUPERVISORS' PRIORITY:**

The recommended actions support the Board of Supervisors' priorities of a Well Planned Infrastructure System, Efficient Delivery of Public Services, and Effective Partnerships by working in conjunction with the Oakdale Rural Fire Protection District in the annexation process to provide comprehensive fire protection services to the Division 1 North area.

**STAFFING IMPACT:**

The Oakdale Rural Fire Protection District assumes all staffing needs in connection with the annexation process and provision of fire protection services to the Division 1 North area.

**CONTACT PERSON:**

Stan Risen, Chief Executive Officer

Telephone: (209) 525-6333

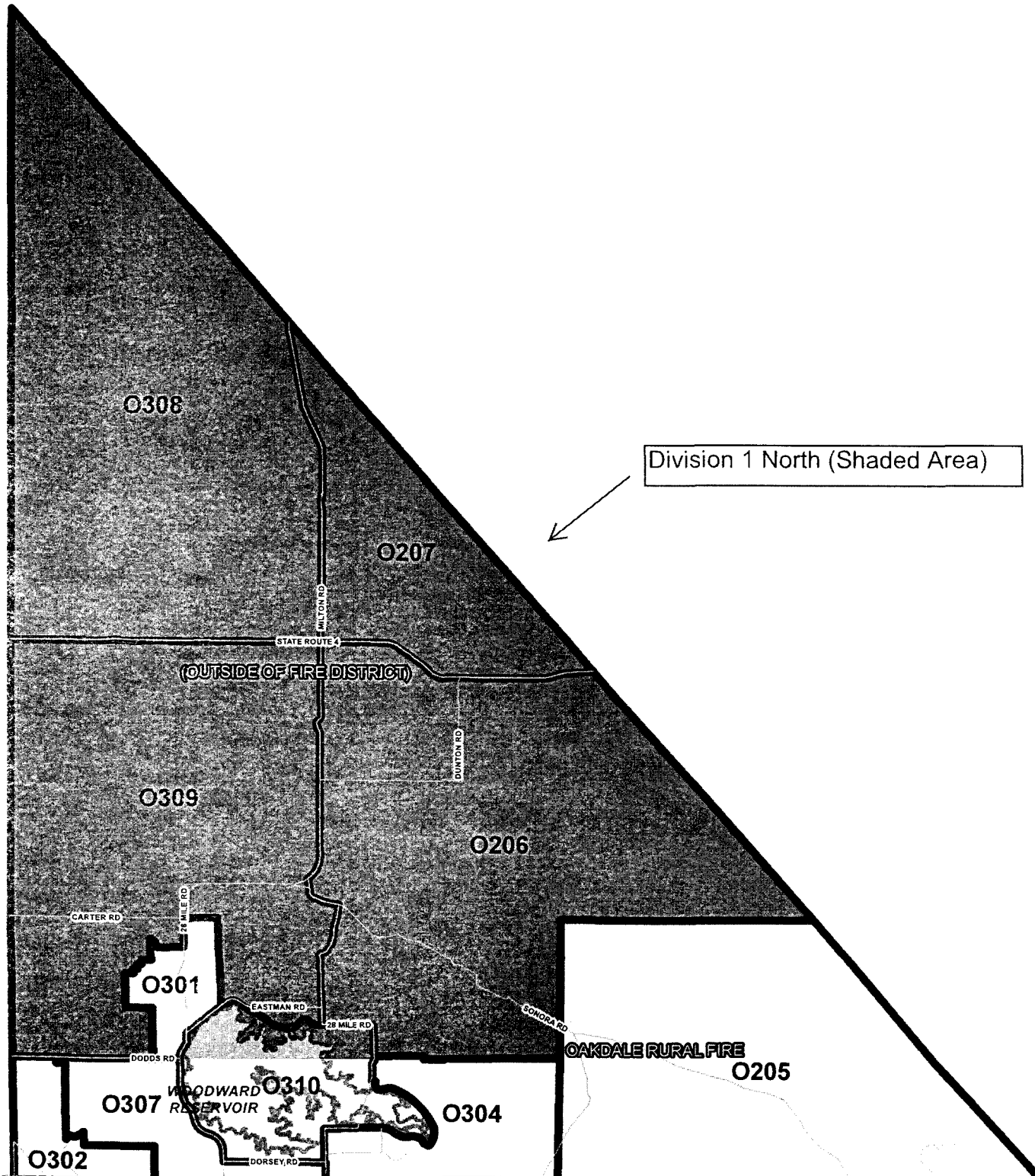
**ATTACHMENT(S):**

A. Division 1 North Map

B. Memorandum of Understanding Regarding Annexation of Division 1 North

Attachment A

Division 1 North Map



Attachment B  
Memorandum of Understanding  
Regarding Annexation of Division 1 North

**Memorandum of Understanding  
Regarding Annexation of Division 1 North**

This Memorandum of Understanding ("MOU") is entered into between the County of Stanislaus ("County") and the Oakdale Rural Fire Protection District ("District") (collectively, the "Parties") on June 27, 2017.

Recitals

Whereas, the District is a local fire protection district organized and existing as a California special district under provisions of the Fire Protection District Law of 1987 (Health & Safety Code, § 13800 et seq.), and the District provides fire suppression, prevention, rescue emergency medical services and hazardous material emergency response and other services relating to the protection of lives and property ("Fire Protection Services") within its territorial boundaries; and

Whereas, the District desires to annex to its territorial boundary unincorporated territory commonly referred to as Division 1 North, more particularly depicted on the map attached as Exhibit A (the "Project"); and

Whereas, the District has determined that the reasonable estimated cost to process an annexation application is \$20,000, which estimate includes consultant fees (\$7,000), LAFCO application fee (\$8,000), State Board of Equalization fee (\$3,500), and \$1,500 for miscellaneous costs such as engineering services to prepare legal description, maps and other documents; and

Whereas, the County recognizes a need for Fire Protection Services at and around Woodward Reservoir, and is willing to support annexation of Division 1 North to the District upon the terms set forth in this MOU.

