PLACER COUNTY
LOCAL AGENCY FORMATION COMMISSION

COMMISSIONERS:

Cindy Gustafson
Chair (*County*)

Joshua Alpine
Vice-Chair *(Special District)*

Trinity Burrus
(City)

Dan Karleskint
(City)

Shanti Landon
(County)

Susan Rohan
(Public Member)

Vacant
(Special District)

ALTERNATE COMMISSIONERS:

David Bass
(City)

Judy Friedman
(Special District)

Jim Holmes
(*County*)

Jenny Knisley
(City)

Cherri Spriggs
(*Public*)

COUNSEL:

Michael Walker
General Counsel

STAFF:

Michelle McIntyre
Executive Officer

Amy Engle
Commission Clerk

Wednesday, August 21, 2024, 4:00 PM

This meeting will be open to in-person and virtual attendance.
Commission members may attend the meeting in person or remotely.

Commissioner Friedman, 3101 Lake Forest Road #20, Tahoe City, CA 96145

Placer County Administrative Building – Board of Supervisors' Chambers
175 Fulweiler Avenue
Auburn, CA 95603

To attend remotely via Zoom:
Online: https://placer-ca-gov.zoom.us/j/98318208150

By telephone: +1 888 788 0099 (Toll Free) or 877 853 5247 (Toll Free)

Webinar ID: 983 1820 8150

AGENDA

1. CALL TO ORDER AND SALUTE TO THE FLAG

2. ROLL CALL

3. CHANGES AND APPROVAL OF THE AGENDA

4. PUBLIC COMMENTS

   This is an opportunity for the public to speak to the Commission on any subject matter within the Commission's jurisdiction but does not appear on today's agenda. Please submit a speaker card before the first speaker is called and limit your comments to 3 minutes. Items from the public will be considered without discussion by the Commission and may be referred to staff.

5. CONSENT ITEMS

   A. Minutes– June 12 & July 10 Commission Meetings; June 4 & July 16 Strategic Planning Special Meetings; July 22 Special Meeting.

B. Financial Reports – June 2024

C. **LAFCO Project No. 2023-04: Rocklin Service Review and Sphere of Influence Study**. Request a contract amendment to increase the budget by $10,000.

D. Project Status Report

6. PUBLIC HEARING ITEMS

Resolution 24-07

A. **LAFCO Project No. 2022-01: Reorganization of Meeks Bay Fire Protection District (MBFPD) and North Tahoe Fire Protection District (NTFPD)** Action 1: NTFPD Sphere of Influence (SOI) Update and Amendment. The Commission will consider a SOI update and amendment for the NTFPD as a first step toward reorganizing the NTFPD and MBFPD.

Resolution 24-08

B. **LAFCO Project No. 2022-01: Reorganization of Meeks Bay Fire Protection District (MBFPD) and North Tahoe Fire Protection District (NTFPD)** Action 2: The Commission will consider the reorganization of the NTFPD and MBFPD with the concurrent dissolution of the MBFPD and annexation to the NTFPD. The NTFPD will be the successor agency.

7. BUSINESS ITEMS

A. Update to Placer LAFCO's Conflict of Interest Code

B. Executive Officer's Report – The Executive Officer will provide an oral report on the status of various LAFCO projects, including service reviews for Rocklin, Roseville, South Placer Municipal Utility District, and the western and east slope fire agencies.

8. CLOSED SESSION ATTENDANCE

The Commission will determine whether the Alternate Commissioners have an "essential role to play" in the following Closed Session item to evaluate the Executive Officer's performance and thus may attend the Closed Session.

9. CLOSED SESSION

Closed Session pursuant to Government Code section 54957 to consider the evaluation of the performance of the Executive Officer. Continued from July 10, 2024, Commission Meeting.

10. REPORT OF CLOSED SESSION

The Chair will announce any reportable actions taken by the Commission in Closed Session.

11. EXECUTIVE OFFICER MERIT INCREASE

Consider providing a merit increase pursuant to Article 5 of the Employment Contract with the Executive Officer.

12. COMMISSIONER COMMENTS

This is an opportunity for Commissioners to comment on issues not listed on the agenda, provided that the subject matter is within the jurisdiction of the Commission. No discussion or action may occur except to place the item on a future agenda if approved by the Commission majority.

13. ADJOURNMENT

The next Commission meeting is scheduled for Wednesday, September 11, 2024, at 4:00 PM.

PUBLIC ACCESS AND PUBLIC COMMENTS INSTRUCTIONS

Materials related to an item on this agenda are available for public inspection at the LAFCO office, 110 Maple Street, Auburn, CA, during regular business hours and on LAFCO's website at https://www.placer.ca.gov/lafco

LAFCO meetings are held in person and virtually. Meeting recordings are posted online within a week following the LAFCO meeting.

Members of the public may submit their comments in written form to the Commission via U.S. mail to Placer LAFCO's office or via email to lafco@placer.ca.gov. Please indicate the agenda item number, if any. If you want your comments read into the record, please indicate so in the subject line and limit the comments to no more than 500 words. For public hearings, the Chair will announce the opening and closing of the public hearing. The Chair will call for oral public comments. Please limit your comments to 3 minutes.

AMERICAN DISABILITY ACT COMPLIANCE

In compliance with the Americans with Disabilities Act, if you are a disabled person and need a disability-related modification or accommodation to participate in this meeting fully, please contact Amy Engle, Commission Clerk, at (530) 889-4602 or aengle@placer.ca.gov. Requests must be made as early as possible and at least two business days before the start of the meeting.

CAMPAIGN CONTRIBUTION DISCLOSURE

If you wish to participate in any proceeding involving a change of organization, reorganization, or other entitlement, you are prohibited from making a campaign contribution of more than $250 to any Commissioner or Alternate Commissioner as described in Government Code section 84308. This prohibition begins on the date you begin to actively support or oppose an

application pending before LAFCO and continues for 12 months after LAFCO renders a final decision. No Commissioner or Alternate Commissioner may solicit or accept a campaign contribution of more than $250 from you or your agent during this period if the Commission or Alternate Commissioner knows or has reason to know that you will participate in the proceeding. If you or your agent have contributed more than $250 to any Commissioner or Alternate Commissioner during the 12 months preceding the decision, that Commissioner or Alternate Commissioner must disqualify himself or herself from the proceeding. However, disqualification is not required if the Commissioner or Alternate Commissioner returns the campaign contribution within 30 days from when the Commissioner or Alternate Commissioner knows, or should have known, about the contribution and that you are a participant in the proceeding.

PLACER COUNTY

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(*County*)

Jenny Knisley
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Cherri Spriggs
(*Public*)

COUNSEL:

Michael Walker
General Counsel

STAFF:

Michelle McIntyre
Executive Officer

Amy Engle
Commission Clerk

MINUTES OF THE
LOCAL AGENCY FORMATION COMMISSION
OF PLACER COUNTY

SPECIAL MEETING
STRATEGIC PLANNING WORKSHOP #2

JUNE 4, 2024, 9:00 AM

HOLIDAY INN
120 GRASS VALLEY HIGHWAY
AUBURN, CA 95603

1. CALL TO ORDER AND SALUTE TO THE FLAG

Chair Gustafson called the meeting to order at 9:04 am and led the salute to the flag.

1. ROLL CALL

Present Commissioners: Joshua Alpine, Trinity Burruss, Cindy Gustafson, Shanti Landon, and Rick Stephens

Present Alternate Commissioners: Judy Friedman, Jim Holmes, and Cherri Spriggs

Non-present Commissioners: Dan Karleskint and Susan Rohan

Non-present Alternate Commissioners: David Bass and Jenny Knisley

Staff Present: Kelsey Anderson, Senior Board Clerk for the Placer County Board of Supervisors, Amy Engle, Commission Clerk; Michelle McIntyre, Executive Officer; Michael Walker (remote), Megan Wood, Clerk of the Board for Placer County Board of Supervisors

2. APPROVAL OF THE AGENDA

There were no changes to the agenda.

Commissioner Burruss motioned to approve the agenda, second by Commissioner Alpine. The motion was unanimously approved (6-0-2-0).

Yes:	Alpine, Burruss, Gustafson, Landon, Spriggs, Stephens
No:	None
Absent:	Rohan, Karleskint
Abstain:	None

3. PUBLIC COMMENTS

Chair Gustafson opened the item for public comments.

Michael Garabedian of Placer County Tomorrow and Placer County Divide provided public comments.

4. STRATEGIC PLANNING WORKSHOP #2

Strategy Driver Inc. facilitated the workshop with the Commission, guests, and staff to develop a Mission Statement, Vision Statement, and Values.

Michael Garabedian of Placer County Tomorrow and Placer County Divide provided public comments.

Commissioner Landon motioned to approve the Mission, Vision, and Values, second by Commissioner Alpine. The motion was unanimously approved (6-0-2-0)

Yes:	Alpine, Burruss, Gustafson, Landon, Spriggs, Stephens
No:	None
Absent:	Rohan, Karleskint
Abstain:	None

Strategy Driver Inc. facilitated the workshop with the Commission, guests, and staff to develop draft goals and objectives, which will be voted on at Strategic Planning Workshop #3.

Michael Garabedian of Placer County Tomorrow and Placer County Divide provided public comments.

5. COMMISSIONER COMMENTS

There were no Commissioner comments.

Chair Gustafson opened the item for public comments.

Michael Garabedian of Placer County Tomorrow and Placer County Divide provided public comments.

6. ADJOURNMENT

Chair Gustafson adjourned the meeting at 12:56 pm.

Submitted by

_____

Amy Engle
LAFCO Commission Clerk

PLACER COUNTY
LOCAL AGENCY FORMATION COMMISSION

COMMISSIONERS:

Cindy Gustafson
Chair (*County)*

Joshua Alpine
Vice-Chair (Special District)

Trinity Burruss
(City)

Dan Karleskint
(City)

Shanti Landon
(County)

Susan Rohan
(Public)

Vacant
(Special District)

ALTERNATE COMMISSIONERS:

Judy Friedman
(Special District)

Jim Holmes
(*County*)

Jenny Knisley
(City)

Cherri Spriggs
(*Public*)

COUNSEL:

Michael Walker
General Counsel

STAFF:

Michelle McIntyre
Executive Officer

Amy Engle
Commission Clerk

MINUTES OF THE
LOCAL AGENCY FORMATION COMMISSION
OF PLACER COUNTY

June 12, 2024 4:00 PM

PLACER COUNTY ADMINISTRATIVE BUILDING
BOARD OF SUPERVISORS' CHAMBERS
AND VIA REMOTE CALL-IN

175 FULWEILER AVE
AUBURN, CA 95603

1. CALL TO ORDER AND SALUTE TO THE FLAG

Commissioner Spriggs led the salute to the flag.

2. ROLL CALL

Present Commissioners: Joshua Alpine, Trinity Burruss, Cindy Gustafson, Dan Karleskint, and Rick Stephens

Present Alternate Commissioners: Judy Friedman (remote), Jim Holmes (voting as county member), Jenny Knisely, and Cherri Spriggs (voting as public member)

Not Present: Commissioners Shanti Landon and Susan Rohan, and Alternate Commissioner David Bass

Staff Present: Kelsey Anderson, Board Clerk for the Placer County Board of Supervisors, Michelle McIntyre, Executive Officer, Michael Walker, Legal Counsel (remote), Megan Wood, Clerk of the Board of Supervisors

3. APPROVAL OF THE AGENDA

There were no changes to the agenda.

Commissioner Holmes motioned to approve the June 12, 2024, agenda, second by Commissioner Burruss. The motion was unanimously approved (7-0-2-0).

Yes: Alpine, Burruss, Gustafson, Holmes, Karleskint, Spriggs, Stephens
No: None
Absent: Landon and Rohan
Abstain: None

4. PUBLIC COMMENTS

There were no public comments.

5. CONSENT

A. Minutes – Commission meetings of April 10, 2024, and April 29, 2024

B. Financial Reports – March and April 2024

C. Project Status Report

D. **LAFCO Project No. 2023-02 Special Use District B Northeast Quadrant Remnant Parcels Annexation to the City of Lincoln – Request for Extension**
Request by the City of Lincoln for an extension to complete application requirements for the project.

E. **LAFCO Project No. 2024-01 Service Review and Sphere of Influence Study of the South Placer Municipal Utility District (SPMUD) – Contract Award**
The Commission will consider authorizing the Executive Officer to enter into a contract with RSG, Inc., to be approved as to legal form by LAFCO legal counsel, to prepare a service review and sphere of influence study for SPMUD, with a contract amount not exceeding $34,870.

F. On-Call Staffing Contract Award – The Commission will consider authorizing the Executive Officer to enter into a contract with South Fork Consulting LLC, to be approved as to legal form by LAFCO legal counsel, to provide on-call staffing to Placer LAFCO while the Assistant Executive Officer position is vacant. The services will involve analyst work related to service reviews, sphere of influence updates, changes of organization, and reorganization project processing. The hourly rate for the services will be $140.

There were no public comments.

Commissioner Burruss motioned to approve the June 12, 2024, Consent Calendar second by Commissioner Karleskint. The motion was approved (7-0-2-0).

Yes: Alpine, Burruss, Gustafson, Holmes, Karleskint, Spriggs, Stephens
No: None
Absent: Landon and Rohan
Abstain: None

8. PUBLIC HEARING ITEMS

A. Final Workplan and Budget for Fiscal Year 2024-25

There were no public comments.

Commissioner Stephens motioned to approve the Final Workplan and Budget for FY 2024-25 second by Commissioner Burruss. The motion was unanimously approved by roll call vote (7-0-2-0).

Yes: Alpine, Burruss, Gustafson, Holmes, Karleskint, Spriggs, Stephens
No: None
Absent: Landon and Rohan
Abstain: None

B. Fee Schedule Update

There were no public comments.

Commissioner Holmes motioned to approve the Fee Schedule Update, second by Commissioner Karleskint. The motion was unanimously approved by roll call vote (7-0-2-0).

Yes: Alpine, Burruss, Gustafson, Holmes, Karleskint, Spriggs, Stephens
No: None
Absent: Landon and Rohan
Abstain: None

7. BUSINESS ITEMS

A. Election of Chair and Vice-Chair

There was no public comment.

Commissioner Stephens motioned to appoint Commissioner Gustafson as Chair and Commissioner Alpine as Vice-Chair for FY2024-2025, second by Commissioner Holmes. The motion was unanimously approved by roll call vote (7-0-2-0).

Yes: Alpine, Burruss, Gustafson, Holmes, Karleskint, Spriggs, Stephens
No: None
Absent: Landon and Rohan
Abstain: None

B. CALAFCO Annual Conference Information, Achievement Award Nominations, Board of Directors Nominees, and Voting Delegates

Commissioner Holmes was nominated as a voting delegate with Commissioner Alpine nominated as the alternate voting delegate for the CALAFCO Annual Conference.

Commissioner Alpine is interested in serving on the CALAFCO Board of Directors.

Chair Gustafson nominated Ms. McIntyre for the CALAFCO Achievement Award.

C. California Special District Association (CSDA) Presentation on 2024 Legislative Updates

Dane Waddle of the CSDA provided the presentation to the Commission.

D. Executive Officer's Report: The Executive Officer will provide an oral report on the status of various LAFCO projects, including the reorganization of the Meeks Bay and North Tahoe Fire Protection Districts and the status of service reviews for Rocklin, Roseville, and the western fire agencies.

There were no public comments.

8. COMMISSIONER COMMENTS

Commissioner Stephens provided the Commission with his resignation.

Chair Gustafson requested the newly adopted Workplan and Budget be sent out to LAFCO members in an effort to be transparent.

9. <u>CORRESPONDENCE</u>

A. Support for AB 3277, Local Agency Formation Commission: Districts: Property Tax

10. <u>ADJOURNMENT</u>

The meeting was adjourned at 5:55 PM. The next Commission meeting is scheduled for Wednesday July 10, 2024; at 4:00 PM.

Commissioner Holmes motioned to adjourn, second by Commissioner Burruss. The motion was unanimously approved (7-0-2-0).

Yes:	Alpine, Burruss, Gustafson, Holmes, Karleskint, Spriggs, Stephens
No:	None
Absent:	Landon and Rohan
Abstain:	None

A complete video recording of this meeting is posted to:
https://www.placer.ca.gov/AgendaCenter/Local-Agency-Formation-Commission-14

Submitted by:

_____
Amy Engle, Commission Clerk

PLACER COUNTY
LOCAL AGENCY FORMATION COMMISSION

COMMISSIONERS:

Cindy Gustafson
Chair
(*County*)

Joshua Alpine
Vice-Chair
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Trinity Burrus
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Dan Karleskint
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Vacant
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(City)

Judy Friedman
(Special District)

Jim Holmes
(*County*)

Jenny Knisley
(City)

Cherri Spriggs
(*Public*)

COUNSEL:

Michael Walker
General Counsel

STAFF:

Michelle McIntyre
Executive Officer

Amy Engle
Commission Clerk

MINUTES OF THE
LOCAL AGENCY FORMATION COMMISSION
OF PLACER COUNTY

July 10, 2024, 4:00 PM

PLACER COUNTY ADMISTRATIVE BUILDING –
BOARD OF SUPERVISORS CHAMBERS
AND VIA REMOTE CALL-IN

175 FULWEILER AVENUE
AUBURN, CA 95603

1. CALL TO ORDER AND SALUTE TO THE FLAG

The salute to the flag was led by Commissioner Gustafson.

2. ROLL CALL

Present Commissioners: Cindy Gustafson, Joshua Alpine, Trinity Burrus, Dan Karleskint, Shanti Landon, and Susan Rohan

Present Alternate Commissioners: Jim Holmes, Jenny Knisley, Cherri Spriggs, and David Bass (remote)

Not Present: Alternate Commissioner Judy Friedman

Staff Present: Michelle McIntyre, Executive Officer, and Michael Walker, Legal Counsel (remote), Megan Wood, Clerk of the Board of Supervisors

3. PUBLIC COMMENTS

There were no public comments.

4. PRESENTATION

The Commission received a presentation from A.P. Triton, LLC, covering highlights from the Fire District Master Plan for the South Placer Fire Protection District adopted at the June 12, 2024, meeting.

5. BUSINESS ITEMS

Resolution 24-05

A. Adjustment to Increase LAFCO's Operating Budget for Fiscal Year 2023-24 was adopted by Resolution 24-05.

MOTION:	Landon/Burrus/Unanimous Roll Call Vote 6:0
AYES:	Alpine, Burrus, Karleskint, Landon, Rohan, Gustafson
NOES:	None
ABSENT:	Friedman
ABSTAIN:	None

B. **Executive Officer's Report:** The Executive Officer provided a status on projects, including but not limited to Meeks Bay and North Tahoe Fire Protection District Reorganization, Village 5A Annexation to the City of Lincoln – Requested from the City to waive the one-year waiting period, Rocklin service review, Western Placer County fire agencies service review, Roseville service review, Remnant Parcels from the SUD-B NEQ Annexation to the City of Lincoln, LAFCO's vacant Assistant Executive Officer position, and draft report to address the Commission request for a list of potential studies.

6. CLOSED SESSION ATTENDANCE

The Commission determined that the Alternate Commissioners do have an "essential role to play" in the following Closed Session item to evaluate the Executive Officer's performance and thus may attend the Closed Session.

MOTION:	Rohan/Burrus/Unanimous Roll Call Vote 6:0
AYES:	Alpine, Burrus, Karleskint, Landon, Rohan, Gustafson
NOES:	None
ABSENT:	Friedman
ABSTAIN:	None

CLOSED SESSION

Closed Session pursuant to Government Code section 54957 to consider the evaluation of the performance of the Executive Officer.

7. REPORT OF CLOSED SESSION

The Chair announced reportable actions taken by the Commission in Closed Session, which is continued to August 21, 2024.

8. EXECUTIVE OFFICER MERIT INCREASE

Considered providing a merit increase pursuant to Article 5 of the Employment Contract with the Executive Officer. Continued to August 21, 2024.

9. COMMISSIONER COMMENTS

Commissioner Knisley thanked LAFCO Executive Officer for coming to the Loomis Town Council.

10. ADJOURNMENT

MOTION: Alpine/Rohan/Unanimous Roll Call Vote 6:0
AYES: Alpine, Burrus, Karleskint, Landon, Rohan, Gustafson
NOES: None
ABSENT: Friedman
ABSTAIN: None

The next regular Commission meeting is scheduled for Wednesday, August 14, 2024, at 4:00 PM. A special Commission meeting – Strategic Planning Workshop #3 – is scheduled for Tuesday, July 16, 2024, at 9:00 AM.

PLACER COUNTY
LOCAL AGENCY FORMATION COMMISSION

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Jenny Knisley
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Cherri Spriggs
(*Public*)

COUNSEL:

Michael Walker
General Counsel

STAFF:

Michelle McIntyre
Executive Officer

Amy Engle
Commission Clerk

MINUTES OF THE
LOCAL AGENCY FORMATION COMMISSION
OF PLACER COUNTY

SPECIAL MEETING
STRATEGIC PLANNING WORKSHOP #3

JULY 16, 2024, 9:00 AM

HOLIDAY INN
120 GRASS VALLEY HIGHWAY
AUBURN, CA 95603

1. CALL TO ORDER AND SALUTE TO THE FLAG

Salute to the flag was led by Commissioner Gustafson.

2. ROLL CALL

Present Commissioners: Cindy Gustafson, Joshua Alpine, Dan Karleskint, Shanti Landon, and Susan Rohan

Present Alternate Commissioners: Jim Holmes, Judy Friedman, and Cherri Spriggs.

Non-present Commissioners: Trinity Burrus and Jenny Knisley

Non-present Alternate Commissioners: David Bass

Staff Present: Kelsey Anderson, Senior Board Clerk for the Placer County Board of Supervisors, Michelle McIntyre, Executive Officer, and Michael Walker, Legal Counsel, Megan Wood, Clerk of the Board for Placer County Board of Supervisors

3. CHANGES AND APPROVAL OF THE AGENDA

There were no changes to the agenda.

4. PUBLIC COMMENT

None.

5. INTRODUCTIONS

6. STRATEGIC PLANNING WORKSHOP #3

   A. The Commission participated in a workshop, prepared by consultant Strategy Driver, Inc., of recommended actions (outcomes) for the third Strategic Planning Workshop for Placer LAFCO.

7. COMMISSIONER COMMENTS

   None.

8. ADJOURNMENT

   The next regular LAFCO Meeting is scheduled for August 14, 2024.

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COUNSEL:

Michael Walker
General Counsel

STAFF:

Michelle McIntyre
Executive Officer

Amy Engle
Commission Clerk

MINUTES OF THE
LOCAL AGENCY FORMATION COMMISSION
OF PLACER COUNTY

July 22, 2024, 4:00 PM

PLACER COUNTY ADMISTRATIVE BUILDING
BOARD OF SUPERVISORS CHAMBERS
AND VIA REMOTE CALL

175 FULWEILER AVENUE
AUBURN, CA 95603

1. CALL TO ORDER AND SALUTE TO THE FLAG

The salute to the flag was led by Commissioner Gustafson.

2. ROLL CALL

Present Commissioners: Cindy Gustafson, Joshua Alpine, Dan Karleskint, Shanti Landon, and Susan Rohan

Present Alternate Commissioners: Jim Holmes and Cherri Spriggs.

Non-present Commissioners: Trinity Burrus

Non-present Alternate Commissioners: David Bass, Judy Friedman, and Jenny Knisley

Staff Present: Kelsey Anderson, Senior Board Clerk for the Placer County Board of Supervisors, Michelle McIntyre, Executive Officer, and Michael Walker, Legal Counsel (remote), Megan Wood, Clerk of the Placer County Board of Supervisors

3. CHANGES AND APPROVAL OF THE AGENDA

There were no changes to the agenda.

4. PUBLIC COMMENTS

There were no public comments.

5. BUSINESS ITEMS

Resolution 24-06

A. Application to Annex Village 5A to the City of Lincoln – As requested from the City of Lincoln for the Commission waived the one-year waiting period to process the City's annexation application.

MOTION:	Karleskint/Landon/Unanimous Roll Call Vote 6:0
AYES:	Alpine, Karleskint, Landon, Rohan, Gustafson
NOES:	None
ABSENT:	Burrus, Friedman, Knisley, Bass
ABSTAIN:	None

B. Planning Consulting Services Contract Award – The Commission authorized the Executive Officer to contract with Rincon Consultants, Inc. for an amount not exceeding $150,000.

MOTION:	Karleskint/Rohan/Unanimous Roll Call Vote 6:0
AYES:	Alpine, Karleskint, Landon, Rohan, Holmes
NOES:	None
ABSENT:	Burrus, Friedman, Knisley, Bass
ABSTAIN:	None

C. **Executive Officer's Report**: The Executive Officer provided a status update on projects, including, but not limited to, Meeks Bay and North Tahoe Fire Protection District Reorganization.

6. COMMISSIONER COMMENTS

There were no Commissioner comments.

7. ADJOURNMENT

MOTION: Holmes/Landon/Unanimous Roll Call Vote 6:0
AYES: Alpine, Karleskint, Landon, Rohan, Gustafson
NOES: None
ABSENT: Burrus, Friedman, Knisley, Bass
ABSTAIN: None

The next regular Commission meeting is scheduled for Wednesday, August 21, 2024, at 4:00 PM. Please note that this meeting date was rescheduled from Wednesday, August 14.

Company: CO100 County of Placer
Budget Structure: Special District Budget - Detail Level
Period: FY2024 - Jun
Time Period: Current Period YTD
Cost Center(s): CC72000 Local Agency Formation Commission
Ignore Commitments: No
Fund(s): FD30154 Local Agency Formation Commission
Program: PG720000 Local Agency Formation Commission

Account Set	Budget	Commitments	Obligations	Actuals		Balance	Percentage of Budget
Total Revenue	(982,872.25)	0	0	(1,029,609.37)		$46,737.12	104.76%
42010:Investment Income	(1,320.00)	0	0	(26,557.09)		$25,237.09	2,011.90%
46360:Other Fees and Charges	(981,552.25)	0	0	(1,003,052.28)		$21,500.03	102.19%
Total Expenses	1,085,111.27	0.00	210,969.25	936,702.98		($62,560.96)	105.77%
Total Capital Assets	0	0	0	0		0.00	0.00%
Total Expenses (Non Capital Assets)	1,085,111.27	0.00	210,969.25	936,702.98		($62,560.96)	105.77%
51010:Salaries and Wages	336,380.80	0	0	293,746.15		$42,634.65	87.33%
51080:Accrued Compensated Leave	0	0	0	14,375.00		($14,375.00)	0.00%
51090:Cafeteria Plans (Non-PERS)	13,086.42	0	0	9,902.91		$3,183.51	75.67%
51210:Retirement	112,780.81	0	0	94,275.53		$18,505.28	83.59%
51220:Payroll Tax	24,587.44	0	0	20,498.99		$4,088.45	83.37%
51240:Other Postemployment Benefits (OPEB)	11,880.00	0	0	15,276.00		($3,396.00)	128.59%
51270:PERS Pension Expense	0	0	0	22,604.00		($22,604.00)	0.00%
51280:OPEB Expense	0	0	0	(8,443.00)		$8,443.00	0.00%
51290:401 (k) Employer Match	750.00	0	0	0		$750.00	0.00%
51310:Employee Group Insurance	67,443.00	0	0	52,733.18		$14,709.82	78.19%
51360:Workers Comp Insurance	1,033.23	0	0	1,316.51		($283.28)	127.42%
52040:Communication Services Expense	3,719.95	0	0	4,355.00		($635.05)	117.07%
52050:Food	0	0	0	1,001.93		($1,001.93)	0.00%
52060:Janitorial Supplies	0	0.00	0.00	103.82		($103.82)	0.00%
52080:Insurance	4,120.22	0	0	4,048.17		$72.05	98.25%
52240:Professional / Membership Dues	11,844.65	0	0	13,679.00		($1,834.35)	115.49%
52250:Services and Supplies	371.62	0	0	309.03		$62.59	83.16%
52320:Printing	2,387.36	0	0	4,228.34		($1,840.98)	177.11%
52330:Other Supplies	6,354.68	0.00	255.18	6,274.61		($175.11)	102.76%
52340:Postage	2,722.85	0	0	4,062.10		($1,339.25)	149.19%
52355:Supplier Refund Clearing Account	0	0	0	0.00		$0.00	0.00%

Account Set	Budget	Commitments	Obligations	Actuals		Balance	Percentage of Budget
52360:Professional and Special Services - General	250,739.00	0	206,605.07	215,290.69		($171,156.76)	168.26%
52370:Professional and Special Services - Legal	45,000.00	0	4,109.00	35,331.00		$5,560.00	87.64%
52390:Professional and Special Services - County	6,870.85	0	0	4,691.93		$2,178.92	68.29%
52400:Professional and Special Services - Information Technology	17,701.37	0	0	13,059.84		$4,641.53	73.78%
52450:Short-Term Rents and Leases - Buildings & Improvements	21,486.47	0	0	24,733.03		($3,246.56)	115.11%
52470:Employee Benefits Systems	2,225.17	0	0	1,819.53		$405.64	81.77%
52480:PC Acquisition	3,000.00	0	0	3,500.74		($500.74)	116.69%
52510:Commissioner's Fees	30,426.95	0	0	13,050.00		$17,376.95	42.89%
52570:Advertising	5,299.43	0	0	1,928.97		$3,370.46	36.40%
52580:Special Department Expense	16,740.00	0	0	160.00		$16,580.00	0.96%
52630:Project Costs	1,320.00	0	0	146.10		$1,173.90	11.07%
52790:Transportation and Travel	8,525.00	0	0	20,329.88		($11,804.88)	238.47%
53170:Contingencies - Judgement and Damages	28,000.00	0	0	0		$28,000.00	0.00%
53390:Cost Plan Allocation Exp (A-87)	48,314.00	0	0	48,314.00		$0.00	100.00%
Facilities and Administration Cost Revenue and Expense	0	0	0	0		0.00	0.00%
42840:Facilities and Administration Cost Revenue	0	0	0	0		0.00	0.00%
52840:Facilities and Administrative Costs Expense	0	0	0	0		0.00	0.00%

PLACER COUNTY

LOCAL AGENCY FORMATION COMMISSION

COMMISSIONERS:

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Josh Alpine
Vice Chair
(Special District)

Trinity Burruss
(City)

Dan Karleskint
(City)

Shanti Landon
(County)

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(Public)

Vacant
(*Special District*)

ALTERNATE COMMISSIONERS:

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(City)

Judy Friedman
(Special District)

Jim Holmes
(*County*)

Jenny Knisley
(City)

Cherri Spriggs
(*Public*)

COUNSEL:

Michael Walker
General Counsel

STAFF:

Michelle McIntyre
Executive Officer

Amy Engle
Commission Clerk

Staff Report

DATE: August 21, 2024

TO: Chair Gustafson and members of the Commission

FROM: Michelle McIntyre

SUBJECT: **LAFCO Project No. 2023-04: Rocklin Service Review and Sphere of Influence Study**. Request a contract amendment to increase the budget by $10,000.

BACKGROUND

On September 13, 2023, the Commission approved a contract with South Fork Consulting (South Fork) to conduct a service review and sphere of influence (SOI) study for the City of Rocklin (City). The contract was not to exceed $48,467. Later, the Executive Officer amended the contract scope to include analysis of stormwater and road maintenance, which had been inadvertently left out of the original request for proposal (RFP) issued by staff. This addition to the scope of the contract did not require additional funds, as a $5,000 contingency fund had been built into the contract.

On August 12, 2024, the Executive Officer received a request for extra funding for the City Service Review and SOI study, which is included in Attachment A in this staff report. The request is for an additional $10,000 to cover the following: 1) a second round of technical review of the administrative draft as requested by the City, 2) new analysis of the SOI section, and 3) additional staff time to address the extensive comments provided by the City. These justifications for the additional funding request are further explained in the consultant's request.

110 Maple Street Auburn, CA 95603
(530) 889-4097
https://www.placer.ca.gov/lafco

If the budget amendment is approved by the Commission, the new contract total will be $58,467.00.

STAFF RECOMMENDATION

Authorize the Executive Officer to amend the contract with South Fork Consulting for LAFCO Project No. 2023-04, City of Rocklin Service Review, and Sphere of Influence Study, not to exceed $58,467.

ATTACHMENT:

A – South Fork Consulting Additional Funding Request

South Fork Consulting, LLC
PO Box 850
Folsom, CA 95673

O: (916) 938-1134
aross@southforkconsulting.com
www.southforkconsulting.com

August 12, 2024

Attn: Michelle McIntyre | Executive Officer
Placer Local Agency Formation Commission
110 Maple Street
Auburn, CA 95603

Subject: Additional Funding – City of Rocklin MSR & SOI Analysis

Dear Ms. McIntyre:

As part of the original contract for the City of Rocklin MSR/SOI Study, LAFCO provided a built-in contingency fund of $5,000 to cover issues that may arise beyond the scope of the contract. Per our conversation in September 2023, the contingency fund was utilized to cover stormwater and road maintenance services provided by the City of Rocklin that were not listed in the RFP, and therefore not included in the scope of the contract. As of now, the contingency for the project has been exhausted.

The additional funding needs are outlined in three parts:

1. The City of Rocklin is requesting a second round technical review of the Administrative Draft before the Public Draft is assembled and presented for public comment at a future Commission hearing. This request is outside of the scope of the existing contract. SFC is willing to extend the project timeline and conduct a second round review with the City provided additional funding is approved. A second round review of the Administrative Draft is anticipated to add $2,000 to the existing contract.
2. The City provided new information regarding the Sphere of Influence to SFC after the new data deadline for the project had passed. This new information requires a complete re-write of the Sphere of Influence analysis for the City and all new exhibits for the report with an anticipated cost of $3,000.
3. Due to the extensive comments from the City, and the request for a second round review, consultants are requesting an additional $5,000 to the do-not exceed amount for the project as a contingency fund to cover any other issues that may arise beyond the scope of the contract. It is unlikely for this additional funding to be utilized, however requesting this additional funding now will hopefully cover any unanticipated future requests.

The additional funding outlined above will bring the contract total to $58,467.00.

We hope that you will consider this request to allow for a second round technical review by the City to ensure a technically accurate report.

Sincerely,

Amanda Ross
CEO, South Fork Consulting

Project Status Report

Active Projects					
Project No.	**Project Name**	**Subject Agency**	**Location**	**Acreage**	**Status and Notes**
2022-01	Meeks Bay and North Tahoe Fire Protection District (FPD) Reorganization	Meeks Bay and North Tahoe FPD	Placer and El Dorado County		9-16-22 Incomplete app letter 4-10-24 extension to 12-31-24 Pending receipt of Tax Exchange Resos
2022-03	Service Review and Sphere of Influence Study	Fire Agencies	Western Placer County		Study underway. Draft study tentatively scheduled for LAFCO August meeting
2023-04	Service Review and Sphere of Influence Study	Rocklin	City of Rocklin		Study underway. Draft study tentatively scheduled for LAFCO August meeting
2023-05	Service Review and Sphere of Influence Study	Roseville	City of Roseville		Study underway
Pending Projects					
2022-05	Newcastle and Placer Hills Fire Protection District Reorganization	Newcastle and Placer Hills FPD	Newcastle and Placer Hills boundaries		10-24-22 Incomplete app letter
2023-02	SUD-B NEQ Remnant Parcels Annexation to Lincoln	Lincoln	Off Highway-65	27	5-31-23 Application submitted 6-19-23 Incomplete application notice Six-month extension granted to 12-31-24. Pending receipt of application materials (Plan for Providing Services)
2023-03	South Placer Municipal Utility District (SPMUD) Boundary Clean-up of Islands	SPMUD	SPMUD's Sphere of Influence (SOI)		Service Review/SOI study needed before application
2024-01	Service Review and Sphere of Influence Study	SPMUD	Loomis, Rocklin, and unincorporated Placer County		Contract for study issued 6-12-24
Pre-App	West Oaks Apartment	Rocklin	Off Highway-65	3.4	City working on application materials. Pending Service Review and SOI update
Pre-App	Village 5A	Lincoln	Village 5 Specific Plan bisected by Highway-65	2,700	City requesting waiver of one-year waiting period to resubmit application proposal
Closed Projects					
2021-03	Service Review Study	Lincoln	City of Lincoln and SOI		3-8-23 LAFCO approved Service Review w/ COA - Long Range Fire Dept. Master Plan. Lincoln to provide an update on Dec 2024

PLACER COUNTY

LOCAL AGENCY FORMATION COMMISSION

PUBLIC HEARING

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Chair
(County)

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Vice Chair
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Dan Karleskint
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(City)

Cherri Spriggs
(*Public*)

COUNSEL:

Michael Walker
General Counsel

STAFF:

Michelle McIntyre
Executive Officer

Amy Engle
Commission Clerk

Staff Report

DATE: August 21, 2024

TO: Chair Gustafson and members of the Commission

FROM: Michelle McIntyre, Executive Officer
Amanda Ross, Project Manager

SUBJECT: **LAFCO Project No. 2022-01: Reorganization of Meeks Bay Fire Protection District (MBFPD) and North Tahoe Fire Protection District (NTFPD)** Action 1: NTFPD Sphere of Influence (SOI) Update and Amendment.

SUMMARY

The Placer County Local Agency Formation Commission (LAFCO) will consider approving a sphere of influence (SOI) update for the North Tahoe Fire Protection District (North Tahoe FPD or NTFPD) as a first step action toward the reorganization of the North Tahoe FPD and the Meeks Bay Fire Protection District (Meeks Bay FPD or MBFPD). The proposed SOI update expands North Tahoe FPD's SOI to include the jurisdictional boundary of Meeks Bay FPD plus its existing SOI as a precursor to the concurrent annexation of MBFPD into NTFPD and the dissolution of MBFPD.

Note the jurisdictional boundary and previously existing SOI for MBFPD are referenced throughout this staff report as the **"affected territory."** Staff recommends that the Commission update the SOI for North Tahoe FPD by adopting Resolution No. 24-07 with the accompanying exhibits (Attachment A).

BACKGROUND

LAFCO establishes and updates SOIs for all cities and special districts within Placer County to designate appropriate and probable future service areas and jurisdictional boundaries. All jurisdictional changes must be consistent with the SOIs of the affected local agencies. Placer LAFCO has received a resolution of application

from North Tahoe FPD requesting approval to reorganize 19,438 acres or 30.5 square miles of the entire jurisdictional boundaries of both NTFPD and MBFPD (21.5 square miles for NTFPD and 9 square miles for MBFPD). Staff is presenting the reorganization in two actions. The first action considers an update to the SOI for NTFPD to expand the SOI to include the affected territory. The second action, which will be presented to the Commission in the following item (Item 6B), will consider the reorganization of NTFPD and MBFPD via two concurrent actions: the dissolution of the MBFPD and the annexation of the MBFPD's jurisdictional boundary to NTFPD. The existing MBFPD SOI will not be annexed but remain as the SOI of the newly consolidated NTFPD.

The resolution to initiate proceedings for the reorganization was approved by the NTFPD Board on December 7, 2021 (4 to 1 vote) and by the Meeks Bay FPD Board on December 8, 2021 (4 to 0 vote) (Attachment B). The reorganization request involves the concurrent dissolution of MBFPD and annexation to NTFPD as the proposed successor agency to the current provision of fire protection, rescue, emergency medical, hazardous material emergency response, ambulance, and other services.

The following documents provide the basis for Placer LAFCO's assessment:

- 2018 North Tahoe FPD and Meeks Bay FPD Performance Review and Examination of Alternative Governance Models conducted by ESCI (2018 ESCI Study) (Attachment C)
- 2022 Fiscal Analysis conducted by AP Triton (2022 AP Triton Study) (Attachment D)
- 2022 Countywide Fire Protection and Emergency Medical Services MSR & SOI Update for El Dorado County conducted by South Fork Consulting (2022 El Dorado County MSR/SOI Update)

Regional Setting

The affected territory comprises the entire MBFPD jurisdictional boundary and previously established SOI for the District in El Dorado County. It includes portions of the communities of Tahoma, Meeks Bay, the Meeks Bay Campground, D.L. Bliss State Park, and Emerald Bay. A map showing the jurisdictional boundary and previously approved SOI for MBFPD can be found in Attachment E.

Summary of Subject Agencies

The proposed SOI Update involves two subject agencies: North Tahoe FPD and Meeks Bay FPD. A summary of the subject agencies in terms of governance, population, services, and financial standings is provided as follows:

- **<u>North Tahoe FPD</u>**

NTFPD is an independent special district governed by a five-member board of directors. An appointed general manager (fire chief) oversees day-to-day activities, including a current full-time budgeted staff of 63 and 4 part-time employees (3 seasonal and one year-round), including administrative staff. North Tahoe FPD was formed in 1993 with an existing jurisdictional boundary spanning 13,733 acres or 21.5 square miles. The District is comprised of a mix of residential, commercial, and tourist-serving land uses and related amenities with an assessed valuation of $6.5 billion. In addition to the District's formal service area, fire-based services are provided to the Alpine Springs County Water District (Alpine Springs CWD) and the Meeks Bay FPD. These extended services are provided via contract. Through these contracts, NTFPD services a total combined area of 23,176 acres or 36.5 square miles.

There are eight fire stations managed by NTFPD either within its jurisdictional boundary or through contracts with Meeks Bay FPD and Alpine Springs CWD. Of the eight fire stations, five are staffed year-round by NTFPD. NTFPD Station 55 is staffed during fire season via a contract with CAL FIRE, NTFPD Station 54 is the District's maintenance shop, and Meeks Bay FPD Station 68 is utilized for storage. The District responds to over 1,800 calls for service annually (this does not include automatic or mutual aid to other agencies) to fires, both structural and wildland, rescue, advanced life support, ambulance/emergency medical services, hazardous materials calls, and assorted alarms.

Placer LAFCO last updated North Tahoe FPD's sphere of influence in 1993. The existing jurisdictional boundary for NTFPD can be found in Attachment F.

The most recent financial analysis and projections from the 2022 AP Triton Study shows the District has experienced significant growth in property tax, special tax, and fire suppression tax revenue streams. FY 2021 total revenue for the District was approximately $17.6 million and total expenditures were approximately $16.6 million with an ending reserve balance of approximately $9.1 million. Additional concluding findings for the District are as follows:

- The existing revenue stream is strained to provide for the anticipated future costs of the existing NTFPD operations.
- Growth in expenses will continue to outpace growth in revenues, leading to a drawdown of reserves year over year moving forward by approximately $500k.

- **Meeks Bay FPD**

MBFPD is an independent special district governed by a five-member board of directors. The District employs no staff. All staffing and Board support for MBFPD is provided by NTFPD through the "Agreement for Fire Services Management and Related Services" contract. Meeks Bay FPD was formed in 1973 with an

existing jurisdictional boundary spanning 5,744 acres or 8.9 square miles. The community is a mix of residential, recreational, and commercial land uses and related amenities with an assessed valuation of over $1 billion.

There are two fire stations in the District. One of the fire stations is staffed per the Operating Agreement for Providing Safety Personnel and Employee Association Unification agreement with NTFPD, Meeks Bay FPD Station 67. The other station, Meeks Bay FPD Station 68, is utilized for storage. The District responds to over 136 calls for service annually (this does not include automatic or mutual aid to other agencies) to fires both structural and wildland, rescue, advanced life support, ambulance/emergency medical services, hazardous materials calls, and assorted alarms.

As the entirety of Meeks Bay FPD lies within El Dorado County, El Dorado LAFCO is the principal LAFCO for MBFPD. El Dorado LAFCO last updated Meeks Bay FPD's sphere of influence in 2022 with a zero sphere designation in anticipation of a future annexation into North Tahoe FPD in Placer County.

The most recent financial analysis and projections from the 2022 AP Triton Study show the MBFPD has experienced approximately three percent annual revenue growth between FY 2017 and FY 2021. In FY 2021, total revenue for the District was approximately $1.6 million and total expenditures were approximately $1.9 million with an ending reserve balance of approximately $1.4 million. Additional concluding findings for the District are as follows:

- MBFPD revenues do not provide sufficient funding to pay for the delivery of fire protection services to the residents.
- Growth in expenses will continue to outpace growth in revenues year over year by approximately $300k with reserves anticipated to be depleted by FY 2026.

Combined, the two districts respond to over 2,400 calls for service annually including fire (structural and wildland), rescue, advanced life support, emergency medical services, ambulance transportation, hazardous materials response, and others. The districts service a resident population of approximately 15,000 with approximately 17,000 visitors in seasonal tourists annually to the Districts' boundaries and second homeowner visitors of between 75,000 to 100,000 annually. It is anticipated for calls for service to increase by five percent year over year, with 4,000 calls anticipated by 2026.

Eight facilities and/or fire stations serve the current need for housing of apparatus and response crews and fleet maintenance of the combined operation of the two Districts. A majority of the stations are located in or near the busiest service demand areas. Most of the stations are aging and current needs have exceeded size and design. Apart from NTFPD Station 51, none of the stations are appropriately configured, including dual gender accommodations, adequate space, or sufficient crew accommodations. All stations have emergency generators, apart from Meeks Bay FPD Station 68. Overall,

the two Districts follow industry standards with respect to apparatus maintenance and replacement.

Deployment of emergency response resources for the combined Districts is consistent with most calls for service, but the level of staffing is minimal. The four primary paramedic ambulance units are cross staffed utilizing engine company crews. This is beneficial as the majority of the fire service calls are for medically related emergencies. The combined operation of both Districts has resulted in enhanced service to the community served by MBFPD as well as mutual operational efficiencies. Due to the challenges presented by road/highway limitations, seasonal traffic patterns, station locations, configuration and staffing; the combined operation of the two districts is challenged to meet currently established performance goals. As a standalone agency, the MBFPD even with support of mutual aid would be unable to assemble an effective response force.

The 2022 AP Triton Study concluded that when combining revenues and expenses for both organizations and considering opportunities for expense reduction, the newly formed agency will likely experience a deficit. However, this deficit appears to be a manageable amount that may be further reduced or eliminated by additional efficiencies or economies of scale opportunities. With the proposed reorganization, the new agency's reserves will be roughly $10.5 million, giving some runway to enact additional efficiencies to reduce or eliminate the deficit.

DISCUSSION

This item is for the Placer LAFCO Commission to consider approving an update to the sphere of influence for North Tahoe FPD, as part of the reorganization proposal to dissolve Meeks Bay FPD and transfer its service functions to the North Tahoe FPD via annexation. The Commission may also consider applying conditions that do not directly regulate land use, property development, or subdivision requirements. Additional discussion with respect to the proposal purpose, related development opportunities, and Commission focus is as follows:

Proposal Purpose

The proposed sphere of influence update for North Tahoe FPD is required under statute in anticipation of the proposed reorganization with Meeks Bay FPD. The Districts completed the ESCI Standards of Coverage and Deployment Plan in 2018 and Placer LAFCO contracted with AP Triton to update the financial information within this document in 2022. The timing of the reorganization proposal follows successful negotiations between both FPDs, and both Placer and El Dorado Counties for the redistribution of property tax revenues (Attachment G).

North Tahoe FPD has been providing all services to Meeks Bay FPD since April 2014 through an intergovernmental agreement. As of March 24, 2022, Meeks Bay FPD

employs no personnel. The two agencies work as one with a single Fire Chief overseeing the combined organization.

Current and Planned Development & Related Policies

No development plans are associated with this SOI update. Population estimates within the affected territory have not changed significantly since the 2010 census, as the Tahoe Basin has severe development restrictions. Building permits are issued by lottery, and no new parcels may be created within the Tahoe Basin.

Commission Focus

The proposed reorganization requires Placer LAFCO to consider an updated sphere of influence action for North Tahoe FPD to achieve consistency with the requested jurisdictional changes under statute. Consideration of the SOI amendment is predicated upon LAFCO's statutory responsibility to designate spheres to anticipate North Tahoe FPD's appropriate jurisdictional boundary and/or service areas now and into the immediate future as determined by the Commission.

The sphere of influence update, prompted by the proposed reorganization, involves expanding the North Tahoe FPD sphere to capture all affected territory. Three related factors drawn from statute and Placer LAFCO policies guide the sphere of influence update analysis. The statutory factors require a service review and address the general relationship between the agencies and the affected territory. Placer LAFCO policies guide sphere actions in Placer County. Analysis of these sphere factors are as follows:

- **Sphere Factor No. 1:**
  Consideration of a Service Review
  Government Code (GC) Section 56430 requires LAFCO to prepare service reviews to inform the required review and updates to all local agencies' spheres of influence. GC Section 56425(g) further directs LAFCO to perform sphere updates every five years as necessary. The 2018 ESCI Study, updated with the 2022 AP Triton Study, recommends and serves as the basis for approving a sphere of influence update for North Tahoe FPD in anticipation of the reorganization of North Tahoe FPD and Meeks Bay FPD. Additionally, the 2022 El Dorado County MSR/SOI Update recommended and ultimately served as the El Dorado LAFCO Commission's basis for approving a zero sphere for Meeks Bay FPD in April 2022 in anticipation of the proposed reorganization with North Tahoe FPD. The information provided in the recent service reviews remains relevant and timely. The 2018 ECSI Study attests to North Tahoe FPD's overall resources and justification to be designated as the most appropriate provider of fire protection, emergency medical, and ambulance transport for the Meeks Bay FPD jurisdictional territory and previously approved SOI going forward.

- **Sphere Factor No. 2:**
  Consideration of the Agency-Affected Territory Relationship
  GC Section 56425(e) requires consideration of five determinations when LAFCOs act on spheres of influence. These determinations can be drawn from the analysis in the 2018 ESCI Study, the accompanying 2022 AP Triton Study, and the 2022 El Dorado County MSR/SOI Update. The determinations assist the Commission in broadly considering the relationship between current and planned land uses in the affected territory, adequacy of services, and effects on qualifying disadvantaged unincorporated communities. The determinations and staff analysis are as follows:

  - With respect to **present and planned land uses**, the affected territory to be added to North Tahoe FPD's SOI, as submitted, spans 5,744 acres and is predominantly residential and recreation land uses with associated open space. Recreational areas include several campgrounds, a state park, a community park, and a trail. Of the 5,744 acres, 36 percent is owned by the State of California or USFS. The residential areas are predominantly single-family homes. Many land uses are directly tied to tourism, including single-family homes with very limited owner-occupied housing.

  - With respect to **present and probable need for one or more public services**, the affected territory's existing and planned land uses and their prominent relationship with tourism merit a variety of organized public services. These include reliable fire protection, emergency medical, and ambulance transport.

  - With respect to **adequacy of the agencies' public services**, the 2018 ESCI Study and 2022 Fiscal Analysis for North Tahoe FPD attest to the overall sufficiency of resources to provide fire protection, emergency medical, and ambulance transport.

  - With respect to **relevant social or economic communities of interest**, the affected territory has established significant ties to North Tahoe FPD that are relevant to the proposal, given its current role in managing fire protection and related services in the affected territory. Inclusion of the affected territory within North Tahoe FPD's sphere would be the first step to formalize these social and economic ties through LAFCO policy and clarify North Tahoe FPD's expanding role in managing services through the proposed reorganization.

  - With respect to **present and probable need for water, wastewater, or fire protection services involving any disadvantaged unincorporated communities**, no areas within the affected territory qualify for this referenced designation under LAFCO statute.

- **Sphere Factor No. 3:**
  Consideration of Placer LAFCO Policies
  Placer LAFCO's policies[1] guide sphere of influence actions for the Commission. These policies direct the Commission to utilize spheres to guide deliberations on future changes of organization that help reflect and preserve community identities. The policies further direct the Commission to use spheres to discourage duplication of services and similarly encourage local agency consolidations, whether functional or political.

  This sphere of influence update for North Tahoe FPD is necessary to accommodate the proposed reorganization and conforms with relevant LAFCO policies. The SOI update would facilitate known and complementary jurisdictional changes that concurrently recognize and keep whole the existing communities of Meeks Bay and Tahoma. The SOI update would also continue to serve as a policy tool in protecting against unnecessary service duplications by designating North Tahoe FPD as the preferred fire protection, emergency medical, and ambulance transport server within the affected territory.

The proposed update to the sphere of influence for North Tahoe FPD to accommodate the proposed reorganization is sufficiently justified under both statute and local policy. Justification is marked by the analysis above and on two related assumptions. First, it is assumed the Commission determines the 2018 ESCI Study and accompanying 2022 AP Triton Study adequately informs the membership in assessing each FPD's overall abilities and resources. Second, it is assumed the Commission agrees the transition of the affected territory into North Tahoe FPD's sphere is in the best interest of the community's economic and social well-being now and going forward.

ENVIRONMENTAL REVIEW

LAFCO serves as lead agency under CEQA for the sphere of influence update associated with the proposed reorganization. It is recommended the Commission find these actions are a "project" under CEQA but exempt from further review under State Guidelines 15061(b)(3). Staff believes this exemption appropriately applies given that spheres are planning policies and associated actions (establishment, update, or amendment) which do not change the environment or authorize any new uses or services.

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[1] Section I, Policy C(3): The Commission may identify possible opportunities to reduce the number of special districts through the establishment of coterminous spheres of influence and sphere of influence determinations that recommend ultimately dissolving, merging, or consolidating districts (zero spheres of influence). Such opportunities shall consist of those special districts that fall into the categories listed in Policy c(1);
Section I, Policy C(6): The Commission encourages special districts and other affected agencies to identify and evaluate possible opportunities to consolidate, merge, or dissolve local agencies;
Section III, Policy B(5): Special district spheres of influence will include only those areas that may benefit from the services provided by that district. This determination will be made based upon the relevant general and/or community plan for the area.