Terms and Conditions

A. County Rights and Obligations

1. The County will reimburse the District 90 percent of the total Project costs, not to exceed a cumulative amount of \$18,000, within 30-days after receipt of an invoice describing the charge or charges.

2. The County will support and cooperate with the District to annex Division 1 North to the District.



B. District Rights and Obligations

1. This District will diligently pursue annexation of Division 1 North, and after annexation, the District will provide Fire Protection Services within the annexed territory.

C. Mutual Rights and Obligations

1. The Parties will negotiate and finalize a Property Tax Sharing Agreement based upon distribution of 12.5 percent of the annual County allocation of property taxes received from the annexed territory to the District.

2. Termination. The parties may terminate the MOU by mutual written agreement. This Agreement automatically terminates upon approval of the Project by LAFCO. Either party may terminate the MOU, in the event that the District does receive approval of the Project, two years of the date of this MOU.

3. Indemnity. Neither party, nor any of their respective elected officials, officers, employees or agents, shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by the other party under or in connection with any work delegated to that party under this MOU. The parties further agree, pursuant to Government Code Section 895.4, that each party shall fully indemnify and hold harmless the other party and its agents, officers, employees and contractors from and against all claims, damages, losses, judgments, liabilities, expenses and other costs, including litigation costs and attorney fees, arising out of, resulting from, or in connection with any work delegated to or action taken or omitted to be taken by such party under this MOU.

5. Advice of Attorney. Each party warrants and represents that in executing this MOU it has received independent legal advice from its attorneys or the opportunity to seek such advice.

6. Notice. Any notice, communication, amendment, addition or deletion to this MOU that any party may desire to make shall be in writing and may be personally served or sent by prepaid, first-class mail or by overnight delivery service to the respective parties as follows:

County:

Stanislaus County  
Chief Executive Office  
1010 Tenth Street, Suite 6800  
Modesto, CA 95354

District:

Oakdale Rural Fire Protection District  
PO Box 932  
Oakdale, CA 95361

7. Construction. Headings or captions to the provisions of this MOU are solely for the convenience of the parties, are not part of this MOU, and shall not be used to interpret or determine the validity of this MOU. Any ambiguity in this MOU shall not be construed against the drafter, but rather the terms and provisions hereof shall be given a reasonable interpretation as if all parties had, in fact, drafted this MOU. The terms and provisions of this MOU may not be waived, altered, modified, or amended except in writing duly signed by an authorized officer of all parties.

8. Successors and Assigns. This MOU and the liability and obligations of the parties under this MOU are binding upon the parties and their legal representatives, heirs, executors, administrators, trustees, successors, and assigns.

9. No Intended Beneficiary. This MOU is intended only to document the mutual understanding between the District and the County and is not intended to establish or create any rights in others as an intended beneficiary to the MOU, including, without limitation, any contractor, subcontractor, or material supplier that furnishes work or materials toward construction of the North Area Fire Station.

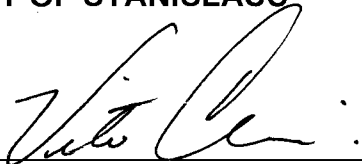
10. Governing Law and Venue. This MOU shall be deemed to be made under and shall be governed by and construed in accordance with the laws of the State of California. Any action brought to enforce the terms or provisions of this MOU shall have venue in the County of Stanislaus, State of California.

11. Entire Agreement. This MOU supersedes any and all other agreements either orally or in writing, between any of the parties related to Fire Protection Services provided by the District in the Division 1 North area, including but not limited to, the Memorandum of Understanding between Stanislaus County and the Oakdale Rural Fire Protection District Regarding Public Facility Fees dated October 14, 2003. Each party acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party or anyone acting on behalf of any party which is not embodied herein, and that no other agreement, statement, or promise not contained in this MOU shall be valid or binding.

--Signatures on Following Page--

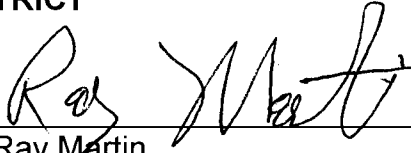
IN WITNESS WHEREOF, this MOU was executed on the date first hereinabove mentioned.

**COUNTY OF STANISLAUS**

By:   
Vito Chiesa  
Chairman of the Board of Supervisors

"County"

**OAKDALE RURAL FIRE PROTECTION DISTRICT**

By:   
Ray Martin  
Chairperson of the Board of Directors

"District"

ATTEST: Elizabeth King  
Clerk of the Board of Supervisors of the  
County of Stanislaus, State of California

By:   
Deputy Clerk

APPROVED AS TO CONTENT:

By:   
Stan Risen  
Chief Executive Officer

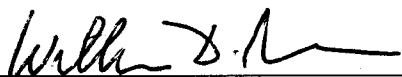
APPROVED AS TO CONTENT:

By:   
Danielle Denczek  
District Manager

APPROVED AS TO FORM:

By:   
John P. Doering  
County Counsel

APPROVED AS TO FORM:

By:   
William D. Ross, Esq.  
Attorney for the Oakdale Rural Fire  
Protection District