STAFF RECOMMENDATION

The Executive Officer recommends that the Commission update and amend the North Tahoe FPD's Sphere of Influence by adopting Resolution No. 24-07 and the accompanying Statement of Determinations (Exhibit A) and North Tahoe FPD SOI Map (Exhibit B).

Submitted on behalf of the Executive Officer,

Amanda Ross
Project Manager

ATTACHMENTS:

A – Draft Resolution No. 24-07
  Exhibit A – Statement of Determinations
  Exhibit B – North Tahoe FPD SOI Update Map

B – North Tahoe and Meeks Bay FPD Resolutions to initiate reorganization proceedings
C – 2018 ESCI Study
D – 2022 AP Triton Study
E – Meeks Bay FPD Boundary and Approved SOI
F – North Tahoe FPD Boundary
G – Placer County Board of Supervisors Resolution No. 2024-135

RESOLUTION NO. 24-07

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF PLACER COUNTY ADOPTING THE SPHERE OF INFLUENCE AMENDMENT AND UPDATE FOR NORTH TAHOE FIRE PROTECTION DISTRICT

(LAFCO Project No. 2022-01)

WHEREAS, the Placer County Local Agency Formation Commission (LAFCO or Commission) is a public agency of the State of California with regulatory and planning responsibilities to facilitate orderly growth and development pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH), commencing with section 56000 *et seq.* of the California Government Code (GC); and

WHEREAS, the Commission is responsible, under GC section 56425, for establishing and regularly updating the sphere of influence (SOI) of each local government agency whose principal jurisdiction is within Placer County; and

WHEREAS, the CKH directs that all jurisdictional boundary changes must be consistent with the affected agencies' SOIs; and

WHEREAS, prior to updating an agency's SOI, the Commission must conduct a service review under GC section 56430; and

WHEREAS, the 2018 North Tahoe Fire Protection District and Meeks Bay Fire Protection District Performance Review and Examination of Alternative Governance Models conducted by ESCI, the 2022 Fiscal Analysis conducted by AP Triton, and the 2022 Countywide Fire Protection and Emergency Medical Services MSR & SOI Update for El Dorado County serve as the informing documents for the Commission to proceed with a SOI update for North Tahoe Fire Protection District; and

WHEREAS, 5,447 acres or 8.9 square miles comprise the existing jurisdictional boundary of Meeks Bay Fire Protection District and previously approved SOI; and

WHEREAS, North Tahoe Fire Protection District has been providing all services to Meeks Bay Fire Protection District jurisdictional boundary and previously approved SOI under contract since 2014, and the Commission has received resolutions consenting to the proposed reorganization of both agencies to concurrently dissolve and annex Meeks Bay Fire Protection District into North Tahoe Fire Protection District; and

WHEREAS, the update to North Tahoe Fire Protection District's SOI is required by statute before the Commission may consider the proposed reorganization application submitted by North Tahoe Fire Protection District and Meeks Bay Fire Protection District;

WHEREAS, upon approval, the Commission, acting as the lead agency under the California Environmental Quality Act (CEQA), directs its Executive Officer to file a Notice of Exemption for the North Tahoe Fire Protection District SOI update under Categorical Exemption 15061(b)(3) in accordance with CEQA Guidelines; and

WHEREAS, at a public hearing at a regularly scheduled meeting on August 21, 2024, the Commission received and considered all written and oral testimony and comments received related to the SOI update for the North Tahoe Fire Protection District, including proposed findings and determinations, the Executive Officer's report and recommendations, and the environmental determination; and

WHEREAS, as part of the SOI update process, the Commission is required, pursuant to GC section 56425(e), to make a statement of written determinations regarding certain factors, which determinations are hereby made and attached as Exhibit A to this resolution;

NOW, THEREFORE, BE IT HEREBY RESOLVED, DETERMINED, AND ORDERED AS FOLLOWS:

1. The Commission has considered the Executive Officer's written report on the SOI update and recommendations herein.

2. The Commission makes the statements in Exhibit A in determining the SOI for North Tahoe Fire Protection District.

3. The Commission updates and amends the existing SOI for the North Tahoe Fire Protection District to expand by 5,744 acres or 8.9 square miles to include the jurisdictional boundary and previously approved SOI for the Meeks Bay Fire Protection District.

4. The updated SOI for North Tahoe Fire Protection District, as hereby affirmed, is shown as Exhibit B.

The foregoing resolution was duly passed and adopted by the Local Agency Formation Commission of Placer County at a regular meeting thereof, held on August 21, 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____
Cindy Gustafson, Chair Local Agency Formation Commission County of Placer, State of California

Attest:

_____
Amy Engle, Clerk to the Commission

EXHIBIT A
PLACER LAFCO RESOLUTION NO. 24-07

STATEMENT OF DETERMINATIONS
CALIFORNIA GOVERNMENT CODE (GC) SECTION 56425

(LAFCO Project No. 2022-01)

1. With respect to present and planned land uses in the area (GC § 46425(e)(1)), the Commission determines the following:

    a. Land within the Meeks Bay FPD jurisdictional boundary and previously approved SOI is predominantly residential and recreation land uses with associated open space. Recreational areas include several campgrounds, a state park, a community park, and a trail. Of the 5,744 acres, 36 percent is owned by the State of California or USFS. The residential areas are predominantly single-family homes. Many land uses are directly tied to tourism, including single-family homes with very limited owner-occupied housing. Updating the SOI for North Tahoe FPD supports these present and planned land uses.

2. With respect to the present and probable need for public facilities and services in the area (GC § 56425(e)(2)), the Commission determines the following:

    a. The updated SOI appropriately demarks North Tahoe FPD's current and probable future boundary and service area. Updating the SOI to include the affected territory supports these present and probable public service needs.

3. With respect to the present capacity of public facilities and adequacy of public services the agency provides or is authorized to provide (GC § 56425(e)(3)), the Commission determines the following:

    a. The 2018 ESCI Study and 2022 AP Triton Study for North Tahoe FPD attests to the overall sufficiency of resources to provide fire protection, emergency medical, and ambulance transport to the affected territory. The Commission relies on these documents in making all related SOI determinations for North Tahoe FPD.

4. With respect to the existence of any relevant social or economic community of interest in the area (GC § 56425(e)(4)), the Commission determines the following:

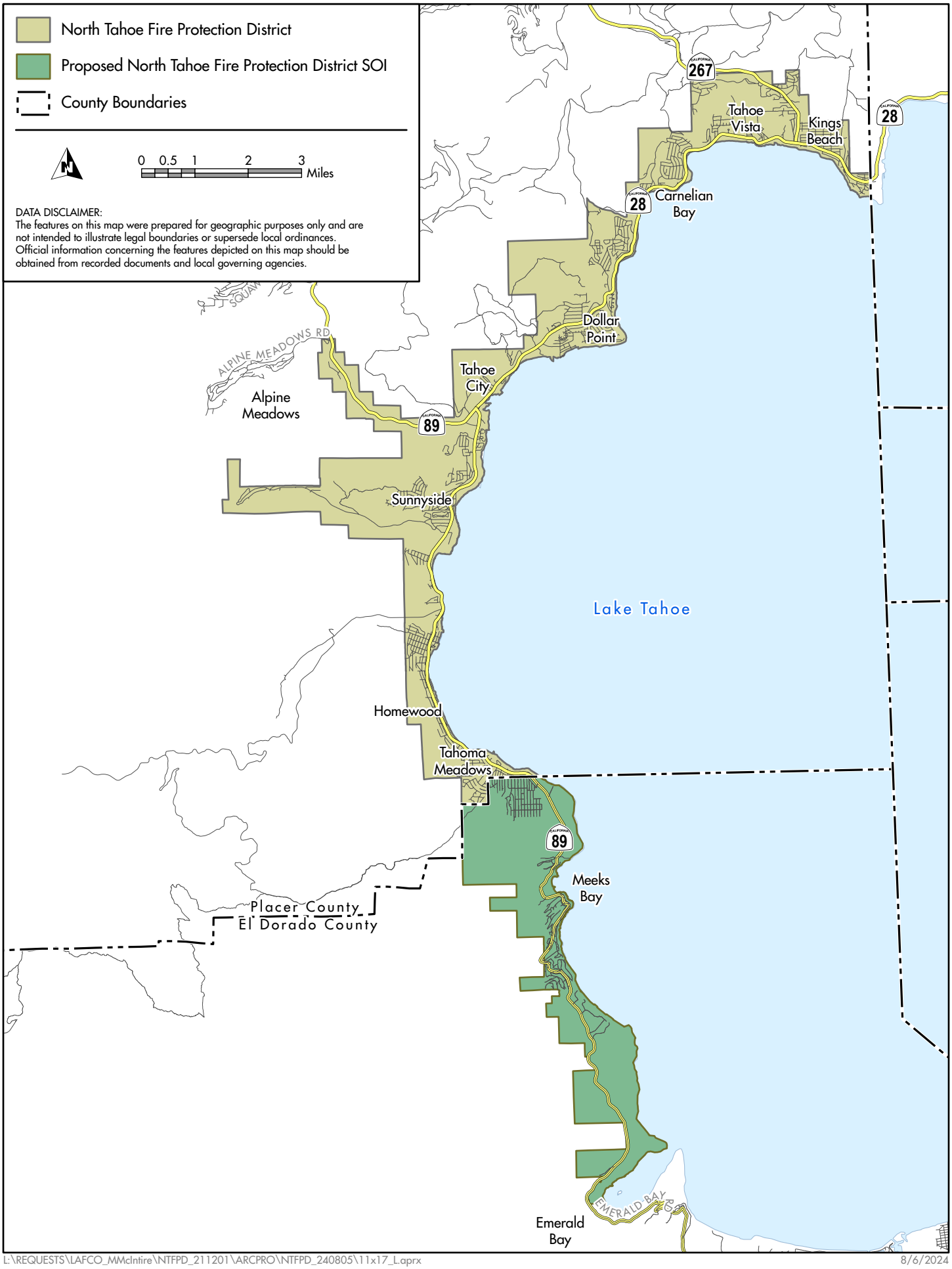
    a. The proposed SOI update appropriately reflects existing and relevant social and economic communities of interest. The affected territory has established significant ties to North Tahoe FPD that are relevant to the proposal given its current role in managing fire protection and related services in the affected territory. Inclusion of the affected territory within North Tahoe FPD's sphere would be the first step to formalize these social and economic ties through LAFCO policy and clarify North Tahoe FPD's expanding role to managing services through the proposed reorganization.

5. With respect to the present and probable need for public water, sewer, and fire protection services of any disadvantaged unincorporated communities within the SOI (GC § 56425(e)(5)), the Commission determines the following:

    a. No lands within the proposed SOI update qualify as disadvantaged unincorporated communities.

North Tahoe Fire Protection District & Proposed SOI

Map Exhibit B



Meeks Bay Fire Protection District

RESOLUTION

of the Board of Directors

No: 2021-12

MEEKS BAY FIRE PROTECTION DISTRICT BOARD OF DIRECTORS REQUESTING THE PLACER LOCAL AGENCY FORMATION COMMISSION INITIATE PROCEEDINGS FOR THE REORGANIZATION OF THE NORTH TAHOE FIRE PROTECTION DISTRICT AND THE MEEKS BAY FIRE PROTECTION DISTRICT

WHEREAS, the MBFPD desires to initiate proceedings with the Placer Local Agency Formation Commission (LAFCO) pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code (CKH), and more specifically a reorganization consistent with Government Code (GC) Section 56853 of the North Tahoe Fire Protection District and the Meeks Bay Fire Protection District; and

WHEREAS, the 2017 El Dorado County Grand Jury Report #17-04, Finding F3 specifically cites supporting Fire Districts' reorganization and consolidation as a priority. in reviewing this proposal.

> "F3. The Board of Supervisors, in conjunction with LAFCO, is best positioned to champion fire agency consolidation."

WHEREAS, the County of El Dorado Board of Supervisors and the El Dorado County Strategic Plan demonstrated support of fire agency consolidation.

> "The Board of Supervisors agrees with this finding. However, the County and LAFCO cannot effect consolidation alone. Efforts at agency consolidation can only be successful with interest from potentially affected fire districts, sufficient support from the community, and with dedicated leader to coordinate the effort."; and

WHEREAS, the Board of Directors of the MBFPD desires to implement and support 2017 El Dorado County Grand Jury Report #17-04, Finding F3 and the El Dorado County's Strategic Plan; and

WHEREAS, the Board of Directors of the MBFPD desires the reorganization to consist of the following concurrent actions:

- Dissolution of the Meeks Bay Fire Protection District
- Annexation of the Meeks Bay Fire Protection District to the North Tahoe Fire Protection District; and

WHEREAS, the NTFPD and the MBFPD were both established pursuant to the same enabling legislation, the Fire Protection District Law of 1987, Health and Safety Code Section 13800, et seq.; and

WHEREAS, the territory proposed to be reorganized is inhabited and encompasses the area depicted in the map exhibit attached to and incorporated herein by this reference as Map Exhibit; and

WHEREAS, the interests of the residents, property owners and visitors of the areas serviced by the NTFPD and the MBFPD are best served by the reorganization of the two districts into one entity; and

WHEREAS, the efficiency, effectiveness, and the economy of fire protection services to individuals within the affected territory can be improved by the reorganization of the two districts into one entity; and

WHEREAS, the reorganization of the two fire protection districts into one entity will facilitate the continued provision of the current levels of service provided by the staff of the respective districts, consistent with local demand, expectations, and available financing; and

WHEREAS, this sphere of influence amendment and update request is categorically exempt from the California Environmental Quality Act (CEQA), Public Resources Code Section 21000, et seq., pursuant to Class 20 (Changes in Organization of Local Agencies), Title 14, Chapter 3, Section 15320(b) of the California Code of Regulations.

NOW, THEREFORE, BE IT RESOLVED THAT the Meeks Bay Fire Protection Board of Directors finds, and orders as follows:

1. The above recitals are true and correct.

2. This Resolution constitutes the application of the Meeks Bay Fire Protection District to Placer LAFCO to initate the reorganization of the NTFPD and the MBPFD to provide the best fire protection services, including administration and operations, fire prevention, training, fire suppression and rescue, equipment and apparatus maintenance, and emergency medical services to the affected territories subject to the following:

    a. For a period of one year from the effective date of the reorganization, and all agendas for future board meetings of the newly reorganized North Tahoe Fire Protection District shall be posted at the locations currently used for posting agenda for both the North Tahoe Fire Protection District and the Meeks Bay Fire Protection District, except on the Meeks Bay Fire Protection District website if it ceases to exist during such time.

    b. All assets and liabilities, including, but not limited to, liabilities for payment of principal and interest on contractual obligations for real property, furnishings, and equipment, operating expenses, supplies, licenses and permits, and any contingent liabilities for existing civil litigation belonging to the North Tahoe Fire Protection District and the Meeks Bay Fire Protection District shall accrue to the reorganized North Tahoe Fire Protection District.

3. The President of the Meeks Bay Fire Protection District Board of Directors, or designee, is authorized to effectuate this application and proposal and to do and perform any and all necessary acts and functions to carry out the intent of the Meeks Bay Fire Protection District in enacting this Resolution.

4. The application made to the Placer LAFCO for the reorganization of the North Tahoe Fire Protection District and the Meeks Bay Fire Protection District shall consist of the annexation of

the Meeks Bay Fire Protection District with its current sphere of influence and the simultaneous dissolution of the existing Meeks Bay Fire Protection District. The future reorganized territory shall include all territory presently included within each of the districts and the sphere of influence of each of the districts subject to this reorganization application.

5. Within the 90-day of period prior to the effective date of the reorganization, neither the North Tahoe Fire Protection District nor the Meeks Bay Fire Protection District shall purchase or dispose of fixed assets or execute contracts for services and/or supplies without the approval of the Board of Directors of both the North Tahoe Fire Protection District and the Meeks Bay Fire Protection District.

6. The Meeks Bay Fire Protection District requests that Placer LAFCO take proceedings in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 upon the adoption of a substantially similar resolution by the Board of Directors by the Meeks Bay Fire Protection District and the North Tahoe Fire Protection District in accordance with Section 56853 of the California Government Code.

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF MEEKS BAY FIRE PROTECTION DISTRICT OF THE COUNTY OF EL DORADO AT A REGULAR MEETING OF THE BOARD, HELD ON THE 8TH DAY OF DECEMBER 2021 BY THE FOLLOWING VOTE OF SAID BOARD:

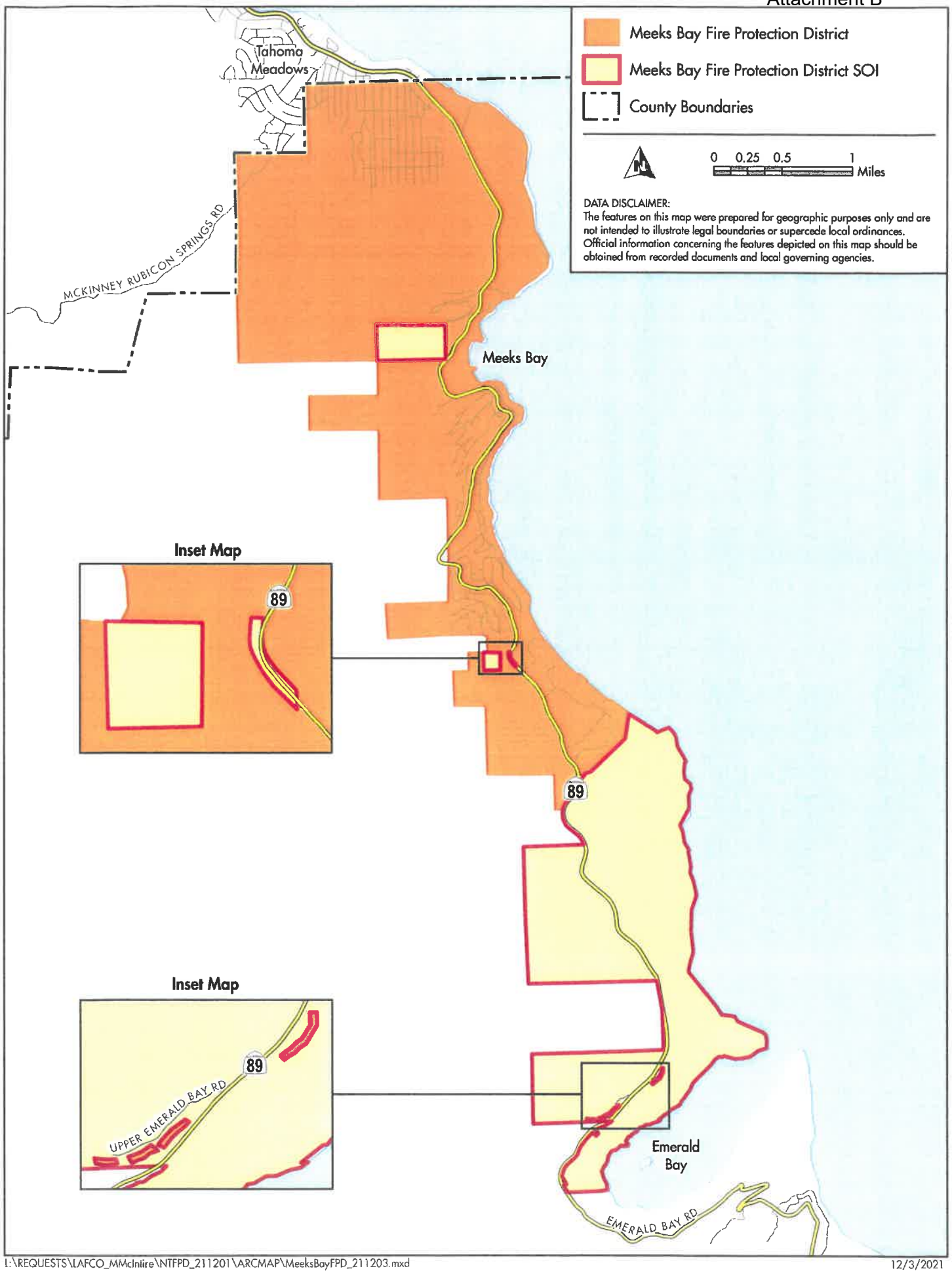
AYES: Directors Fielding, Kromydas, Lemke, and Miller
NOES: None
ABSTENTIONS: None
ABSENT: None

PRESIDENT, BOARD OF DIRECTORS
BY: Edward I. Miller

I CERTIFY THAT THE FOREGOING IS A CORRECT COPY OF A RESOLUTION DULY ADOPTED BY SAID BOARD OF DIRECTORS ON THE DATE THEREIN SET FORTH.

CLERK OF THE BOARD OF DIRECTORS
BY: Kelly Martin

Meeks Bay Fire Protection District & SOI



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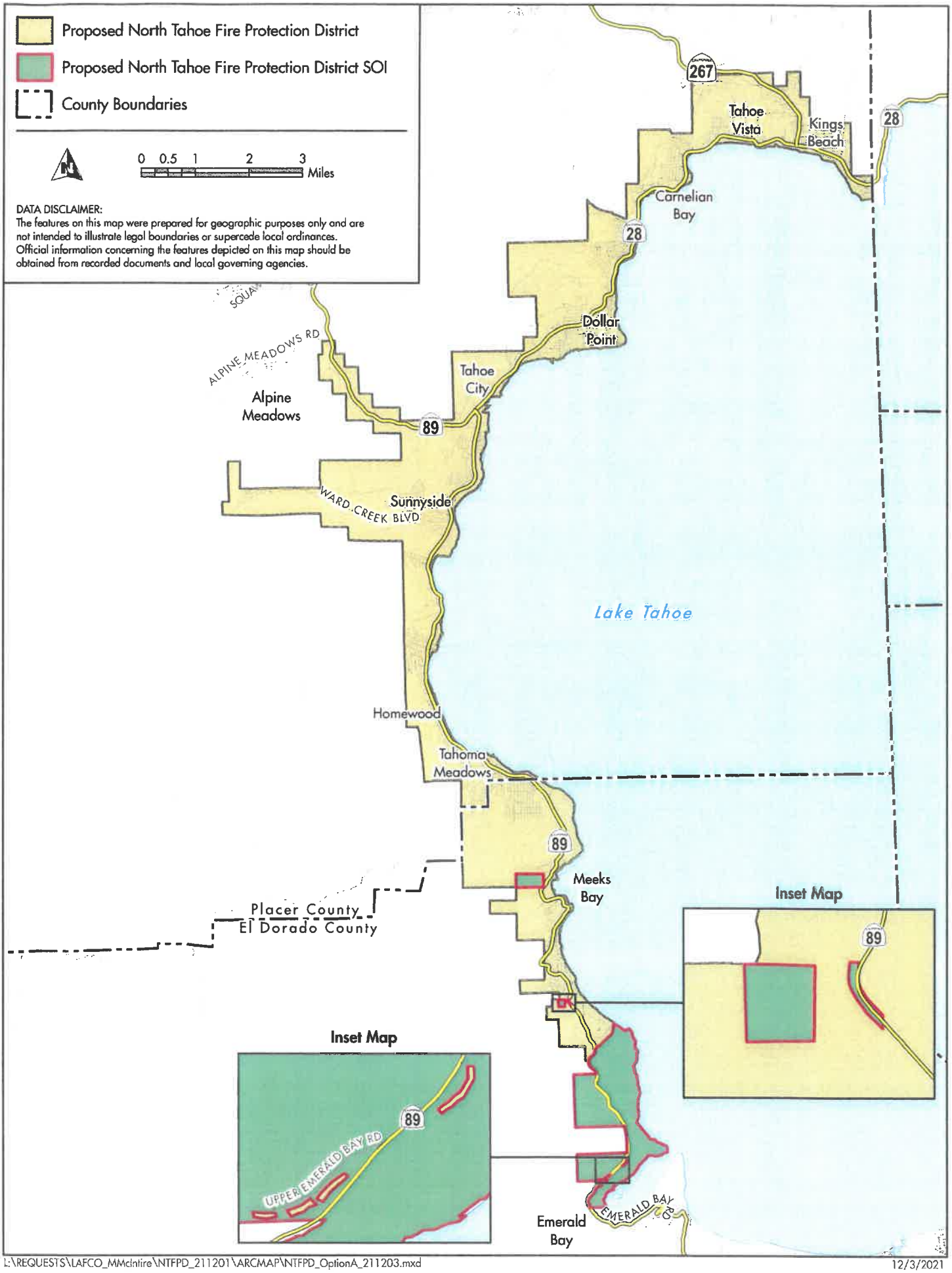
Proposed North Tahoe Fire Protection District & SOI

Agenda Item 6A
Attachment B



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RESOLUTION 23-2021 OF THE NORTH TAHOE FIRE PROTECTION DISTRICT BOARD OF DIRECTORS REQUESTING THE PLACER LOCAL AGENCY FORMATION COMMISSION INITIATE PROCEEDINGS FOR THE REORGANIZATION OF THE NORTH TAHOE FIRE PROTECTION DISTRICT AND THE MEEKS BAY FIRE PROTECTION DISTRICT

WHEREAS, the NTFPD desires to initiate proceedings with the Placer Local Agency Formation Commission (LAFCO) pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code (CKH), and more specifically a reorganization consistent with Government Code (GC) Section 56853 of the North Tahoe Fire Protection District and the Meeks Bay Fire Protection District (MBFPD); and

WHEREAS, Placer LAFCO conducted a municipal service review (MSR) in 2018 of NTFPD and made determinations including Determination No. 9.11.17 which states:

> Through service contracts with Alpine Springs County Water Agency and Meeks Bay Fire Protection District, NTFPD provides fire protection services including administration and operations, fire prevention, training, fire suppression and rescue, equipment and apparatus maintenance, and emergency medical services to these areas. Inclusion of these two service areas within the NTFPD's SOI and possible future annexation for the purpose of providing fire services could alleviate some duplication in costs through sharing of administrative staff, repair facilities, and various other items; and

WHEREAS, the Board of Directors of the NTFPD desires to implement said Determination 9.11.17 from the Placer LAFCO's 2018 Commission Adopted MSR; and

WHEREAS, the Board of Directors of the NTFPD desires the reorganization to consist of the following concurrent actions:

- Dissolution of the Meeks Bay Fire Protection District
- Annexation of the Meeks Bay Fire Protection District to the North Tahoe Fire Protection District; and

WHEREAS, the NTFPD and the MBFPD were both established pursuant to the same enabling legislation, the Fire Protection District Law of 1987, Health and Safety Code Section 13800, et seq.; and

WHEREAS, the territory proposed to be reorganized is inhabited and encompasses the area depicted in the map exhibit attached to and incorporated herein by this reference as Map Exhibit; and

WHEREAS, the interests of the residents, property owners and visitors of the areas serviced by the NTFPD and the MBFPD are best served by the reorganization of the two districts into one entity; and

WHEREAS, the efficiency, effectiveness, and the economy of fire protection services to individuals within the affected territory can be improved by the reorganization of the two districts into one entity; and

WHEREAS, the reorganization of the two fire protection districts into one entity will facilitate the continued provision of the current levels of service provided by the staff of the respective districts, consistent with local demand, expectations, and available financing; and

WHEREAS, this reorganization request is categorically exempt from the California Environmental Quality Act (CEQA), Public Resources Code Section 21000, et seq., pursuant to Class 20 (Changes in Organization of Local Agencies), Title 14, Chapter 3, Section 15320(b) of the California Code of Regulations.

NOW, THEREFORE, BE IT RESOLVED THAT the North Tahoe Fire Protection Board of Directors finds and orders as follows:

1. The above recitals are true and correct.

2. This Resolution constitutes the application of the North Tahoe Fire Protection District to Placer LAFCO to initate the reorganization of the NTFPD and the MBPFD to provide the best fire protection services, including administration and operations, fire prevention, training, fire suppression and rescue, equipment and apparatus maintenance, and emergency medical services to the affected territories subject to the following:

    a. For a period of one year from the effective date of the reorganization, and all agendas for future board meetings of the newly reorganized North Tahoe Fire Protection District shall be posted at the locations currently used for posting agenda for both the North Tahoe Fire Protection District and the Meeks Bay Fire Protection District, except on the Meeks Bay Fire Protection District website if it ceases to exist during such time.

    b. All assets and liabilities, including, but not limited to, liabilities for payment of principal and interest on contractual obligations for real property, furnishings, and equipment, operating expenses, supplies, licenses and permits, and any contingent liabilities for existing civil litigation belonging to the North Tahoe Fire Protection District and the Meeks Bay Fire Protection District shall accrue to the reorganized North Tahoe Fire Protection District.

3. The President of the North Tahoe Fire Protection District Board of Directors, or designee, is authorized to effectuate this application and proposal and to do and perform any and all necessary acts and functions to carry out the intent of the North Tahoe Fire Protection District in enacting this Resolution.

4. The application made to the Placer LAFCO for the reorganization of the North Tahoe Fire Protection District and the Meeks Bay Fire Protection District shall consist of the annexation of the Meeks Bay Fire Protection District to the North Tahoe Fire Protection District and the simultaneous dissolution of the existing Meeks Bay Fire Protection District. The future reorganized territory shall include all territory presently included within each of the districts subject to this reorganization application.

5. Within the 90-day period prior to the effective date of the reorganization, neither the North Tahoe Fire Protection District nor the Meeks Bay Fire Protection District shall purchase or dispose of fixed assets or execute contracts for services and/or supplies without the approval of the Board of Directors of both the North Tahoe Fire Protection District and the Meeks Bay Fire Protection District.

6. The North Tahoe Fire Protection District requests that Placer LAFCO take proceedings in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 upon the adoption of a substantially similar resolution by the Board of Directors by the North Tahoe Fire Protection District and the Meeks Bay Fire Protection District in accordance with Section 56853 of the California Government Code.

PASSED AND ADOPTED this 7th day of December, 2021 by the Board of Directors of the North Tahoe Fire Protection District, Placer County, State of California, by the following roll call vote:

AYES: Directors Baffone, Correa, Doyle, and Ragan
NOES: Director Loverde
ABSTAIN: None
ABSENT: None

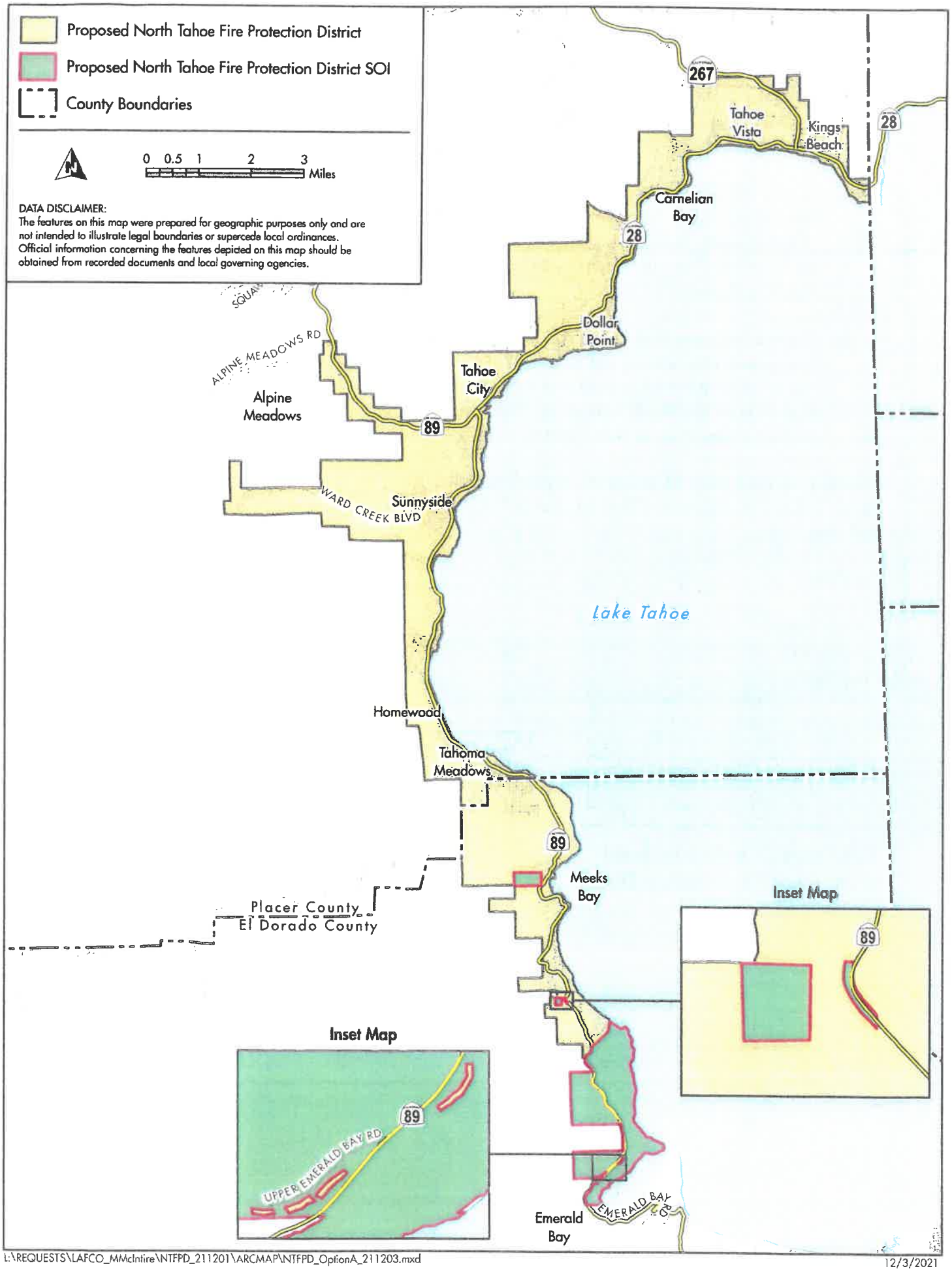
ATTEST:

Mike Baffone, President of the Board
NORTH TAHOE FIRE PROTECTION DISTRICT

Kelly Martin

Kelly Martin, Clerk of the Board
North Tahoe Fire Protection District

Proposed North Tahoe Fire Protection District & SOI



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12/3/2021

North Tahoe Fire Protection District
and
Meeks Bay Fire Protection District

California

PERFORMANCE REVIEW AND EXAMINATION OF ALTERNATIVE GOVERNANCE MODELS

2018

Emergency Services Consulting International
Providing Expertise and Guidance that Enhances Community Safety

25030 SW Parkway Avenue, Suite 330
Wilsonville, OR 97070

Acknowledgements **1**

Executive Summary **2**

Key Findings 2

Recommendations 3

Evaluation of Current Conditions **5**

Organizational Overview 5

North Tahoe Fire Protection District 5

Meeks Bay Fire Protection District 8

Management Components 10

Mission, Vision, and Values 10

Recommendation: Adoption of Mission, Vision, and Values 10

Goals and Objectives 11

Internal Assessment of Critical Issues and Future Challenges 11

Internal and External Communications 11

Internal Communications 11

External Communications 12

Fire Safety Public Education Programs 13

Residential Fire Safety Programs 13

Document Control and Security 14

Information Technology Systems 15

Recommendation: Improve CAD Connection and Time Stamps 15

Capital Assets and Improvements 16

Fixed Facilities 16

Recommendation for Both Agencies: Long Range Capital Plans 25

Apparatus/Vehicles 25

Capital Replacement Planning 29

Recommendation for Both Agencies: Long Range Apparatus and Vehicle Replacement Plans 30

Staffing and Personnel Management 31

Administrative and Support Staffing 31

Recommendation: Administrative Staffing 32

Emergency Response Staffing 32

Critical Tasking 36

Alarm Assignments 41
Service Delivery, Demand, and Performance 46
Service Demand 46
Temporal Variation 47
Resource Distribution 50
Geographic Service Demand 51
Resource Concentration & Effective Response Force Capability Analysis 62
Second Unit Arrival Time 65
Response Reliability 65
Response Performance Summary 68
Mutual Aid and Automatic Aid Systems 78
Recommendation: Evaluate Performance Objectives 80
Financial Analysis 81
North Tahoe Fire Protection District 81
Revenues 82
Expenses 85
Fund Balance 87
Meeks Bay Fire Protection District 89
Revenues 90
Expenses 92
Fund Balance 93
Current Budget 93
Stakeholder Input 95
Elected Official and Business Community 95
Chief Officers and Labor Leaders 98
Administrative Staff 102
Survey 103
Demographics 103
Fire Service 105
Responses to Service Provided 108
Future Opportunities for Cooperative Efforts 110
General Partnering Strategies 110

Options for Shared Services 111
Status Quo (continuation of cooperative agreements and systems) 111
Advanced Auto Aid Systems 112
Functional Consolidation 112
Contract for Service-Intergovernmental Agreement (IGA) 112
Operational Consolidation 113
Joint Powers Authority (JPA) 113
Legal Unification 113
Legal Unification Process 115
Financial Projections 116
North Tahoe Fire Protection District 116
Revenues 116
Expenses 118
Recommendation: Pension and Benefit Plan 121
Meeks Bay Fire Protection District 121
Revenues 121
Expenses 122
Recommendation: Consolidation of Operational Expenses 124
Consolidation of District Budgets 124
Recommendations: Financial Projections 127
Additional Potential Cost Savings from Consolidation 127
Concluding Recommendations 129
Plan of Implementation 129
Implementation 129
Establish Implementation Working Groups 131
Joint Implementation Committee (Task Force) 131
Governance Working Group 131
Finance Working Group 132
Administration Working Group 132
Operations Working Group 132
Logistics/Support Services Working Group 132
Labor Working Group 132

Communication Working Group 133
Meet, Identify, Challenge, Refine, and Overcome 133
Appendices 134
Appendix A: LAFCO Legal Unification Options 134
Appendix B: LAFCO Terms and Conditions 136
Appendix C: Table of Figures 143

ACKNOWLEDGEMENTS

Emergency Services Consulting International (ESCI) would like to acknowledge that without the assistance and support of the administrative staff and personnel of the North Tahoe Fire Protection District (NTFPD) and Meeks Bay Fire Protection District (MBFPD) this project could not have been successfully completed.

EXECUTIVE SUMMARY

This document describes the North Tahoe Fire Protection District (NTFPD) and Meeks Bay Fire Protection District (MBFPD) Performance Review and examines alternate governance models. The Evaluation of Current Conditions section provides a baseline for the analysis in the Future Opportunities for Cooperative Efforts section. The Financial Analysis section presents trends and current budget as a basis for analysis and findings in the Financial Projections section. The range of alternate governance models are presented in the Options for Shared Services section. After collection of data, input from stakeholders, public survey, and professional analysis, ESCI presents Concluding Recommendations and a Plan of Implementation. It should be made clear that ESCI provides professional recommendations, however, any implementation is the decision of the Districts' Boards and administration.

Key Findings

- Although the two Districts function operationally as one, they have not aligned mission statements.
- NTFPD's Communications Plan is one of the best this project team has seen.
- Both Districts have fully aligned policies related document control and security.
- The Districts have fully integrated their fire Records Management Systems, internal and external server needs, maintenance, and mobile data terminal hardware.
- The CAL FIRE CAD is not providing accurate time stamps necessary for accurate analysis of performance by the district/s related to call transfer delays, receipt of call, and time of dispatch.
- The "Agreement for Fire Services Management and Related Services," dated April 5, 2014, has resulted in enhanced services to the Meeks Bay Fire Protection District.
- The combined operation of the two Districts is designed to maximize available resources resulting in service enhancements to MBFPD. As a standalone agency, MBFPD would be unable to field a first alarm assignment for any of the identified alarm types.
- Due to the challenges presented by road/highway limitations, seasonal traffic patterns, station locations, configuration and staffing; the combined operation of the two Districts is challenged to meet currently established performance goals. As a standalone agency, the MBFPD even with support of mutual aid would be unable to assemble an effective response force.
- Recurring revenue is providing a stable source of funds from which to provide services to the NTFPD's residents and businesses.
- NTFPD: Forecast recurring expenses are projected to rapidly outpace forecast recurring revenue, creating a potential funding gap. These increasing recurring costs are primarily associated with personnel compensation increases and the increased costs of employee benefits, current and retired. Maintaining a healthy fund balance (cash reserves) creates an environment of security for the District, its employees, and its ability to provide services to its constituency.
- MBFPD: Recurring expenses are projected to increase at approximately 4 percent during the five-year forecast period, but revenues are forecast to grow by approximately 2 percent, creating a future sustainability issue that will need to be addressed. These increasing recurring costs are primarily associated with personnel compensation increases and the increased costs of employee benefits, current and retired.

- MBFPD is continuing to expend funds on numerous operational items such as clothing, structural and wildland protective clothing, and apparatus maintenance.
- A SAFER grant with a budgeted revenue amount of $469,269 will expire in 2019. Unless the grant funded firefighters are terminated, a replacement revenue source must be located. This cost, in total is estimated at $600,000 per year with salaries, benefits, and other employee related costs.
- The Alpine Springs Agreement expires in 2021 but ESCI's forecast anticipates its renewal with similar compensation terms.
- The most significant portion of the negative cash flow is the increase in personnel costs including wages, salaries, pension costs, and health insurance costs.
- Other grant revenues and related expenditures were forecast to be significantly lower but, as these are usually revenue neutral, there is no impact to the bottom line.
- NTFPD and MBFPD for all intense purposes (with the exception of governance and budgets) are operating as one agency.
- The April 5, 2014 and December 16, 2015 agreements between MBFPD and NTFPD have resulted in enhanced service to the MBFPD community, improved training and equipment, and a depth of resources not previously enjoyed.
- The prior agreements between the two Districts have produced significant cost savings through the reduction of duplicate command and administrative staff positions.
- MBFPD has an extremely low call volume, however the risk to life and assessed property valuation warrants a staffed station.
- Given the size, call volume, and budget of MBFPD remaining as a standalone entity does not seem to be justified.

Recommendations

- The Districts should consider updating and adopting a single set of mission, vision, and values statements.
- The Districts should pursue linkage of their hardened iPads to the CAL FIRE CAD.
- The Districts should aggressively pursue a solution to the concerns related to time stamps and tracking of call transfer times.
- Develop a long-range capital remodel/replacement/relocation plan for fire stations.
- Establish and fund a long-range apparatus and vehicle replacement schedule to move away from reliance upon General Fund reserves.
- Fully merge the administrative staffing of the two Districts.
- ESCI recommends that all performance objectives be reevaluated with consideration given to the challenges presented by road/highway limitations, seasonal traffic patterns, station locations and configuration, staffing, as well as funding.
- NTFPD: Develop a plan to minimize and control the impact of pension and employee post-retirement benefits on recurring costs. The plan will require negotiating with the bargaining groups to obtain concessions on their respective contracts.

- MBFPD: Responsibility for operational expenses should be consolidated under North Tahoe FPD to take advantage of volume purchasing savings and to minimize the impact on both Districts' budgets.
- ESCI recommends that both Districts take the necessary steps to initiate the legal unification process.
- The legal unification would eliminate duplication of governance and further enhance economy of scale.
- The Districts should meet to negotiate all pertinent matters to be included in terms and conditions of the legal unification.
- Formation of a new district would result in all employees starting over in their pension and benefit packages. Therefore, it is recommended the legal unification occur as a reorganization with one district annexing into the other.
- Given the size and capabilities of the NTFPD, the logical approach is to achieve legal unification through a reorganization by annexing the MBFPD into NTFPD.
- The Districts should pass resolutions of application to LAFCO which include relevant terms and conditions.
- The Districts should develop informational material regarding the benefits of legal unification and to answer questions. This material should be distributed both internally and externally.
- The Districts should conduct informational public workshops.

EVALUATION OF CURRENT CONDITIONS

This section of the report provides an overview of the current conditions within the North Tahoe Fire Protection District (NTFPD) of Placer County and Meeks Bay Fire Protection District of El Dorado County, California. It includes a summary of each agency's organization; management infrastructure; capital assets; staffing; service delivery and performance; training; fire prevention; and finally, emergency medical services.

Organizational Overview

This element of the report focuses on the demographics of the two agencies, their histories, service delivery infrastructures, governance structures (and lines of authority), policies and organizational designs. It is important to understand the context of the two agencies separately to know what the issues might be as a more closely aligned organization.

North Tahoe Fire Protection District

Created in 1993, the North Tahoe Fire Protection District was formed as the result of the consolidation of the Tahoe City Fire Protection District (Tahoe City, CA) established in 1941 and North Tahoe Fire District (Kings Beach, CA) established in 1952. In addition to the District's formal service area, fire-based services are provided to the Alpine Springs County Water District's citizens and visitors. This extended service is provided via contract. The District currently serves 27.5 square miles on the north and west shore of Lake Tahoe.

The community is a mix of residential and commercial properties with an assessed valuation of $6.5 billion. The full-time resident population is approximately 15,000, with an influx of part-time residents and visitors during the summer and winter seasons. NTFPD serves approximately 16,000 households and 1,000 businesses.

The District responds to over 1,800 calls for service annually (does not include automatic or mutual aid to other agencies) to fires both structural and wildland, rescue, advanced life support, ambulance/emergency medical services, hazardous materials calls, and assorted alarms. Residents and visitors participate in a wide variety of outdoor activities including, hiking, skiing, and water sports. These activities require specialized training and equipment for emergency personnel such as, back country rescue, boating/swimming accidents, avalanche extrication, snowmobile accidents, rope rescues, hillside rescues and searches.

North Tahoe Fire Protection District staffs 63 full-time and 5 part-time employees, including administrative staff. The line employees staff 5 fire stations inclusive of the Meeks Bay FPD Station 61. A sixth NTFPD station is staffed during fire season via a contact with CAL FIRE and a seventh (Meeks Bay FPD) Station 62 is utilized for storage. The District has several robust program areas including Fire Suppression, Fire Prevention, Community Outreach, Emergency Medical Services, Technical Rescue, Fire Investigation, Hazardous Materials, Search and Rescue, Forest Fuel Reduction Program, and Requests for Assistance.

The approved 2017/18 fiscal year budget for the North Tahoe Fire Protection District was adopted on September 20, 2017 in the amount of $15,715,916.

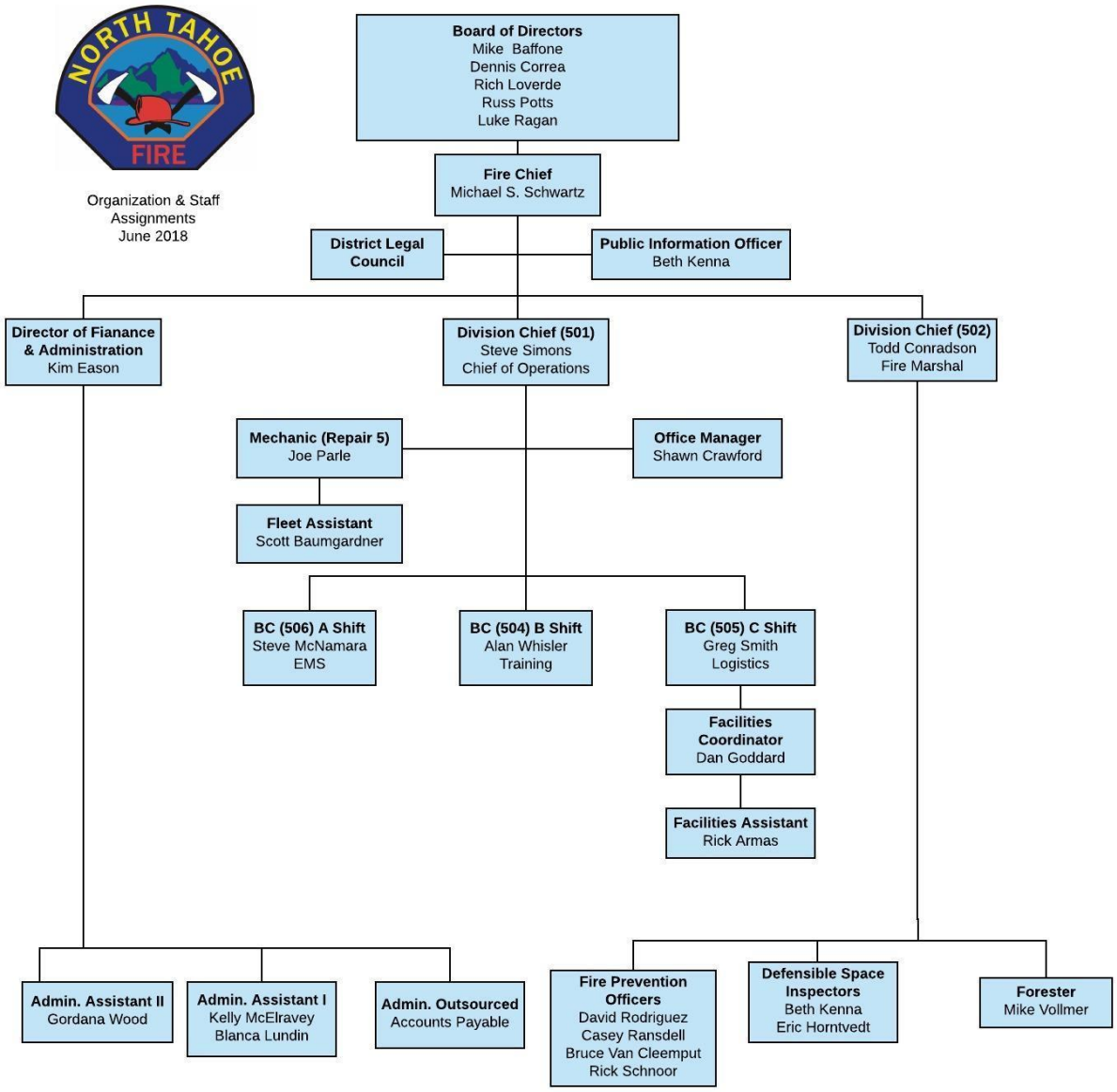
Fleet maintenance for the operationally-combined Districts is provided by the North Tahoe Fire Protection District at an apparatus/vehicle maintenance facility located at 159 Observation Dr., Tahoe City, CA (Station 54).

The Fire Chief is hired by and answers to a five-member Board of Directors who are elected to four-year-staggered terms and represent more than 15,000 residents living within the Fire District. The District operates under the authority of California Health and Safety Code Section 13800 et. seq (Fire Protection District Law of 1987) and is governed by the policies as approved and set forth by the Board of Directors.

Fire agencies are paramilitary in their structure with an established chain of command. In an emergency it is crucial that authority, information, and communication flow seamlessly. When less structure is warranted, the communication can be more relaxed.

NTFPD's formal organization chart is depicted in the following figure.

Figure 1: North Tahoe Fire Protection District Organizational Chart



Meeks Bay Fire Protection District

Meeks Bay Fire Protection District was officially formed in 1973. Prior to formation of the fire protection district, fire protection was provided as part of an El Dorado County Service Area. The MBFPD encompasses 14 square miles on the west shore of Lake Tahoe. The community is a mix of residential, recreational, and commercial properties with an assessed valuation of over $1 billion. The full-time resident population is approximately 1,000, with an influx of part-time residents and visitors during the summer and winter seasons. MBFPD serves approximately 2,000 parcels. The District's boundary includes extensive state park lands (841 acres) and federal lands (1,244 acres). The proximity to Desolation Wilderness creates challenges for the District with respect to wildland fire danger and specialized rescue services.

The District responds to approximately 136 calls for service annually (not including automatic or mutual aid to other agencies) to fires, both structural and wildland, rescue, advanced life support, ambulance/emergency medical services, hazardous materials calls, and assorted alarms. Residents and visitors participate in a wide variety of outdoor activities including, hiking, skiing, and water sports. These activities require specialized training and equipment for emergency personnel such as, back country rescue, boating/swimming accidents, avalanche extrication, snowmobile accidents, rope rescues, hillside rescues and searches.

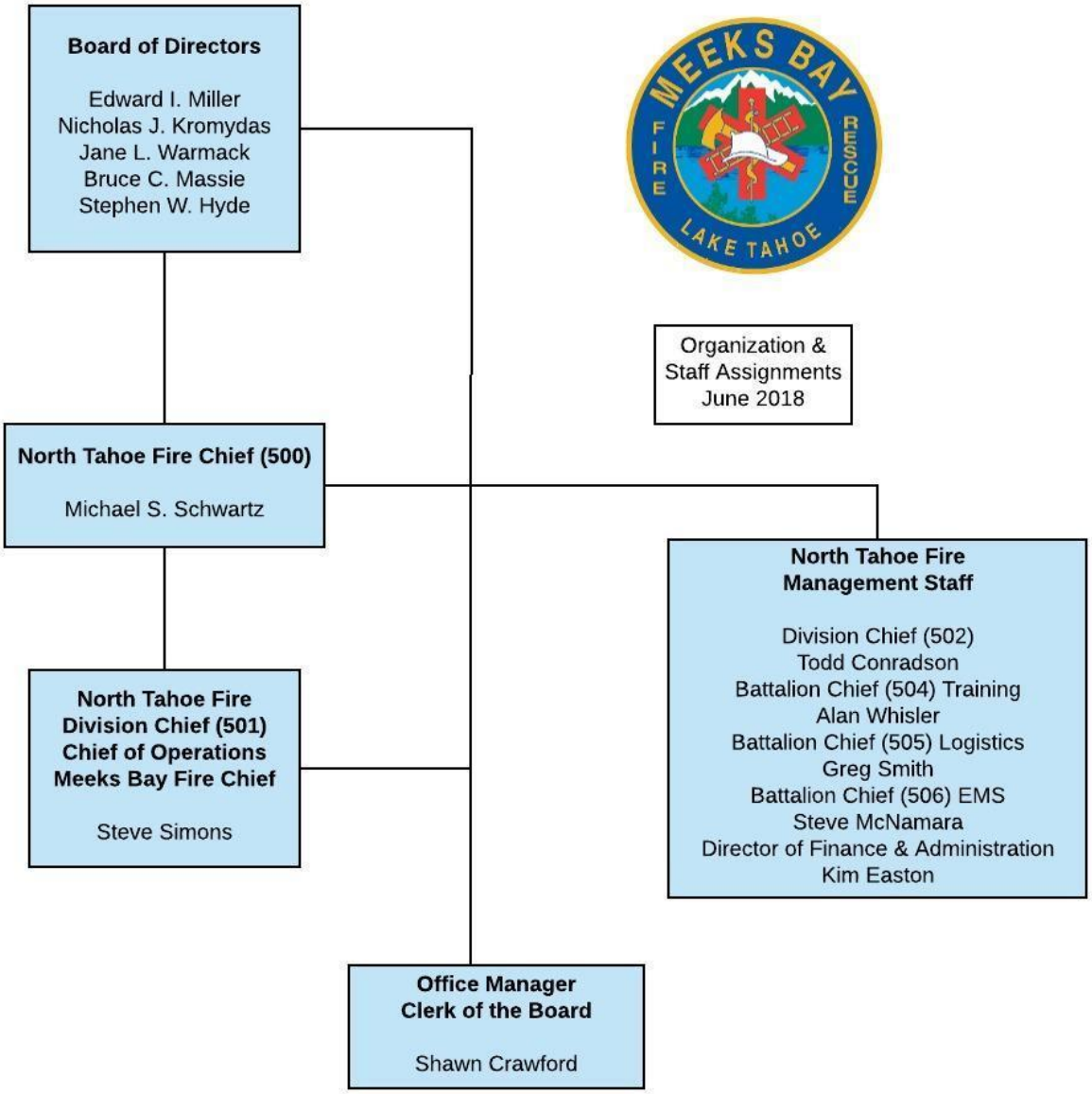
Meeks Bay Fire Protection District staffs one full-time equivalent employee. The District has a vehicle storage facility which was previously staffed by volunteers. The District's station is staffed per the Operating Agreement for Providing Safety Personnel and Employee Association Unification agreement with NTFPD which includes several robust program areas including Fire Suppression, Fire Prevention, Community Outreach, Emergency Medical Services, Technical Rescue, Fire Investigation, Hazardous Materials, Search and Rescue, Forest Fuel Reduction Program, and Requests for Assistance.

The approved 2017/18 fiscal year budget for the Meeks Bay Fire Protection District was adopted on September 27, 2017 in the amount of $1,587,022.

The Fire Chief is employed by NTFPD through the "Agreement for Fire Services Management and Related Services" contract. The Chief answers to a five-member Board of Directors who are elected to four-year-staggered terms. The District operates under the authority of California Health and Safety Code Section 13800 et. seq (Fire Protection District Law of 1987) and is governed by the policies as approved and set forth by the Board of Directors.

MBFPD's formal organization chart is depicted in the following figure.

Figure 2: Meeks Bay Fire Protection District Organizational Chart



Management Components

Mission, Vision, and Values

Mission, vision, and values statements are important to every organization and particularly public safety agencies. The statements help guide the District and its personnel as they carry out the charge of public service. The following statements have been adopted and subscribed to as noted by each District.

North Tahoe Fire Protection District

MISSION

The North Tahoe Fire Protection District provides the highest possible level of fire and life safety, rescue and emergency medical service, fire prevention, and public education to the citizens and visitors of the communities we serve.

ORGANIZATIONAL VALUES

- Honesty
- Integrity
- Honor
- Compassion
- Respect
- Pride

Meeks Bay Fire Protection District

MISSION

The mission of Meeks Bay Fire Protection District is to be responsive to the needs of the people of our District with a progressive organization that provides the community with fire prevention, suppression, rescue, and emergency medical services in a competent and professional manner.

Finding:

- Although the two districts function operationally as one, they have not aligned mission statements.

Recommendation: Adoption of Mission, Vision, and Values

The districts should consider updating and adopting a single set of mission, vision, and values statements.

Goals and Objectives

NTFPD currently embraces the following management goals:

- Create a dynamic management team consisting of Administration and Company Officers; which will support the mission of the organization.
- Provide leadership with maximum flexibility in addressing emergency as well as routine incidents while remaining within the guidelines of the District Rules & Regulations, Standard Operating Procedures, and accepted Fire and Emergency Medical Service practices.
- Ensure the accountability of financial and physical resources of the District.
- Be responsive to the needs of District customers within the confines of legal authority.

Internal Assessment of Critical Issues and Future Challenges

NTFPD has a Strategic Planning Team that is utilizing a facilitative Strategic Thinking Process. The internal assessment of critical issues has been on-going facilitated process which is being led by Steve Barber (Barber and Gonzales Assoc.) and the Fire Chief. The team includes the District's Organizational Effectiveness Committee (OEC). The OEC has been in existence for nearly two-years and meets quarterly and assesses internal critical issues through an agenda management process.

Internal and External Communications

The following information is from NTFPD's Communications Plan:

Communications both internally and externally are of the upmost importance to the District and as such are under the direct control of the office of the Fire Chief. The function of communications requires participation of the entire organization with specific emphasis on high acuity communications skills from executive and command staff. To facilitate exceptional external communications, public education, and urgent/emergent communications, the District employs a professional Public Information Officer and a Citizen Emergency Information Team, a sub-group of the District's 50-plus member Citizens' Emergency Response Team (CERT).

Internal Communications

Formal written communications are completed using a numbered memo system. Official communications are released as memorandums and sunset after one year by policy. Memos can subsequently be re-issued or converted into a policy.

Policies are the domain of the Fire Chief and are maintained through the Lexipol KMS system. The Fire Chief participates in their initial on-boarding orientation and continuing education. Lexipol provides Daily Training Bulletins (DTBs) to line staff that covers all policies in a 24-month cycle. All policies are constantly being updated and released for 15-day review by the entire organization prior to implementation. Policies that effect pay, benefits, or working conditions are also subject to meet and confer with the labor group.

Rules and Regulations are the domain of the Board of Directors. They are updated with participation of the Board and the NTPFA (labor group). Monthly formal Chief/Director Reports are produced for each Board of Directors meetings and subsequently are emailed to all personnel. The Fire Chief additionally releases a monthly email titled "Happy Friday" that provides an informal update to all personnel of activities from his office. Verbal communications follow the established chain of command though a series of meetings that respect span of control.

Figure 3: Communications Team Meeting Schedule

Chair	Team	Frequency
Fire Chief	Executive Staff	Weekly (usually on Mondays)
Operations Division Chief	Battalion Chiefs/Operations Team	Monthly
Battalion Chiefs	Captains	Monthly
Captains	Firefighters	Daily
Director of Finance and Administration	Administrative Staff	Weekly
Division Chief/Fire Marshal	Prevention Staff	Weekly
Operations Division Chief	Fleet Staff	Weekly
Labor Management	Labor Management Team	Quarterly
Engineer Farrell	Organizational Effectiveness Committee	Quarterly

External Communications

Provided with the assistance of the Public Information Officer, Information Technology Team, and the aforementioned Community Emergency Information Team:

- Maintain a District Website (www.ntfire.net).
- Substantial presence on social media: Facebook (Over 4,000 followers), Instagram, Twitter, Next-door, etc.
- Publish a monthly newspaper guest column "Chief Column" with a public safety message.
- Annual community newsletter "Fire lines" mailed to all homes within both Districts.
- Produce an annual report of the District's activities and finances.
- Meet with citizens' financial advisory committee sub-group of CERT.
- Attend monthly business community meeting "Breakfast Club."
- Attend monthly community meeting "Coffee with the Supervisor" hosted by the District's County Supervisor.
- Attend monthly North Tahoe Community Advisory Committee meetings.
- Attend homeowner meetings annually.

NTFPD participates in two regional Public Information Teams: 1) USFS TMU/Tahoe Fire and Fuels Team—Fire Public-info Team (Fire PIT); 2) USFS TNF-Joint Information Committee (JIC).

Fire Safety Public Education Programs

NTFPD's Fire Safety Education Program extends from schools to residents. The program is a cohesive collaboration between the Community Emergency Response Team, the Public Information Officer, and the Fire Prevention Team.

Residential Fire Safety Programs

NTFPD provides ample safety programs to the community with the collaboration of volunteer participation from the CERT Team. The District attends approximately 15 HOA meetings over the months of May, July, and September. The District has an active website with ample information that is updated regularly, as well as a Facebook account with over 4,000 followers and Instagram for those without access to other social media. Monthly, the Fire Chief and the PIO attend meetings that engage the public and allow for questions and answers.

An annual Fire Safe BBQ in the month of May brings agencies from the Tahoe Basin and Nevada to educate the public about defensible space, fire prevention, and wildfire science. This BBQ is in conjunction with June's Wildfire Awareness Month, which is promoted throughout the District with Basin wide events. The District is also an active member of the Tahoe Fire & Fuels Team (TFFT) and TFFT Public Information Team. A marketing strategy called "Think First" was created by the TFFT Public Information Team, which encourages the public to think before making a decision that could ignite a forest fire. The District collaborates with the Tahoe Resource Conservation District on their Fire Adapted Communities program, in which the NTFPD has several groups established.

Since the inception of the management contract with Meeks Bay FPD, North Tahoe FPD staff, line personnel, and volunteers continue to assist with the Meeks Bay Annual 4th of July Pancake Breakfast. This important two-day community event has existed for 50-years with a focus on community, safety, and fire protection topics.

The following are examples of residential fire safety attendance:

- Kiwanis Club of North Lake Tahoe
- Rotary Club of Tahoe City
- Girl Scouts of America
- Tahoe Chamber of Commerce
- Coffee with the Supervisor
- Placer County Fire Safe Alliance
- Tahoe Fire and Fuel Team
- Lake Tahoe West Restoration Project

Fire Safety Education in schools consists of the following:

- Tahoe Lake Elementary (Approx. 300 students)
- Kings Beach Elementary (Approx. 400 students)
- Tahoe Expeditionary Academy (Approx. 150 students)

Each school presentation is based on recommended NFPA guidelines for "Fire Prevention Week." The program evolves every year due to new demands both guided by local ordinances and national standards. Due to the District's commitment to fire prevention, each assembly is divided into groups of 40 kids to reach maximum attention span. Additionally, the District visits the middle school at Tahoe Expeditionary Academy and teaches students about wildfire prevention and the importance of defensible space. These students also participated in the "Fire Safe BBQ" in May and helped educate and engage other children in the District.

Approximate total of students seen for Fire Prevention purposes: 900 students. This total includes the Middle School Expedition Academy.

Finding:

- NTFPD's Communications Plan is one of the best this project team has seen.

Document Control and Security

ESCI reviewed each District's policies related to the following:

- Public Records Guidelines
- Record Retention
- Release of Information
- Records Management

Finding:

- Both districts have fully aligned policies related document control and security.

Information Technology Systems

Prior to August 2017, both Districts utilized Firehouse RMS for all fire service related records management. In August 2017, the Fire RMS system was transitioned to cloud-based Image Trend.

All dispatch information is forwarded to the Fire RMS system from the CAL FIRE Dispatch Center in Grass Valley, CA via a software program. The transfer is not real time and issues with the CAL FIRE Computer Aided Dispatch's program is creating challenges with time stamps such as receipt of call and dispatch.

NTFPD hosts its own server as well as contracting with a private provider for virtual server service; this service includes hardware and software maintenance.

Due to the connection challenges within the area, connection of fire stations within both Districts is accomplished via fiber optic, commercial cable, or cell/air card.

Front-line apparatuses are equipped with hardened iPads; however, they are not connected to the CAL FIRE CAD.

Findings:

- The districts have fully integrated their Fire Records Management Systems, internal and external server needs, maintenance, and mobile data terminal hardware.
- The Cal Fire CAD is not providing accurate time stamps necessary for accurate analysis of performance by the district/s related to call transfer delays, receipt of call and time of dispatch.

Recommendation: Improve CAD Connection and Time Stamps

- The districts should pursue linkage of their hardened iPads to the CAL FIRE CAD.
- The districts should aggressively pursue a solution to the concerns related to time stamps and tracking of call transfer times.

Capital Assets and Improvements

Three basic resources are required to successfully carry out the mission of a fire department—trained personnel, firefighting equipment, and fire stations. No matter how competent or numerous the firefighters, if appropriate capital equipment is not available for use by responders, it is impossible for a fire department to deliver services effectively. The capital assets that are most essential to the provision of emergency response are facilities and apparatus (response vehicles). The following figure exhibits the number of fire stations, and fire and EMS apparatus operated by the agencies participating in the study.

Fixed Facilities

Fire stations play an integral role in the delivery of emergency services for several reasons. A station's location will dictate, to a large degree, response times to emergencies. A poorly located station can mean the difference between confining a fire to a single room and losing the structure. Fire stations also need to be designed to adequately house equipment and apparatus, as well as meet the needs of the organization, its workers, and/or its members.

Consideration should be given to a fire station's ability to support the jurisdiction's mission as it exists today and into the future. The activities that take place within the fire station should be closely examined to ensure the structure is adequate in both size and function.

ESCI toured fire stations, storage, and fleet maintenance facilities in order to conduct a non-engineering review of the study area facilities listed in the following figures. The facilities were evaluated based on the following scale.

Figure 4: Fire Station Condition Definitions

Excellent	Like new condition. No visible structural defects. The facility is clean and well maintained. Interior layout is conducive to function with no unnecessary impediments to the apparatus bays or offices. No significant defect history. Building design and construction matches building purpose.
Good	The exterior has a good appearance with minor or no defects. Clean lines, good work flow design, and only minor wear of the building interior. Roof and apparatus apron are in good working order, absent any significant full thickness cracks or crumbling of apron surface or visible roof patches or leaks. Building design and construction matches building purpose.
Fair	The building appears to be structurally sound with weathered appearance and minor to moderate non-structural defects. Interior condition shows normal wear and tear but flows effectively to the apparatus bay or offices. Mechanical systems are in working order. Building design and construction may not match building purpose well. Showing increasing age-related maintenance, but with no critical defects.
Poor	The building appears to be cosmetically weathered and worn with potentially structural defects, although not imminently dangerous or unsafe. Large, multiple full-thickness cracks and crumbling of concrete on apron may exist. Roof has evidence of leaking and/or multiple repairs. The interior is poorly maintained or showing signs of advanced deterioration with moderate to significant non-structural defects. Problematic age-related maintenance and/or major defects are evident. May not be well suited to its intended purpose.

The following is a summary of the condition of each fire station and assigned apparatus.

Figure 5: North Tahoe Fire Protection District Station #51—Administrative Headquarters and Fire Station

Fire Station Name/Number:	North Tahoe Fire Protection District Station #51
Address/Physical Location:	222 Fairway Drive, Tahoe City, CA 96145
	The condition of this facility is "good" and would be classified as excellent except for the configuration of access from the crew's quarters area to the apparatus bays. Future viability is positive.
Survey Component	**Observations**
Structure	
Construction Type	3-story, wood frame with steel
Date of Construction	2012
Energy Audits	Liberty Energy/Upgraded to LED lighting
Seismic Protection	Yes; built to 2012 Seismic Standards
Auxiliary Power	Yes; with auto start
Condition	Good
Special Considerations	N/A
Square Footage	21,279
Apparatus Bays	5 engine bays; double-deep and drive-through
ADA/Gender Sensitive	Yes, ADA compliant and gender appropriate
Future Viability	Positive
Facilities Available	
Exercise/Workout	Yes; 1st floor and in an exercise room
Kitchen/Dormitory	Yes; full-size kitchen
Lockers/Closets	All bedrooms have lockers; 4 Bathrooms downstairs; 4 showers
Training/Meeting Rooms	Training room/ICP/EOC downstairs
Washer/Dryer	Yes
Extractor	Yes
Safety & Security	
Sprinklers & Smoke Alarm	Yes
Security	Yes, security pin-pad door locks.
Apparatus Exhaust System	Yes
Apparatus/Staffing Levels	
Minimum Assigned Staffing	3 and Battalion Chief
Assigned Apparatus/Vehicles	Type I 4-WD Engine, Type III Engine, 2 Medic Units, Water Tender 51, ATV, 6 utility trucks and command vehicles

Figure 6: North Tahoe Fire Protection District Station #52

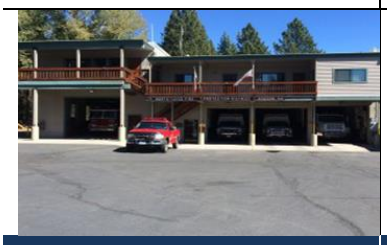
Fire Station Name/Number:	North Tahoe Fire Protection District Station #52
Address/Physical Location:	288 North Shore Blvd, Kings Beach, CA 96143
	While the condition of this facility is "fair," it is not configured in a response-efficient manner; this then limits its long-term viability.
Survey Component	**Observations**
Structure	
Construction Type	2- story; Hollow concrete/wood frame
Date of Construction	1954. Remodeled 1962; two apartments built above the engine bay. Additions in 1984; No. engine bay and training room. 1997–1998 kitchen and office area addition.
Energy Audits	Liberty Energy/Upgraded to LED lighting
Seismic Protection	Limited
Auxiliary Power	Yes; auto-start
Condition	Fair
Special Considerations	N/A
Square Footage	10,242
Apparatus Bays	Total of 4 back-in
ADA/Gender Sensitive	No. Not ADA compliant or gender sensitive.
Future Viability	Limited
Facilities Available	
Exercise/Workout	Upstairs
Kitchen/Dormitory	3 Dormitories and 2 kitchens are located upstairs
Lockers/Closets	Upstairs tub/showers & 2 bathrooms.
Training/Meeting Rooms	Upstairs
Washer/Dryer	Yes
Extractor	No
Safety & Security	
Sprinklers & Smoke Alarm	No sprinkler systems. Smoke alarms located on both levels.
Security	Security pin-pad door locks
Apparatus Exhaust System	Yes
Apparatus/Staffing Levels	
Minimum Assigned Staffing	3
Assigned Apparatus/Vehicles	Type I 4WD Engine; Type III Brush Engine, Medic Unit, Air 52, Utility 52

Figure 7: North Tahoe Fire Protection District Station #53—Homewood Station

Fire Station Name/Number:	North Tahoe Fire Protection District Station #53
Address/Physical Location:	5425 West Lake Blvd, Homewood, CA 96141
	Due to this station's size and lack of gender-specific separation, the long-term viability of this station—absent a remodel and expansion—is limited. Condition is fair to poor.
Survey Component	**Observations**
Structure	
Construction Type	Single story; hollow block masonry
Date of Construction	1962
Energy Audits	Liberty Energy/Upgraded to LED lighting
Seismic Protection	No
Auxiliary Power	Yes; auto-start
Condition	Poor to fair
Special Considerations	N/A
Square Footage	1,676
Apparatus Bays	3 back-in bays
ADA/Gender Sensitive	No. Not ADA compliant or gender sensitive.
Future Viability	Limited due to size and lack of gender specific separation
Facilities Available	
Exercise/Workout	In a separate room next to the engine bay
Kitchen/Dormitory	Kitchen – yes; 1 dormitory no gender segregation
Lockers/Closets	Lockers – yes; separate and shared bathroom,1 shower
Training/Meeting Rooms	No
Washer/Dryer	Yes
Extractor	No
Safety & Security	
Sprinklers & Smoke Alarm	Yes, in living quarters. Partial in the engine bay.
Security	Security pin-pad door locks
Apparatus Exhaust System	Yes
Apparatus/Staffing Levels	
Minimum Assigned Staffing	2
Assigned Apparatus/Vehicles	Type I Engine, Medic Unit, Type III Brush Engine, and Utility

Figure 8: North Tahoe Fire Protection District Station #54

Fire Station Name/Number:	North Tahoe Fire Protection District Station #54
Address/Physical Location:	195 Observation Drive, Tahoe City, CA 96145
	Station #54 is in fair condition; however, the size and lack of apparatus parking are a hinderance to future viability.
Survey Component	**Observations**
Structure	
Construction Type	Single-story, hollow-fill masonry block
Date of Construction	1964
Energy Audits	Liberty Energy/Upgraded to LED lighting
Seismic Protection	No
Auxiliary Power	Yes; auto-start
Condition	Fair
Special Considerations	N/A
Square Footage	2,585
Apparatus Bays	3 back-in bays
ADA/Gender Sensitive	No. Not ADA compliant or gender sensitive.
Future Viability	Limited
Facilities Available	
Exercise/Workout	N/A
Kitchen/Dormitory	Break room with a stove and refrigerator
Lockers/Closets	Yes; lockers and shower in the bathroom.
Training/Meeting Rooms	No; there is a small office area.
Washer/Dryer	No
Extractor	No
Safety & Security	
Sprinklers & Smoke Alarm	Yes, and there is heat detection in the main storage.
Security	Security pin-pad door locks
Apparatus Exhaust System	Yes
Apparatus/Staffing Levels	
Minimum Assigned Staffing	N/A
Assigned Apparatus/Vehicles	2 Mechanics are normally assigned to this facility

Figure 9: North Tahoe Fire Protection District Station #55

Fire Station Name/Number:	North Tahoe Fire Protection District Station #55
Address/Physical Location:	240 Carnelian Bay Road, Carnelian Bay, CA 96140
	The condition of this facility is "fair." It is not configured in a response-efficient manner; this then limits its long-term viability.
Survey Component	**Observations**
Structure	
Construction Type	Two-story, hollow fill masonry block/wood frame
Date of Construction	1962
Energy Audits	Liberty Energy/Upgraded to LED lighting
Seismic Protection	No
Auxiliary Power	Yes, external. No auto-start.
Condition	Fair
Special Considerations	N/A
Square Footage	3,362
Apparatus Bays	2 back-in bays
ADA/Gender Sensitive	No, not ADA compliant. Limited ability to accommodate mixed gender.
Future Viability	Limited due to size and lack of gender specific separation
Facilities Available	
Exercise/Workout	No
Kitchen/Dormitory	Yes, kitchen; 5 dormitories
Lockers/Closets	Yes, lockers; 2 bathrooms with showers upstairs and separate from the dormitory.
Training/Meeting Rooms	No
Washer/Dryer	Yes
Extractor	No
Safety & Security	
Sprinklers & Smoke Alarm	No, sprinklers. Yes, smoke detectors.
Security	Security pin-pad door locks
Apparatus Exhaust System	Yes
Apparatus/Staffing Levels	
Minimum Assigned Staffing	3 CAL FIRE (May–Oct.)
Assigned Apparatus/Vehicles	Type I Engine and Reserve Ambulance

Figure 10: North Tahoe Fire Protection District Station #56 and Annex

Fire Station Name/Number:	North Tahoe Fire Protection District Station #56
Address/Physical Location:	270 Alpine Meadows Road, Alpine Meadows, CA 96146
	The size, space, and configuration limitations of this facility limits its long-term viability. Condition is fair. Adjacent to the Fire Station is Station 56 Annex is a very large building that houses Alpine Springs County Water District's equipment and apparatus. The Fire District stores a reserve engine as well as other miscellaneous equipment inside this building.

Survey Component	Observations
Structure	
Construction Type	Two-story, wood frame
Date of Construction	1993
Energy Audits	Liberty Energy/Upgraded to LED lighting
Seismic Protection	No
Auxiliary Power	Yes; auto-start
Condition	Fair
Special Considerations	N/A
Square Footage	3,104
Apparatus Bays	2 apparatus bays – 1 drive-thru; 1 back-in
ADA/Gender Sensitive	No. Not ADA compliant or gender sensitive.
Future Viability	Limited
Facilities Available	
Exercise/Workout	Yes, in the apparatus bay and downstairs bedroom.
Kitchen/Dormitory	Yes, kitchen; 2 dormitories
Lockers/Closets	Yes, showers located outside of the dormitories, 1st and 2nd floor.
Training/Meeting Rooms	No
Washer/Dryer	Yes, located on the lower level.
Extractor	No
Safety & Security	
Sprinklers & Smoke Alarm	No, sprinklers; Yes, smoke alarms
Security	Security pin-pad door locks
Apparatus Exhaust System	Yes
Apparatus/Staffing Levels	
Minimum Assigned Staffing	2
Assigned Apparatus/Vehicles	Type I Engine, Medic Unit, which is cross-staffed with the Engine crew

Figure 11: Meeks Bay Fire Protection District Station #61

Fire Station Name/Number:	Meeks Bay Fire Protection District Station #61
Address/Physical Location:	8041 Hwy 89 (PO Box 189) Tahoma, CA 96142
	While the condition of this facility is "fair," it is not configured in a response-efficient manner. This limits its long-term viability.

Survey Component	Observations
Structure	
Construction Type	Two-story plus a loft, wood frame
Date of Construction	Prior to 1963
Energy Audits	No
Seismic Protection	No
Auxiliary Power	Yes, generator with auto-start
Condition	Fair
Special Considerations	N/A
Square Footage	10,652
Apparatus Bays	2 and-a-half back-in
ADA/Gender Sensitive	No. Not ADA compliant or gender sensitive.
Future Viability	Limited due to the Station's configuration
Facilities Available	
Exercise/Workout	Yes, 2nd floor and in an exercise room
Kitchen/Dormitory	Yes, full-size kitchen
Lockers/Closets	All bedrooms have lockers; 2 bathrooms upstairs; 1 shower
Training/Meeting Rooms	Training area is in the dining area
Washer/Dryer	Yes
Extractor	Yes
Safety & Security	
Sprinklers & Smoke Alarm	No, sprinklers. Yes, monitored smoke detectors.
Security	Yes, security pin-pad door lock
Apparatus Exhaust System	Yes
Apparatus/Staffing Levels	
Minimum Assigned Staffing	2
Assigned Apparatus/Vehicles	ALS Type I engine, Medic 61 (reserve), 2 utilities and Utility 61

Figure 12: Meeks Bay Fire Protection District Station #62—Storage Facility

Fire Station Name/Number:	Meeks Bay Fire Protection District Station #62
Address/Physical Location:	7164-7th Avenue, Tahoma, CA 96142
	The station is in fair condition however; the lack of accommodations such as dorm space, overall size and location, limits the facility's long-term viability.

Survey Component	Observations
Structure	
Construction Type	One-story, wood frame
Date of Construction	1979
Energy Audits	None
Seismic Protection	No
Auxiliary Power	No
Condition	Fair for current purpose
Special Considerations	N/A
Square Footage	1,396
Apparatus Bays	2 back-in
ADA/Gender Sensitive	No. Not ADA compliant or gender sensitive
Future Viability	Size and location limit this station's long-term viability
Facilities Available	
Exercise/Workout	No
Kitchen/Dormitory	No
Lockers/Closets	1 bathroom with a shower
Training/Meeting Rooms	No
Washer/Dryer	No
Extractor	No
Safety & Security	
Sprinklers & Smoke Alarm	Monitored heat detectors
Security	Security pin-pad door locks
Apparatus Exhaust System	No
Apparatus/Staffing Levels	
Minimum Assigned Staffing	N/A
Assigned Apparatus/Vehicles	Water Tender 62 and a Type II Engine

Facilities Summary

Eight facilities and/or fire stations serve the current need for housing of apparatus and response crews and fleet maintenance of the combined operation of the two Districts. Most of the stations—except for Station 51—are aging and current needs have exceeded size and design. Apart from NTFPD Station 51, none of the stations are appropriately configured, including dual gender accommodations, adequate space, or sufficient crew accommodations. All stations have emergency generators—with automatic start apart from Station 62—which does not have a generator, and Station 55 which does have a generator, however, it is not equipped with an emergency start.

NORTH TAHOE FIRE PROTECTION DISTRICT

The six facilities range in age from six years to sixty-four years. Some of the stations have been partially remodeled, however, the majority are at a point where they need updating and expansion if they are to continue to serve the District into the future.

MEEKS BAY FIRE PROTECTION DISTRICT

The two Meeks Bay FPD stations are in fair condition. They range in age from thirty-nine to fifty-five years.

When considering the opportunities that exist for cooperative efforts between fire districts, and particularly in the context of some form of legal unification, future facility costs are an important consideration. One organization does not want to inherit long range maintenance and replacement costs from another during a collaborative effort. The cost of fire stations, and varying degree of conditions and locations found in both Districts, underscores the importance of long range replacement planning. As the organizations move forward, regardless of decisions made regarding cooperative efforts, a plan for replacement and possible relocation of fire stations will be important.

Recommendation for Both Agencies: Long Range Capital Plans

Develop a long-range capital remodel/replacement/relocation plan for fire stations.

Apparatus/Vehicles

Other than firefighters assigned to stations, response vehicles are probably the next most important resource of the emergency response system. The delivery of emergency services will be compromised if emergency personnel cannot arrive quickly due to unreliable transportation or if the equipment does not function properly.

Fire apparatus are unique and expensive pieces of equipment, customized to operate efficiently for a narrowly defined mission. An engine may be built in such a way that the compartments fit specific equipment and tools. Virtually every space on a fire vehicle is designed for function. This same vehicle, with its specialized design, does not lend itself well to operate in a completely different capacity, such as a hazardous materials unit or a rescue squad. For this reason, fire apparatus offers little flexibility in use or reassigned purpose. As a result, communities across the country have sought to achieve the longest life span possible for these vehicles.

Unfortunately, no piece of mechanical equipment can be expected to last forever. As a vehicle ages, repairs tend to become more frequent and more complex. Parts may become more difficult to obtain, and downtime for repairs increases. Given the emergency mission that is so critical to the community, downtime is one of the most frequently identified reasons for apparatus replacement.

Because of the expense of fire apparatus, most communities develop replacement plans. To enable such planning, communities often turn to the accepted practice of establishing a life cycle for apparatus that results in an anticipated replacement date for each vehicle. The reality is that it may be best to establish a life cycle for planning purposes, such as the development of replacement funding for various types of apparatus; yet, apply a different method (such as a maintenance and performance review) for determining the actual replacement date, thereby achieving greater cost effectiveness when possible.

Fire administrators should be concerned about aging of the fleet and having a funded replacement schedule. As frontline units age, fleet costs will naturally be higher and more down time will be associated with necessary repairs and routine maintenance.

The following figure lists apparatus assigned to the eight NTFPD/MBFPD fire stations.

Figure 13: North Tahoe Fire District Apparatus Inventory

Apparatus Designation	Type	Year	Make and Model	Condition	Pump Capacity	Tank Capacity
M-15	I	1922	Seagrave Pumper	Parade		
M-45	III	1992	Int'l Mini Pumper	Good	500	500
M-52		1971	John Deere Loader			
M-60		1999	Ford F-250 Utility (STL)			
M-65	III	2007	Int'l 7400 Chassis	Very Good	500	650
M-71	I	2003	Spartan Pumper	Good	1,500	1,000
M-75		2004	Kenworth Water Tender	Very Good	750	2500
M-76		2004	Ford Braun Ambulance	Surplus Ambulance	CERT Rehab	
M-77	III	1997	Int'l Pumper	Good	750	500
M-78		2008	Ford F-250	Good		
M-80		2008	Ford F-150 Utility	Very Good		
M-81		2008	Ford F-150 Utility	Very Good		
M-83		2006	Bauer Air Trailer	Very Good		
M-84 Sta. 55		2005	DCA70 CAT Generator	Very Good		
M-85		2008	Ford Expedition	Good		
M-86		2009	Ford Expedition	Good		
M-88		2012	Ford F-550 (Mech Vehicle)	Very Good		
M-89		2011	Ford F350 Braun Ambulance	Very Good		
M-90		2012	Ford F350 Braun Ambulance	Very Good		
M-91		2014	Ford F350 Braun Ambulance	Very Good		
M-92	I	2016	KME Severe 4x4 Pumper	Excellent	1,500	750
M-93	I	2016	KME Severe 4x4 Pumper	Excellent	1,500	750
M-94		2014	Dodge 3500 Braun Ambulance	Excellent		

Apparatus Designation	Type	Year	Make and Model	Condition	Pump Capacity	Tank Capacity
M-95		2015	Dodge 3500 Braun Ambulance	Excellent		
M-96		2015	Ford Explorer	Excellent		
M-97		2016	Ford F250 Utility	Excellent		
M-98		2016	Ford F250 Utility	Excellent		
M-99	I	2017	KME Severe 4x4 Pumper	Excellent	1,500	750
M-100		2018	Ford Interceptor Utility	Pending delivery		
M-101		2018	Ford F-250 Utility	Pending delivery		
M-102		2017	Dodge 3500 Braun Ambulance	Excellent		
M-103	III	2018	HME 4x4 Brush Engine	Excellent	500	500
M-104		2018	Subaru Impreza	Excellent		
M-105		2018	Subaru Impreza	Excellent		

PREVENTION/CHIPPER

Apparatus Designation	Type	Year	Make and Model	Condition	Pump Capacity	Tank Capacity
M-203		2003	Arrow Trailer	Fair		
M-204		2006	Ford F-450 Flat Bed	Good		
M-205		2007	Carson DT122 Dump Trailer	Good		
M-207		2001	Ford F-350 Crew Cab Utility	Fair		
M-208		2008	Ford F-450 4x4 Flat Bed	Very Good		
M-209		1998	Ford F-150 Utility	Fair		
M-210		1998	Ford F-150 Utility	Fair		
M-212		2003	Chevy Tahoe	Fair		
M-213		2008	Bandit 200X Chipper	Good		
M-214		1998	Ford F-150 Utility	Fair		

MISCELLANEOUS

Apparatus Designation	Type	Year	Make and Model	Condition	Pump Capacity	Tank Capacity
M-247		2010	Snowmobile Trailer	Very Good		
M-248		2011	Wells Cargo – PIO	Very Good		
M-249		2011	Trailer	Very Good		
M-252		1985	Wells Cargo – PIO Trailer	Good		
M-253		2011	Cook Trailer	Very Good		
M-254		2012	Skidoo Snowmobile	Very Good		
M-255		2009	Skidoo Snowmobile	Very Good		
M-256		2013	Snake River Trailer (for antique Seagrave)	Very Good		
M-257		2013	Polaris Ranger-13, Crew, 800	Very Good		
M-258			83" Channel Utility Trainer (For Ranger)	Very Good		
M-259			Snowmobile Sleigh	Excellent		

Figure 14: Meeks Bay Fire Protection District Apparatus and Vehicle Inventory

Apparatus Designation	Type	Year	Make and Model	Condition	Pump Capacity	Tank Capacity
M-215		2011	Chevy Tahoe	Good		
M-1501	1	1999	HME	Good Reserve	1250	1000
M-1502	1	1989	FMC	Surplus		
M-1503	1	2003	International Water Tender	Very Good	1250	2000
M-1504		2000	Ford Expedition	Fair		
M-1505		2002	Dodge Pickup	Good		
M-1507		2007	Freightliner Dump Truck	Good		
M-1508		2005	250 Brush Bandit Chipper	Good		
M-1509		2007	255XP Track Bandit Chipper	Good		
M-1510		1999	Ford Plow Truck	Fair		
M-1511		2004	Mirage Trailer	Good		
M-1512	1	2017	KME Severe 4x4 Pumper	Excellent	1500	750
M-1513			Track Chipper Trailer	Good		
M-1514		2009	Dump Trailer	Good		

Apparatus Summary

Generally, fire agencies utilize a guideline as follows:

- Engines: 10 years frontline and 5 years reserve.
- Truck Companies: 15 years frontline and 5 to 10 years in reserve.
- Ambulance: 5 years front line 5 years in reserve.

The level of activity, topography, and other factors may influence these guidelines.

The frontline Type I Engines of both agencies currently in-service fall within industry standards. Three of the four frontline engines were purchased in either 2016 or 2017. The six ambulances listed as front-line fall within industry standards except for M-89 and M-90. Meeks Bay Fire Protection District's front-line Type I Engine was purchased in 2017 and configured similarly to North Tahoe Fire Protection District's Type I Engines.

An important consideration for fire districts contemplating any kind of integration, is the commitment to apparatus maintenance and planning for the replacement of this expensive and sophisticated equipment as they near the end of their useful lives.

Capital Replacement Planning

Fire apparatus are typically unique pieces of equipment, often very customized to operate efficiently in a narrowly defined mission. A pumper may be designed such that the compartments fit specific equipment and tools, with virtually every space on the truck designated in advance for functionality. This same vehicle, with its specialized design, cannot be expected to function in a completely different capacity, such as a hazardous materials unit or a rescue squad. For this reason, fire apparatus is very expensive and offers little flexibility in use and reassignment. As a result, communities across the country have sought to achieve the longest life span possible for these vehicles.

Because of the large expense of fire apparatus, most agencies find the need to plan for the cost of replacement. To properly do so, agencies often turn to the long-accepted practice of establishing a life cycle for the apparatus that results in a replacement date being anticipated well in advance. Forward thinking organizations then set aside incremental funds during the life of the vehicle, so replacement dollars are ready when needed.

Long range capital replacement planning is always a challenge for a fire department. Both study agencies have done a commendable job of purchasing and maintaining an up to date fleet of fire apparatus. However, because nearly all front-line Type I Engines were purchased at the same time, both Districts will see these apparatuses come due for replacement at about the same.

The purchase of ambulances has been staggered a bit differently and it appears they are spread out so that replacements fall every two to three years.

The practice in both organizations appears to be similar. Rather than purchasing fire and EMS vehicles incrementally over time, multiple pieces of equipment have been bought at the same time, using general fund reserves. The practice has been successful to date, however results in a drain of reserves that could be used to sustain the District/s during economic downturns. Fire vehicles have a readily predictable service life and an easily forecast future replacement cost, which should be planned for. If future needs are identified and funding is set aside to accommodate them, the agency will not be dependent on reserves in the future to meet its long-term financial demands. ESCI advises clients that, as soon as a new piece of fire apparatus is purchased, funding should start to be set aside for its replacement.

Per District staff, North Tahoe FPD has established a laddered leasing replacement program. While not the traditional "save and buy" capital replacement program, it does provide adequate funding to meet the recommended replacement schedule discussed and arguably more efficient than the traditional model.

ESCI did not review the laddered leasing program therefore our recommendation is that the development of a funded replacement schedule and additional detail in both agencies would be warranted.

Recommendation for Both Agencies: Long Range Apparatus and Vehicle Replacement Plans
Establish and fund a long-range apparatus and vehicle replacement schedule to move away from reliance upon General Fund reserves.

Staffing and Personnel Management

The most valuable asset of any organization is its people. The effective management of human resources requires a balance between the maximum utilization of the overall workforce and the experience of a high level of job satisfaction by individual workers. To achieve this goal consistently, management must combine reliability with a safe working environment, fair treatment, the opportunity to provide input, and recognition of the individual's commitment and sacrifice. Job satisfaction depends upon this combination of factors.

Administrative and Support Staffing

One of the primary responsibilities of a fire department's administration is to ensure that the fiscal, infrastructure, and support elements are in place and functioning smoothly and effectively so that the core mission—responding to and mitigating emergencies—can be accomplished in a safe and efficient manner. Administrative staffing includes command officers (Fire Chiefs, Division Chiefs, and Battalion Chiefs) administrative support and other key staff.

Like any other part of a fire department, administration and support need the appropriate resources to function properly. In this section of the staffing analysis, the ratio of administrative and support positions to total organizational staffing is compared to industry best practices and similar organizations. Too large an emphasis on administrative staffing can have as much of a detrimental influence on the efficient functioning of an organization as too little. It is important to achieve an appropriate balance between administration and support and the operational sides of a department. Organizational success may depend upon it.

The following figure lists the positions and numbers of the combined administration and support positions

Figure 15: Administrative and Support Staffing

Position	Number
Fire Chief	1
Division Chief – Operations	1
Division Chief – Fire Marshal	1
Director of Finance/Administration	1
Office Manager (MBFPD employee)	1
Administrative Assistant	3
Public Information Officer	1
Facilities Coordinator	1
Fleet/Facilities Assistant	2 (PT)
Fleet mechanic	1
Forester	1
Defensible Space Inspector	.5
Fire Inspector	2 FT and 2 (PT)

Discussion

Levels of administrative and support staffing vary widely in fire departments for a host of reasons. A primary factor is that fire districts have very different administrative staffing needs from a city department. Fire districts will typically have to address services such as human resources, finance, payroll, purchasing, and many other functions that are available to a city department, but not to a district. Another administrative staffing difference may be seen between agencies that provide ambulance transportation and those that do not, because of the level of cost recovery billing that is needed in a transporting agency.

ESCI observes that as a combined agency, the Districts are adequately staffed.

In the event that the Meeks Bay Fire Protection District were standalone, and assuming the same administrative and support staffing as currently provided under the Agreement for Fire Services Management and Related Services dated April 5, 2014, MBFPD would need to add positions necessary to carry out all of the administrative and support positions identified in the previous figure. ESCI recognizes that in a small district, some of these duties can be combined; however, from a business practice perspective, it is important to maintain a separation of duties. This separation is extremely important as it related to finances and workload.

Finding:

- The "Agreement for Fire Services Management and Related Services," dated April 5, 2014, has resulted in enhanced services to the Meeks Bay Fire Protection District.

Recommendation: Administrative Staffing

Fully merge the administrative staffing of the two districts.

Emergency Response Staffing

An adequate number of properly trained staff of emergency responders is required for putting the appropriate emergency apparatus and equipment to its best use in mitigating incidents. Insufficient staffing at an operational scene decreases the effectiveness of the response.

The first 15 minutes is the most crucial period in the suppression of a fire. How effectively and efficiently firefighters perform during this period has a significant impact on the overall outcome of the event. This general concept is applicable to fire, rescue, and medical situations. Critical tasks must be performed in a timely manner in order to control a fire or to treat a patient. The fire department is responsible for assuring that responding companies can perform all of the described tasks in a prompt, efficient, and safe manner. The following figure lists the agencies' emergency response staffing.

The two participating agencies staff for emergency operations and function as one entity utilizing full-time career personnel.

Figure 16: Details the Emergency Response Staffing for the Combined Operation

Service	General Resource/Asset Capability	Basic Staffing Capability per Shift
Fire Suppression	5 staffed engines/cross-staffed with ambulances 0 staffed ladder trucks 2 command response units 0 two-person rescue 0 Safety officer Additional automatic and mutual aid engines, aerials, and support units available.	13–16 suppression-trained personnel. Additional automatic and mutual aid firefighters available.
Emergency Medical Services	5 ALS ambulance cross-staffed with Engines 1 Engine – ALS equipped	4 certified emergency medical technicians 12 paramedics
Vehicle Extrication	4 engines equipped with hydraulic rescue tools, hand tools, air bags, 1 service company with cutting torch, stabilization cribbing 3 ambulances with combination cutter-spreader hydraulic rescue tool	16 firefighters trained in vehicle rescue.
Low -Angle Rescue	9 District personnel participate as part of regional technical rescue team with mutual aid partners. Rescue-rated rope and all associated hardware shared between all agencies.	15 personnel trained to the low angle rope rescue standards. Associated rescue rated hardware available at 3 District stations.
Trench and Collapse Rescue)	2 personnel trained in trench rescue. Rescue rated equipment associated with confined space and other rescue gear. Additional personnel, material, and equipment available through mutual aid partners.	
Swift-Water Rescue	Minimal swift water threat within District boundaries, but throw-bags, PFDs, helmets and one rescue raft available to be deployed when needed. Shore Zone and ice rescue equipment available to be deployed as needed.	6 personnel trained in swift water rescue operations. 16 personnel trained in shore zone water rescue techniques. 16 personnel trained in ice rescue techniques.
Confined Space Rescue	Two sets of all required equipment with tripod, cribbing, shores, air monitoring equipment, basket stretchers, rescue-rated rope available at Station 51 and 52. Additional equipment and personnel available through mutual aid.	6 personnel trained to the technician level in confined space rescue.

Service	General Resource/Asset Capability	Basic Staffing Capability per Shift
Hazardous Materials Response	Minimal direct Hazardous Materials threat within District boundaries, but 4 personnel trained to Haz Mat Specialist level and participate as part of regional Type II Haz Mat Response team. Regional Type II Haz Mat response vehicle equipped with personal protective equipment, gas and radiation monitoring equipment, containment supplies, and non-sparking tools located at Truckee Fire Station 96.	16 personnel trained to the operations level.

Figure 17: Combined Emergency Response Positions

Position	Number
Fire Chief	1
Division Chief (Operations/Fire Marshal)	2
Battalion Chief	3
Fire Captain	12
Fire Apparatus Operator	15
Firefighter – Career	18
Firefighter	PT

Stations 51 and 52 are staffed with a minimum of three personnel at all times. Station 53 is staffed with three personnel as available staffing permits, however a minimum staffing of two is the default. The District's four primary paramedic ambulance units are cross staffed utilizing engine company crews. In addition, and because of the Agreement for Fire Services Management and Related Services, Meeks Bay Station 61's initial response engine has been upgraded to Advanced Life Support/Paramedic and as needed the crew will cross staff the reserve ambulance stationed with the engine.

The deployment of emergency response resources is consistent with most of the calls for service, however the level of staffing is minimal. As is typically found in today's fire departments, most of fire service calls are for medically-related emergencies. In response, all but six of the District's firefighters are certified to Advanced Life Support (Paramedic) level. The combined operation of both Districts has resulted in enhanced service to the community served by MBFPD as well as mutual operational efficiencies. These enhancements and efficiencies include but are not limited to:

- 24/7 Duty Officer coverage
- Stabilized daily staffing of the MBFPD station
- Implementation of Advanced Life Support (Paramedic) level initial response to MBFPD
- Positioning of a reserve ALS ambulance at the Meeks Bay Station

- Enhanced level of training
- Standardization of policies and operating procedures
- Progress towards full boundary drop response protocols

It must be noted that prior to April 2014, staffing levels for MBFPD were inconsistent and varied from two person staffing to one with a full response dependent on reserve/volunteer turnout. MBFPD was not able to staff a low risk structure fire absent automatic and mutual aid.

Figure 18: Daily Emergency Response Staffing by Station

Station	Apparatus	Minimum On-duty Staffing
Station 51 (Headquarters)	Engine 51	3
	Medic 51	Cross Staffed
	Medic 251	Reserve
	Brush 51	Cross Staffed
	Ranger 51 (4 seat EMS ATV)	
	Water Tender 51	Cross Staffed
	Battalion Chief 5	1
	Utility 51	
Station 52	Engine 52	3
	Medic 52	Cross Staffed
	Brush 52	Cross Staffed
	Air 52	
	Utility 52	
Station 53	Engine 53	2/3
	Medic 53	Cross staffed
	Brush 53	Cross Staffed
	Utility 53	
Station 54 (Shop)	Mechanic Shop	0
Station 55 (CAL FIRE, Seasonal)	CAL FIRE Lease Fire Season	Seasonal
	Engine 55	0
Station 56	Engine 56	2
	Medic 56	Cross Staffed
Station 56 Annex	Reserve Engine	
Station 61 (Meeks Bay FPD)	Engine 61 (ALS)	2
	Medic 61	Reserve
	Utility 61	
Station 62 (Storage, Meeks Bay FPD)	Water Tender 62	0
	Reserve Engine	Reserve
TOTAL		**13**

Critical Tasking

The NTFPD/MBFPD has developed the following critical task analyses for various incident types. Further, it has defined, based on current unit staffing levels, the number and type of apparatus needed to deliver sufficient numbers of personnel to meet the critical tasking identified. ESCI's review of the critical task analysis concludes that all are generally in keeping with industry standards and provide the minimum number of personnel needed for effective incident operations.

Establishing resource levels needed for various types of emergencies is a uniquely local decision. Factors influencing local decisions for incident staffing include the type of equipment operated, training levels of responders, operating procedures, geography, traffic, and the nature of building and other risks protected.

Critical tasks are those activities that must be conducted early on and in a timely manner by firefighters at emergency incidents to control the situation, stop loss, and to perform necessary tasks required for a medical emergency. NTFPD/MBFPD is responsible for assuring that responding companies are capable of performing all of the described tasks in a prompt, efficient, and safe manner. These are the minimum number of personnel needed by incident type for each agency. More personnel will be needed for incidents of increased complexity or size.

LOW RISE STRUCTURE FIRE

Task	Number of Personnel
Command/Safety	1
Pump Operations	1
Attack Line	2
Search/Rescue/Ventilation	2
RIC	2
Other (Hydrant, backup line)	2
TOTAL	**10**

HIGH RISE STRUCTURE FIRE (55+ FEET IN HEIGHT)

Task	Number of Personnel
Command/Safety	3
Pump Operations	2
Attack Line	4
Search and Rescue	4
Ventilation	4
RIC	4
Other (Hydrant, backup line)	4
TOTAL	**25**

MODERATE RISK COMMERCIAL STRUCTURE FIRE

Task	Number of Personnel
Command/Safety	3
Pump Operations	2
Attack Line	4
Search and Rescue	4
Ventilation	4
RIC	2
Other (hydrant, backup line)	4
TOTAL	**23**

HIGH RISK COMMERCIAL STRUCTURE FIRE

Task	Number of Personnel
Command/Safety	3
Pump Operations	2
Attack Line	4
Search and Rescue	4
Ventilation	4
RIC	4
Other (hydrant, backup line)	4
TOTAL	**25**

WILDLAND FIRE—LOW RISK

Task	Number of Personnel
Command/Safety	2
Attack Line	2
TOTAL	**4**

WILDLAND FIRE—HIGH RISK

Task	Number of Personnel
Command/Safety	3
Pump Operations/Lookout	5
Attack Line	12
Structure Protection	3
Water Supply	2
TOTAL	**25**

AIRCRAFT EMERGENCY

Task	Number of Personnel
Command/Safety	1
Aircraft Fire Suppression	2
Pump Operations	2
Attack Line	2
Back-up Line	2
Rescue	2
Emergency Medical Care	2
Water Supply	1
TOTAL	**14**

HAZARDOUS MATERIALS—LOW RISK

Task	Number of Personnel
Command	2
Liaison	1
Decontamination	4
Research/Support	2
Entry team, and Backup Team	6
TOTAL	**15**

HAZARDOUS MATERIALS—HIGH RISK

Task	Number of Personnel
Command	2
Liaison	1
Decontamination	4
Research Support	2
Team Leader, Safety, Entry Team, and Backup Team	6
Total	**15**

EMERGENCY MEDICAL AID (LIFE THREATENING)

Task	Number of Personnel
Patient Management	1
Patient Care	2
Documentation	1
TOTAL	**4**

MAJOR MEDICAL RESPONSE (10+ PATIENTS)

Task	Number of Personnel
Incident Command/Safety	1
Triage	1
Treatment Manager	1
Patient Care	8
Transportation Manager	1
TOTAL	**12**

MOTOR VEHICLE ACCIDENT (NON-TRAPPED)

Task	Number of Personnel
Scene Management/ Documentation	2
Patient Care/Extrication	2
TOTAL	**4**

MOTOR VEHICLE ACCIDENT (TRAPPED)

Task	Number of Personnel
Command/Safety	1
Scene Management	1
Patient Care	2
Extrication	3
Pump Operator/ Suppression Line	2
Extrication/Vehicle Stabilization	2
TOTAL	**11**

TECHNICAL RESCUE—WATER

Task	Number of Personnel
Command/Safety	1
Rescue Team	3
Backup Team	2
Patient Care	2
Rope Tender	2
Upstream Spotter	2
Downstream Safety	2
TOTAL	**14**

TECHNICAL RESCUE—ROPE

Task	Number of Personnel
Command/Safety	1
Rescue Team	2
Backup/Support Team	2
Patient Care	2
Rigger	1
Attendant	1
Ground Support	4
Edge Person	1
TOTAL	**14**

TECHNICAL RESCUE—CONFINED SPACE

Task	Number of Personnel
Command/Safety	2
Rescue Team	2
Backup/Support Team	2
Patient Care	2
Attendant	1
Rigger	1
Ground Support	4
TOTAL	**14**

TECHNICAL RESCUE—TRENCH

Task	Number of Personnel
Command/Safety	2
Rescue Team	2
Backup/Support Team	2
Patient Care	3
Shoring	5
TOTAL	**14**

Alarm Assignments

In order to ensure sufficient personnel and apparatus are dispatched to an emergency event, the District has established the following first alarm response assignments. "Total Staffing Needed" is the number identified in the Critical Tasking Analysis on the previous pages.

LOW RISE STRUCTURE FIRE

Unit Type	Number of Units	Total Personnel
Engine	3	9
Truck	0	0
Ambulance	1	2
Air Supply	0	0
Battalion Chief	1	1
Total Staffing Provided		**12**
Total Staffing Needed		**10**

HIGH RISE STRUCTURE FIRE (55+ FEET)

Unit Type	Number of Units	Total Personnel
Engine	3	9
Truck	1	2
Ambulance	1	2
Air Supply	0	0
Battalion Chief	1	1
Total Staffing Provided		**14**
Total Staffing Needed		**25**

MODERATE RISK COMMERCIAL STRUCTURE FIRE

Unit Type	Number of Units	Total Personnel
Engine	3	9
Truck	1	2
Ambulance	1	2
Air Supply	0	0
Battalion Chief	1	1
Total Staffing Provided		**14**
Total Staffing Needed		**23**

HIGH RISK COMMERCIAL STRUCTURE FIRE

Unit Type	Number of Units	Total Personnel
Engine	3	9
Truck	1	2
Ambulance	1	2
Air Supply	0	0
Battalion Chief	1	1
Total Staffing Provided		**14**
Total Staffing Needed		**25**

WILDLAND FIRE—LOW RISK (+ STATE AND FEDERAL DISPATCH)

Unit Type	Number of Units	Total Personnel
Brush Engine	2	6
Battalion Chief	1	1
Water Tender	0	0
Total Staffing Provided		**7**
Total Staffing Needed		**4**

WILDLAND FIRE: HIGH RISK—MEDIUM/HIGH DISPATCH + STATE AND FEDERAL DISPATCH

Unit Type	Number of Units	Total Personnel
Engine	3	9
Brush Engine	3	9
Battalion Chief	1	1
Water Tender	2	4
Total Staffing Provided		**23**
Total Staffing Needed		**25**

AIRCRAFT EMERGENCY

Unit Type	Number of Units	Total Personnel
Engine	2	6
Truck	0	0
ARRF	0	0
Rescue	0	0
Ambulance	2	4
Battalion Chief	1	1
Total Staffing Provided		**11**
Total Staffing Needed		**14**

HAZARDOUS MATERIALS—HIGH RISK

Unit Type	Number of Units	Total Personnel
Engine	2	6
Truck	0	0
Ambulance	1	2
Battalion Chief	1	1
Hazardous Materials Unit	1	4
Total Staffing Provided		**13**
Total Staffing Needed		**15**

HAZARDOUS MATERIALS—LOW RISK

Unit Type	Number of Units	Total Personnel
Engine	1	3
Truck	0	0
Ambulance	1	2
Battalion Chief	1	1
Hazardous Materials Unit	0	0
Total Staffing Provided		**6**
Total Staffing Needed		**15**

EMERGENCY MEDICAL SERVICE (LIFE-THREATENING) FIRST ALARM

Unit Type	Number of Units	Total Personnel
Engine or Utility	1	1
Ambulance	1	2
Total Staffing Provided		**3**
Total Staffing Needed		**5**

MAJOR MEDICAL RESPONSE (10+ PATIENTS) THIRD ALARM

Unit Type	Number of Units	Total Personnel
Engine/Paramedic	2	6
Ambulance	7	14
Rescue	0	0
Battalion Chief	1	1
Total Staffing Provided		**21**
Total Staffing Needed		**12**

MOTOR Vehicle Accident (Non-Trapped) First Alarm

Unit Type	Number of Units	Total Personnel
Engine	1	1–2
Ambulance	1	2
Battalion Chief	1	1
Total Staffing Provided		**4–5**
Total Staffing Needed		**4**

MOTOR Vehicle Accident (Trapped) Second Alarm

Unit Type	Number of Units	Total Personnel
Engine	3	9
Ambulance	3	6
Rescue	0	0
Battalion Chief	1	1
Total Staffing Provided		**16**
Total Staffing Needed		**11**

TECHNICAL RESCUE—WATER

Unit Type	Number of Units	Total Personnel
Engine	1	3
Water Rescue Unit	0	0
Tech Rescue Unit	0	0
Ambulance	1	2
Battalion Chief	1	1
Total Staffing Provided		**6**
Total Staffing Needed		**14**

TECHNICAL RESCUE—ROPE

Unit Type	Number of Units	Total Personnel
Engine	1	3
Truck	0	0
Rescue		0
Ambulance	1	2
Battalion Chief	1	1
Total Staffing Provided		**6**
Total Staffing Needed		**14**

TECHNICAL RESCUE—CONFINED SPACE

Unit Type	Number of Units	Total Personnel
Engine	1	3
Truck	0	0
Rescue	0	0
Ambulance	1	2
Battalion Chief	1	1
Total Staffing Provided		**6**
Total Staffing Needed		**14**

TECHNICAL RESCUE—TRENCH

Unit Type	Number of Units	Total Personnel
Engine	1	3
Truck	0	0
Rescue	0	0
Ambulance	1	2
Battalion Chief	1	1
Total Staffing Provided		**6**
Total Staffing Needed		**14**

Finding:

- The combined operation of the two districts is designed to maximize available resources resulting in service enhancements to MBFPD. As a standalone agency, MBFPD would be unable to field a first alarm assignment for any of the identified alarm types noted above.

Service Delivery, Demand, and Performance

This section of the Feasibility Study for the two Districts reviews current service delivery and performance. Observations concerning service delivery for the study area as a whole and for the individual agencies are provided where appropriate depending on available data. It is important to examine the level of workload (service demand) that a fire department experiences. Higher service demand can strain the resources of a department and may result in a negative effect on response time performance.

Service Demand

This section describes current and historical service demand by incident type and temporal variation for the study area and the participating jurisdictions. GIS software is used to provide a geographic display of demand within the overall study area. The data used in this analysis is derived from National Fire Incident Reporting System (NFIRS) data provided by the North Tahoe Fire Protection District. The following two figures depict historical service demand from 2008 through 2017 for each agency

Figure 19: NTFPD & MBFPD Historic Service Demand, 2008–2017

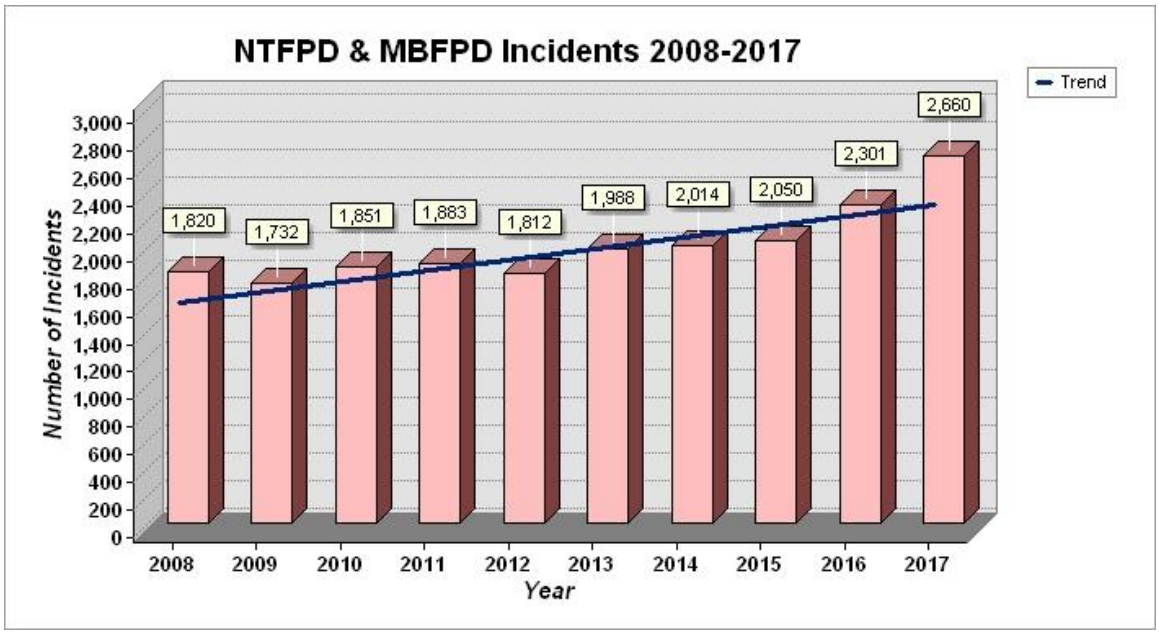


Figure 20: NTFPD & MBFPD Percentage Change, 2008–2017

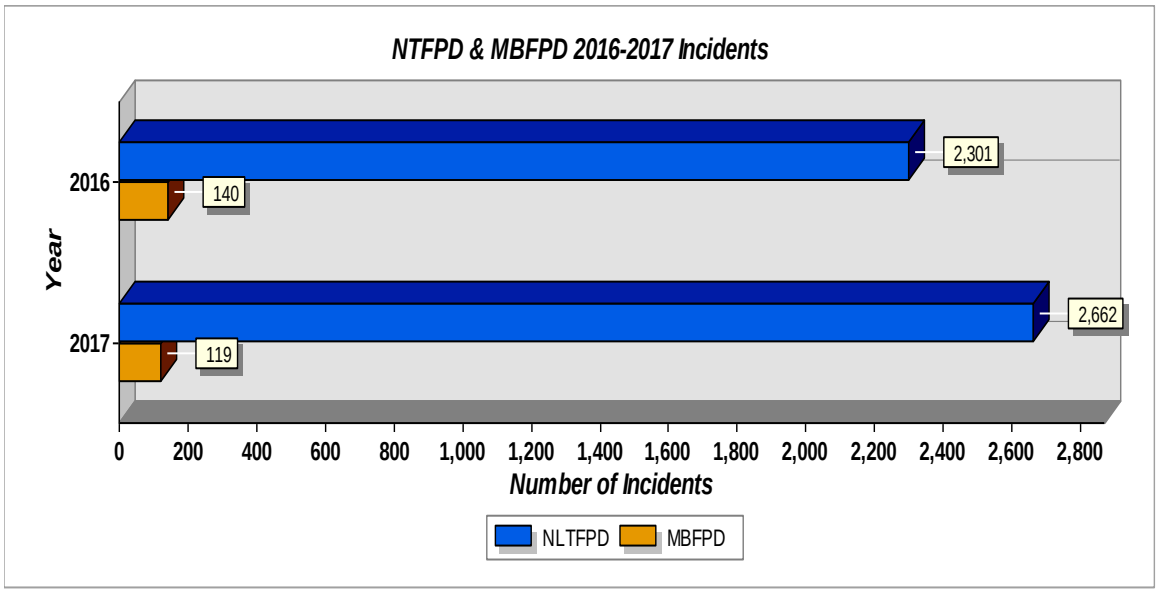
Year	Number of Incidents	Percent Increase
2008	1,820	
2009	1,732	-5%
2010	1,851	7%
2011	1,883	2%
2012	1,812	-4%
2013	1,988	10%
2014	2,014	1%
2015	2,050	2%
2016	2,301	12%
2017	2,660	16%
	Average	**5%**

Over the past 9 years, the average call volume for both Districts has increased by 5 percent. Through 2012, the percentage increase in call volume was single digit. In 2013, 2016, and 2017, the percentage increase in calls was double digit.

Temporal Variation

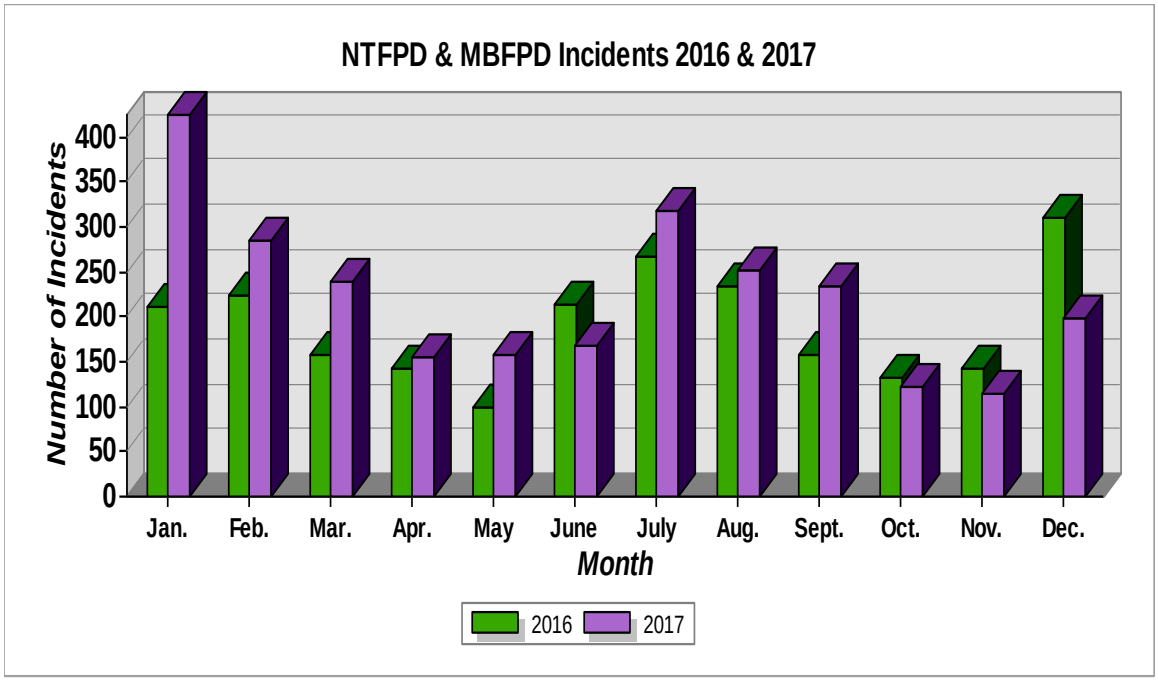
A temporal analysis of incidents reveals when the greatest response demand is occurring. The following figures show how activity and demand changes for the individual fire agencies based on various time measurements. The available incident data was from January 1, 2016 to December 31, 2017. The following figure shows both Districts' year to year comparison.

Figure 21: NTFPD & MBFPD Incident Count



Service demand in the NTFPD is much greater that the MBFPD and is steadily increasing, while the MBFPD service demand is decreasing. The NTFPD automatically responds to the northern portion of the MBFPD. The following figure shows both Districts' month-to-month comparison.

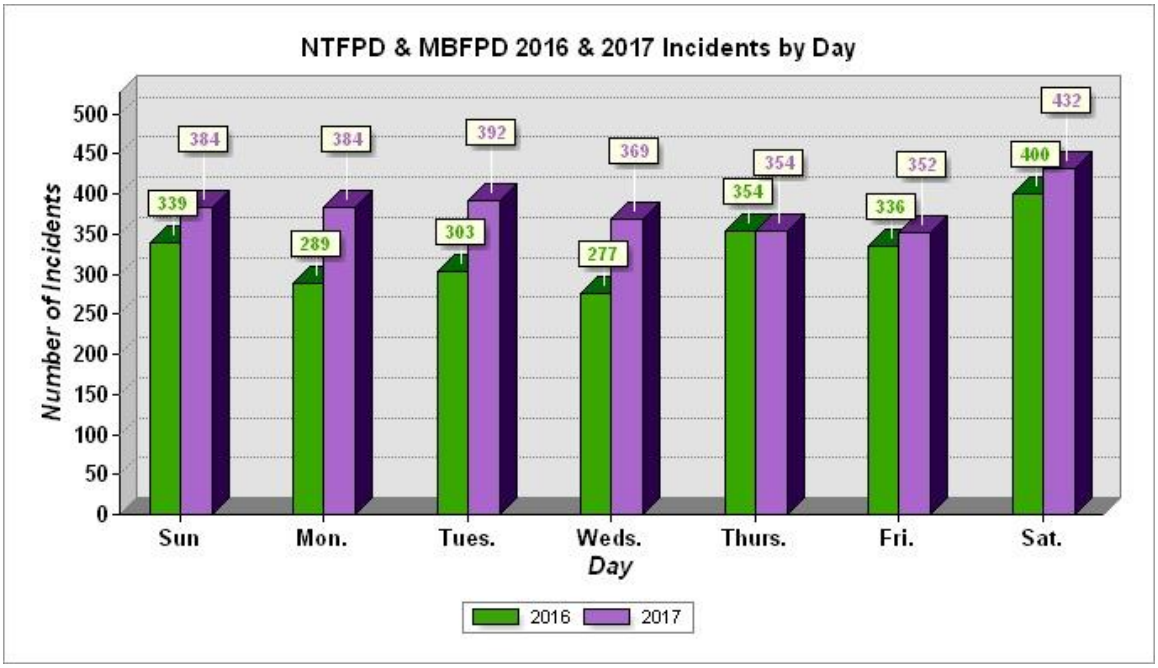
Figure 22: NTFPD & MBFPD Incidents by Month, 2016 & 2017



The winter months of January and December are the busiest. The second busiest time is the height of the summer, especially the month of July. Both busy intervals are likely due to the influx of vacationers.

The following figure depicts the incidents by day of the week.

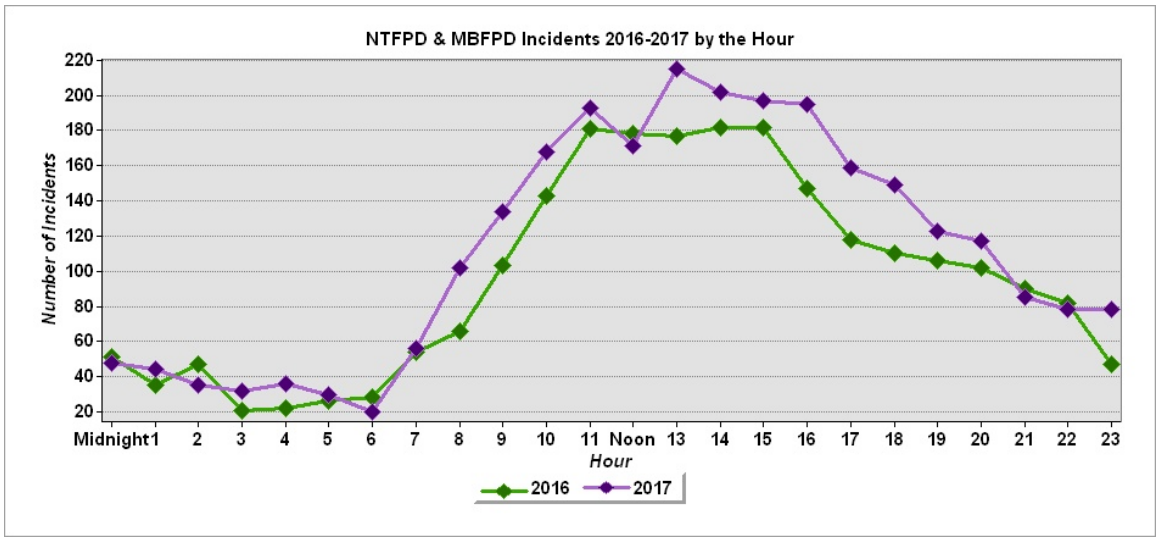
Figure 23: NTFPD & MBFPD Incidents by Day of Week, 2016 & 2017



The busiest day for both Districts is Saturday; the core of the weekend.

The last temporal analysis of service demand examines demand summarized by hour of the day, as the following figure depicts.

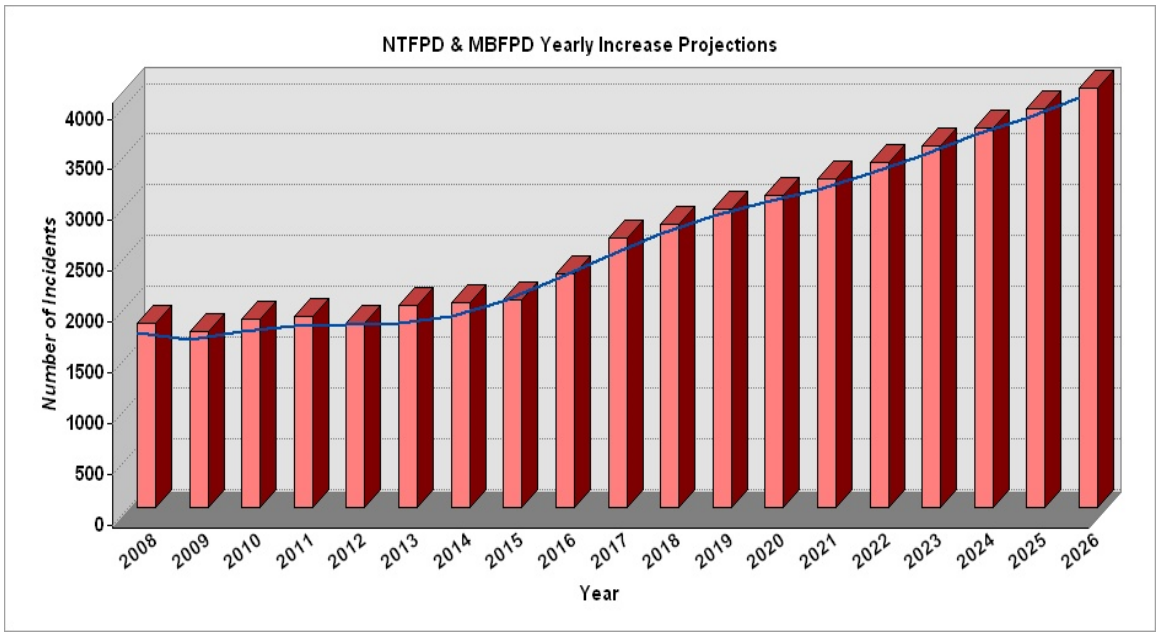
Figure 24: NTFPD & MBFPD Incidents by Hour, 2016–2017



The graph demonstrates a distinct curve that closely follows typical population activity patterns. Incident activity begins to increase in the morning and continues to increase throughout the workday. Demand gradually decreases throughout the evening and early morning hours. Seventy-five to eighty percent of the calls occur between the hours of 8am and 8pm.

The 9-year historic incident data, from both fire departments, showed a 5 percent average increase in service demand. This 5 percent projection in service through 2026 is shown in the next figure.

Figure 25: NTFPD & MBFPD 10-Year Projection of Calls



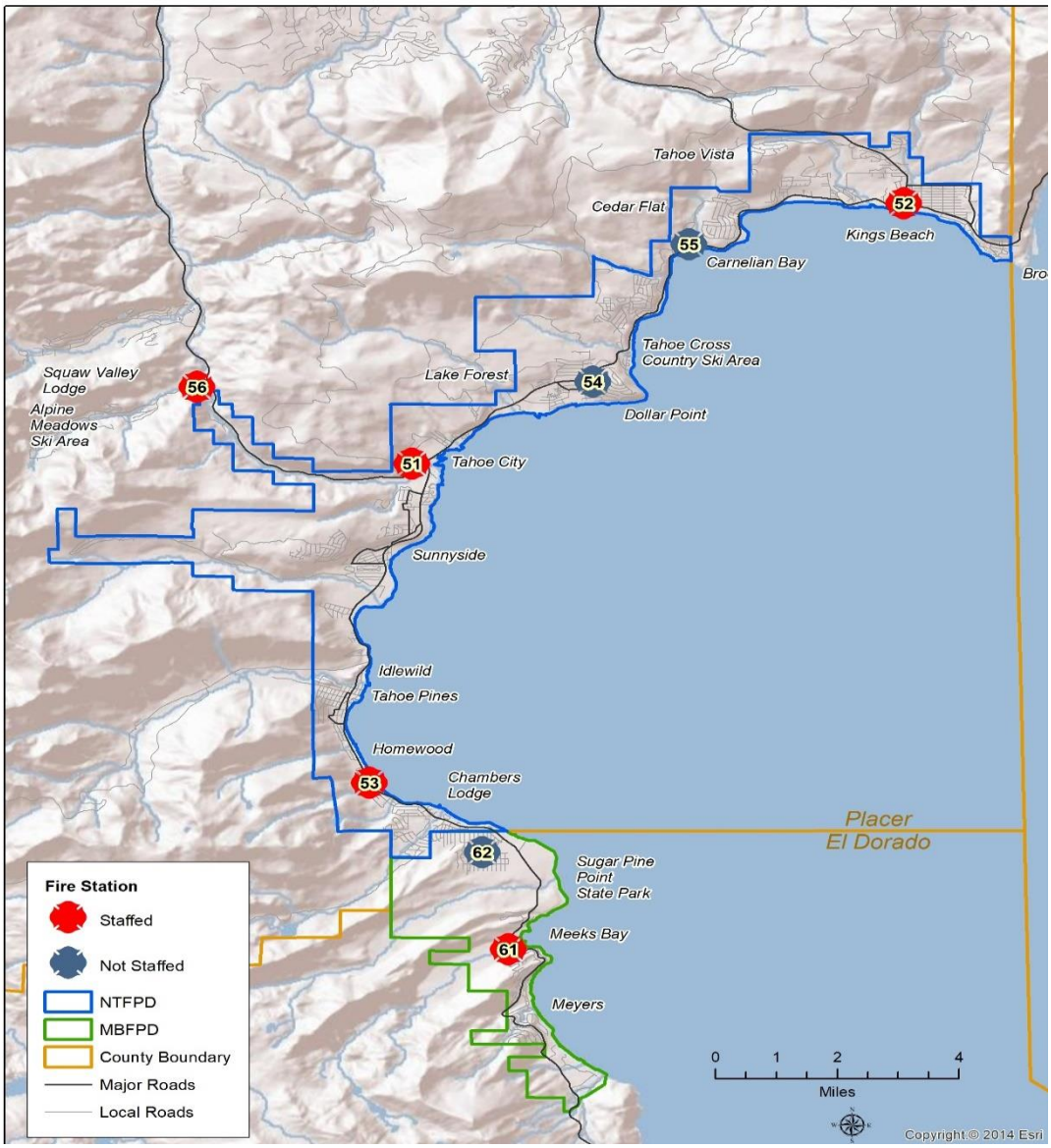
Through 2026, slightly over 4,000 calls per year is anticipated. Of course, fluctuations due to snow or economic conditions can affect the influx of vacationers at Lake Tahoe, thereby increasing or decreasing service demand.

Resource Distribution

The distribution analysis presents an overview of current facility and apparatus deployment. GIS data is utilized to examine the distribution of resources in the NTFPD and MBFPD service areas.

The following figure illustrates the geographic distribution of the Districts' resources.

Figure 26: NTFPD & MBFPD Current Resource Distribution

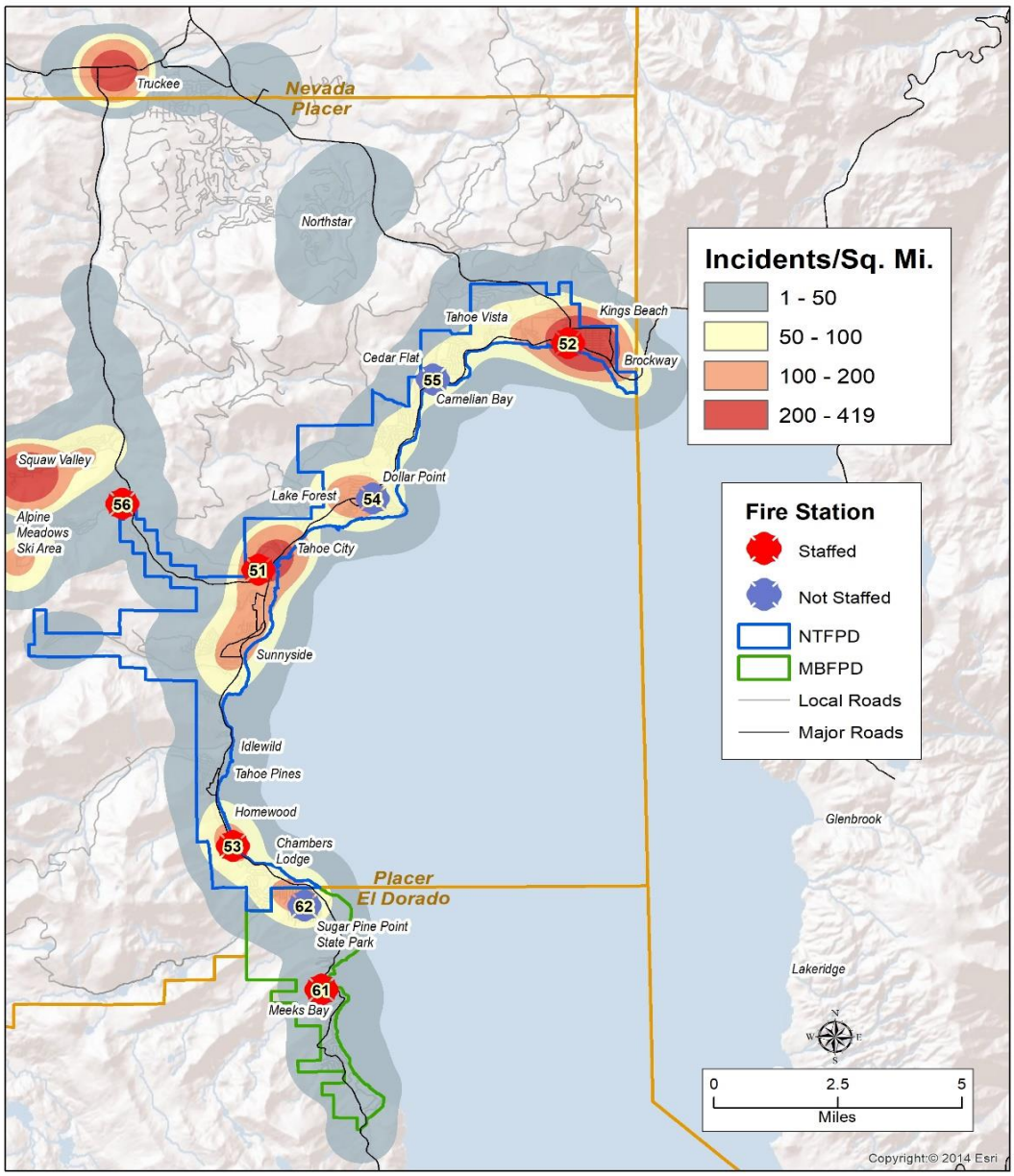


As noted in the above figure, a majority of the stations are located in or near the busiest service demand areas.

Geographic Service Demand

In addition to the temporal analysis of service demand, it is useful to examine the geographic distribution of service demand. Utilizing agency data, the following figure illustrates all incidents per square mile throughout the study area during the study period January 2016 thru December 2017.

Figure 27: NTFPD & MBFPD Tahoe Study Area Service Demand, 2016–2017



The highest density of calls was in King Beach and Tahoe City. Squaw Valley Ski Resort also has service demands, but the ski resort is located outside the NTFPD boundary. The Town of Truckee also shows a high number of incidents; however, it is the location of the local hospital—the ambulance destination. In addition, NTFPD rotates with the Truckee FPD serving outbound the ambulance transport needs of the hospital.

Approximately 4,199 calls (85%) of the incident data were able to be geocoded by use of address data from Placer County, Eldorado County, or Nevada County, as much of Latitude/Longitude data was not available. The remaining 15 percent either had an insufficient address or no address. The following figure shows the geocoding success rate for the two years of incident data.

Figure 28: NTFPD & MBFPD Incident Address Geocoding Results, 2016 & 2017

Year	Total Incidents	Total Geocoded	Insufficient Address	Percentage
2016	2,301	1,980	321	86%
2017	2,667	2,219	448	83%

NTFPD & MBFPD NFIRS Summary

The past two years of incident data reflects the historic 9-year trend of data. The next figure shows the 2016–2017 count of incidents by NFIRS code.

Figure 29: NTFPD & MBFPD NFIRS Incident Types Summary, 2016–2017

NFIRS Type	Number of Incidents
No code recorded	38
100 Fire	159
200 Overpressure/Rupture	5
300 EMS	3,032
400 Haz. Condition	352
500 Service Call	416
600 Good Intent	539
700 False Alarm	412
800 Weather/Nat. Disaster	7
900 Special Incident	5

EMS calls represent 61 percent of the calls. Service Calls & Good Intent calls are 19 percent of the incident type, while Fires (100s) represent 3.2 percent. A small percentage of the 4,965 incidents, did not have the NFIRS Incident type code, all occurring in the last quarter of 2017.

The following figures show the relative frequency of the various NFIRS incident types.

Figure 30: NTFPD & MBFPD NFIRS Incident Type Summary, 2016–2017

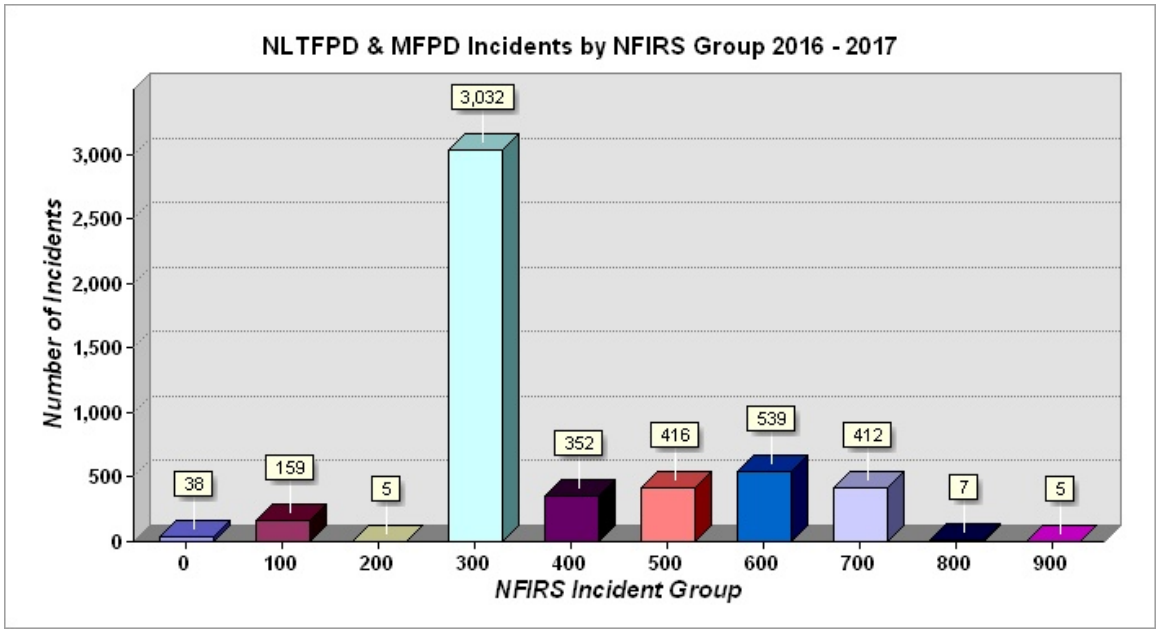
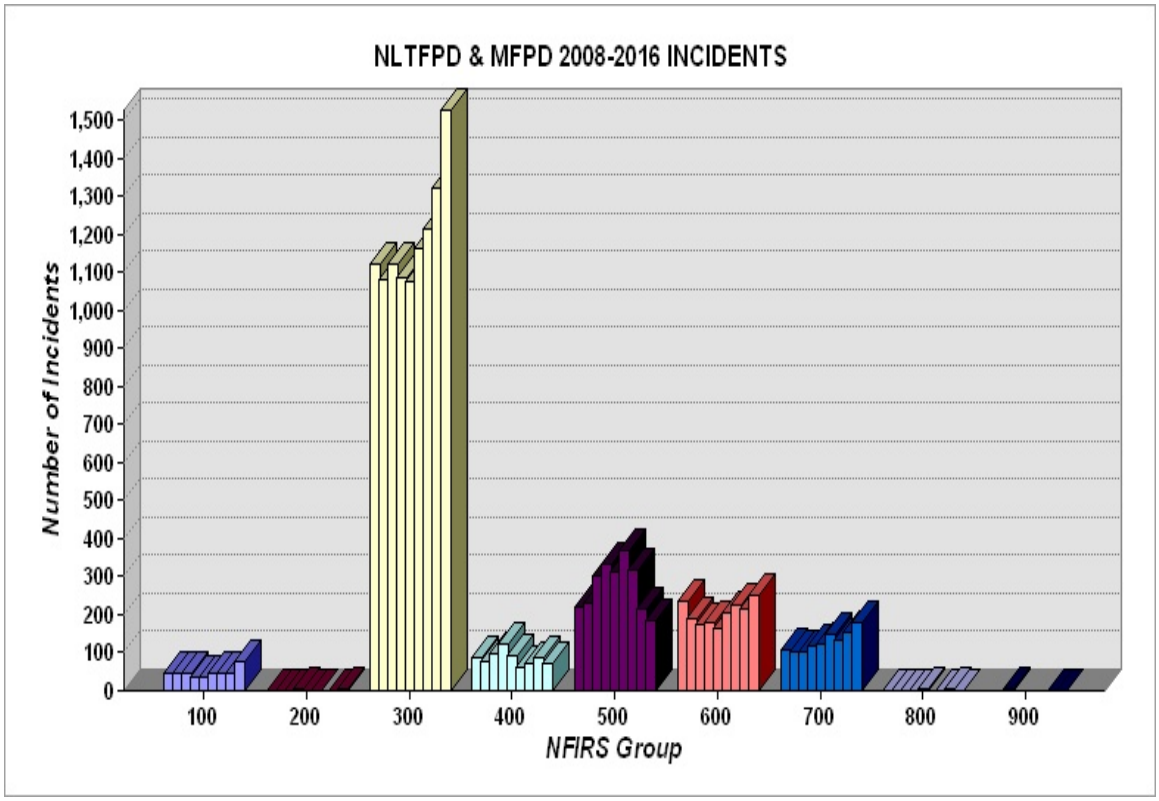
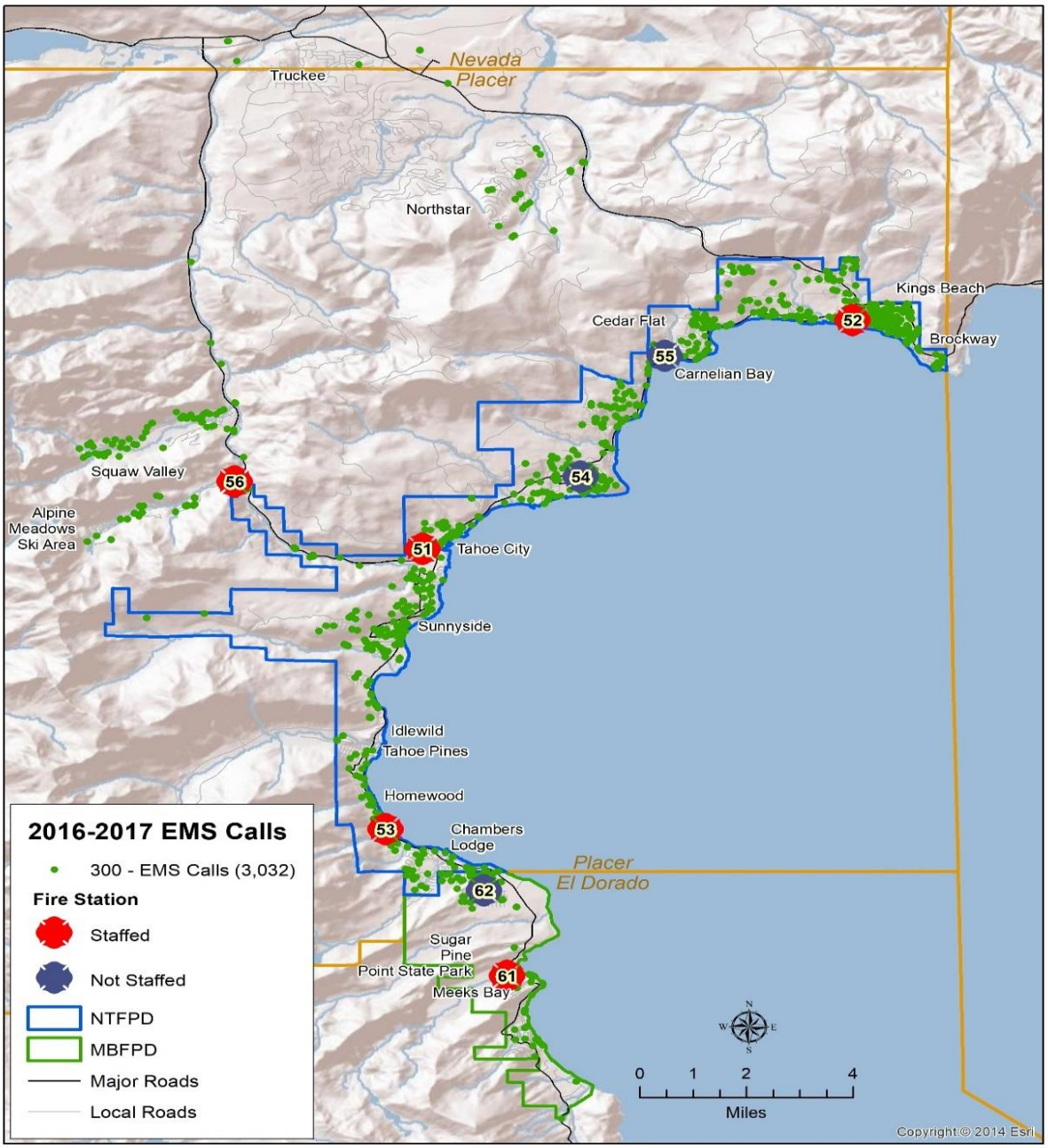


Figure 31: NTFPD & MBFPD 9 Year Summary of NFIRS Incident Types



EMS incidents constitute the majority of incidents. The primary road around Lake Tahoe consists of a two-lane road with multiple access points. This road is very congested with tourism traffic winter and summer. In addition, NTFPD responds out of its primary district to handle EMS calls at nearby ski resorts. As mentioned previously, EMS calls constitute the majority of the service calls. The following figure shows the locations of these calls.

Figure 32: NTFPD & MBFPD NFIRS 300 Series—EMS Calls, 2016 & 2017



The EMS calls are scattered throughout the Districts, but the greatest concentrations are in Kings Beach, Tahoe City, and Tahoma.

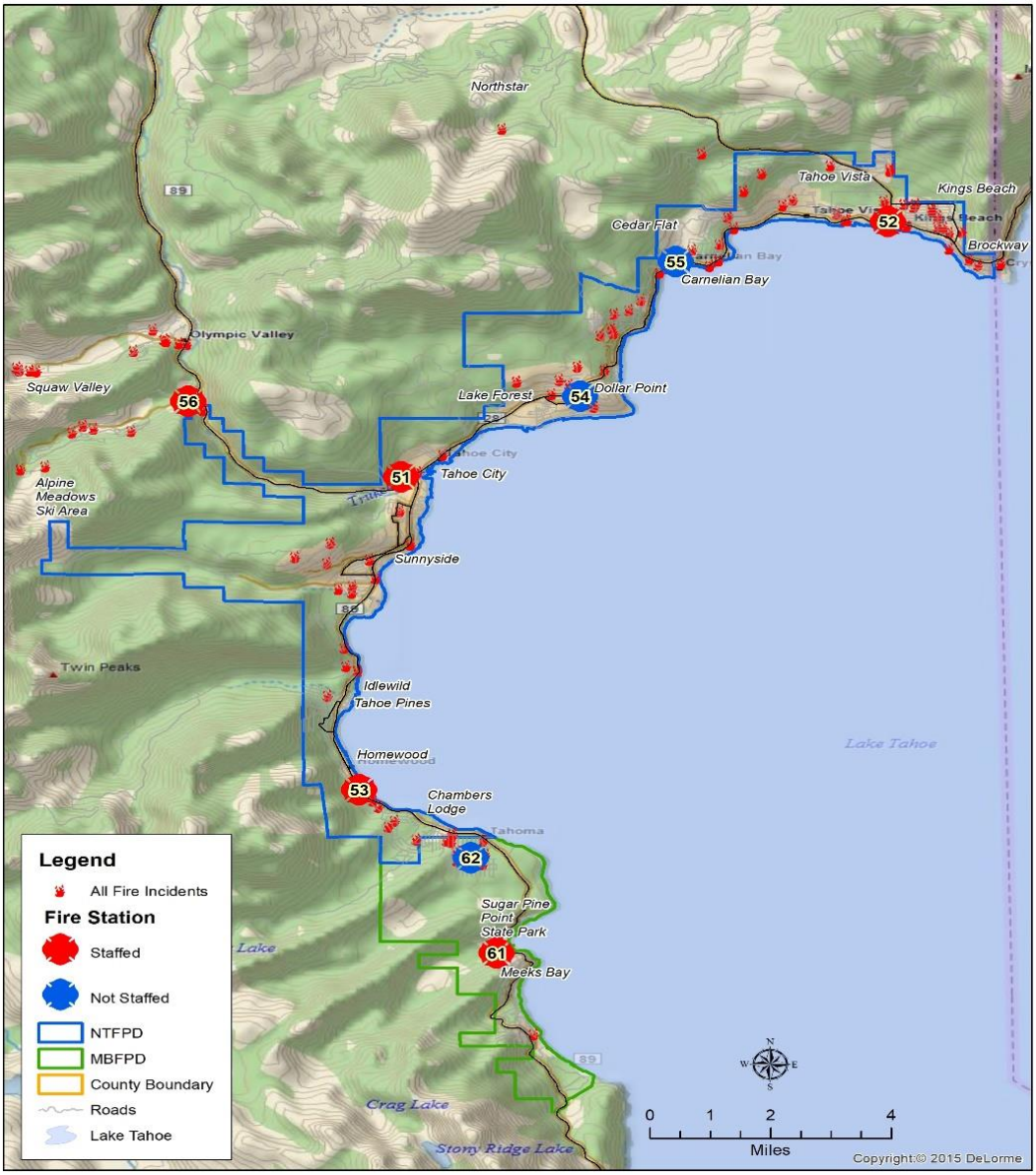
NTFPD and MBFPD respond to a number of fire incidents, as the next figure shows the totals per year.

Figure 33: NTFPD & MBFPD NFIRS 100 Series—Fire Incidents, 2016 & 2017

Year	Total Number of Incidents (100 Series)	Incident Type 111 or 112
2016	76	17
2017	81	12

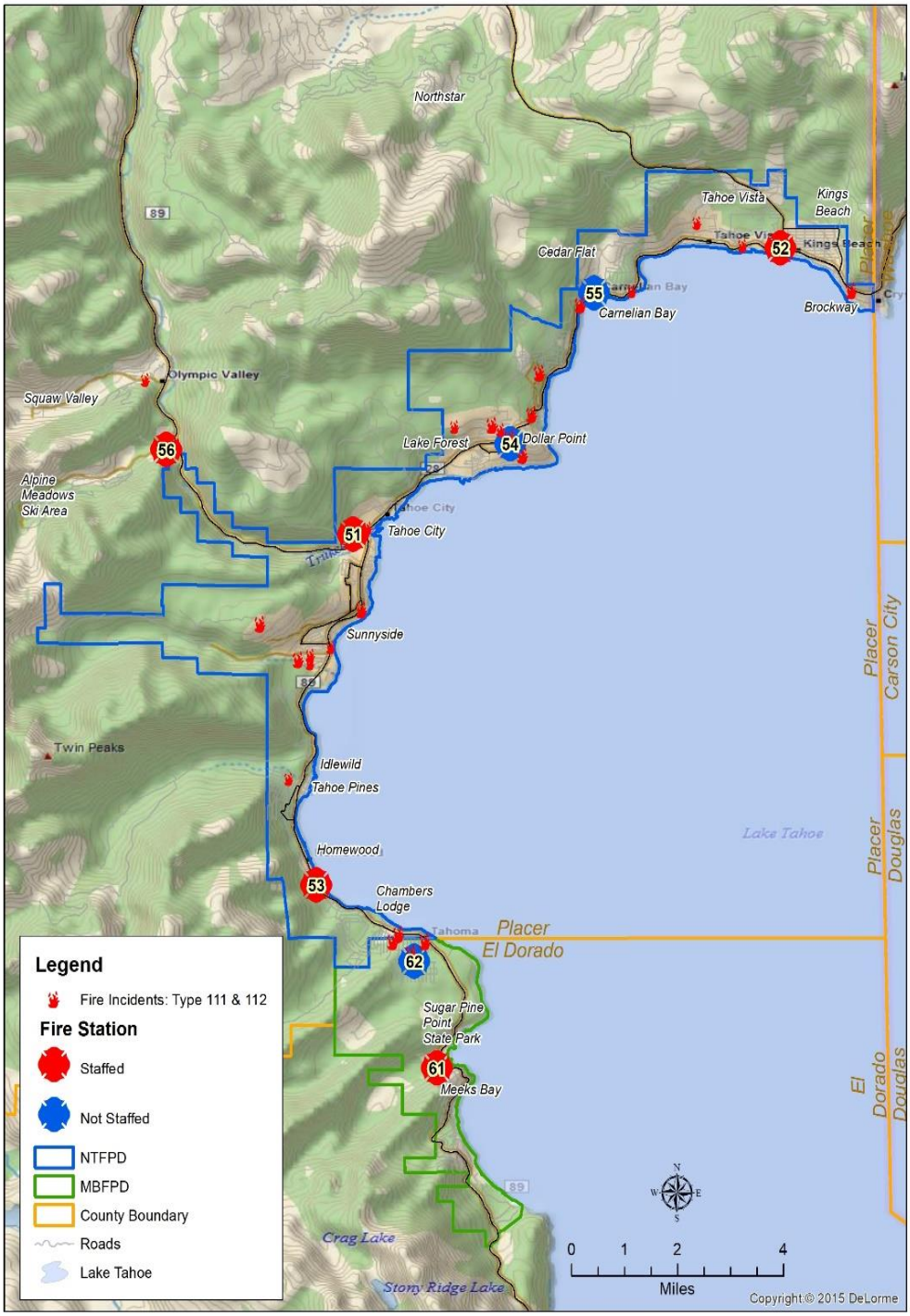
A consistent number of NFIRS 100 series incidents per year occurred in the study period (2016–2017). The following figure shows the locations of all fire incidents.

Figure 34: Geographic Distribution of NTFPD & MBFPD NFIRS 100 Series—Fire Incidents, 2016 & 2017



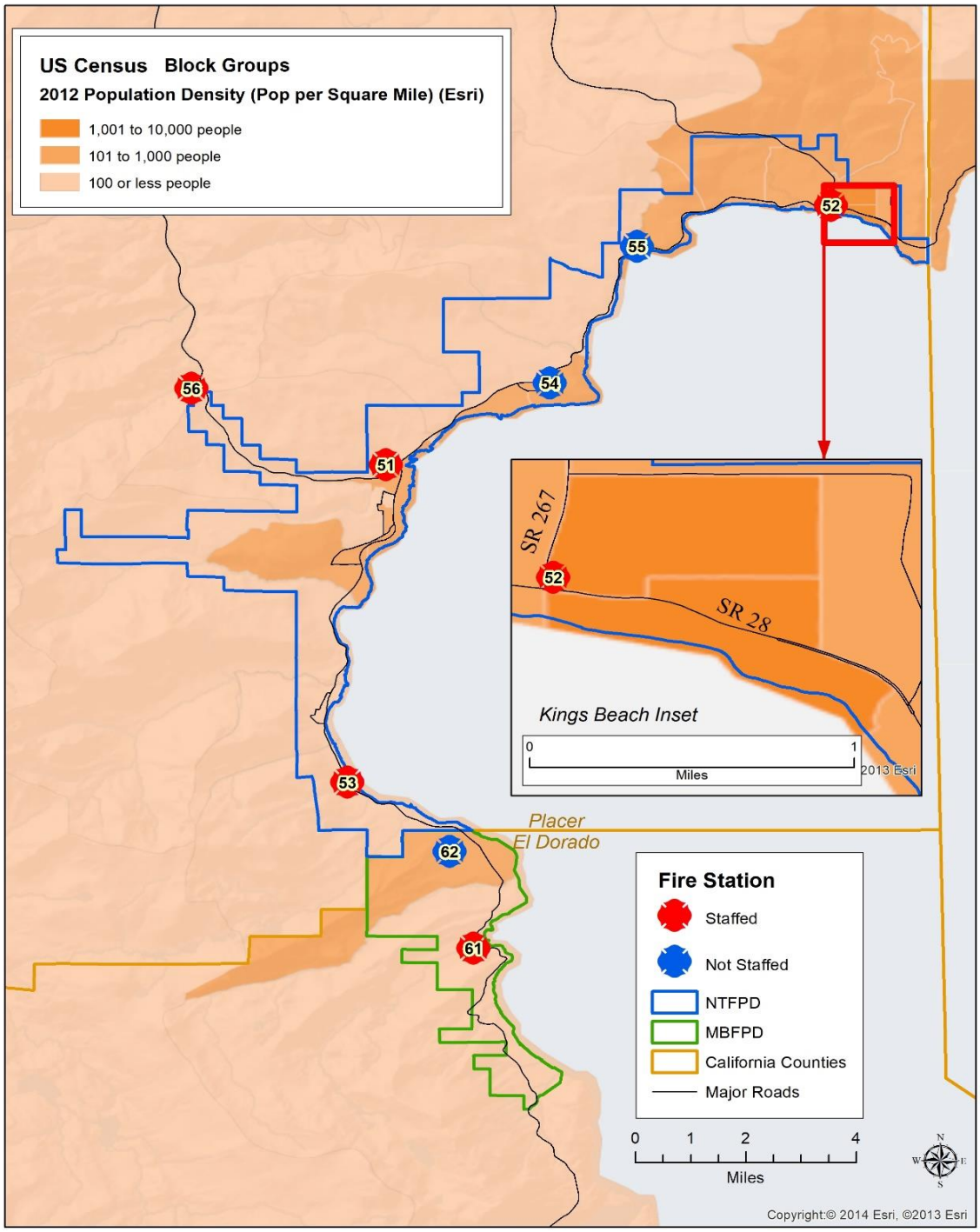
The next figure shows the locations of the 111 and 112 fire incidents—building and other structure fires.

Figure 35: NTFPD & MBFPD NFIRS 111 & 112 Fire Incidents, 2016 & 2017



The densest population areas coincide with the greatest density of incidents: Kings Beach, Tahoe City, and Tahoma. These areas have approximately 6,000 people/sq. mi. The rest of both Districts have less than 1,000 people/sq. mile.

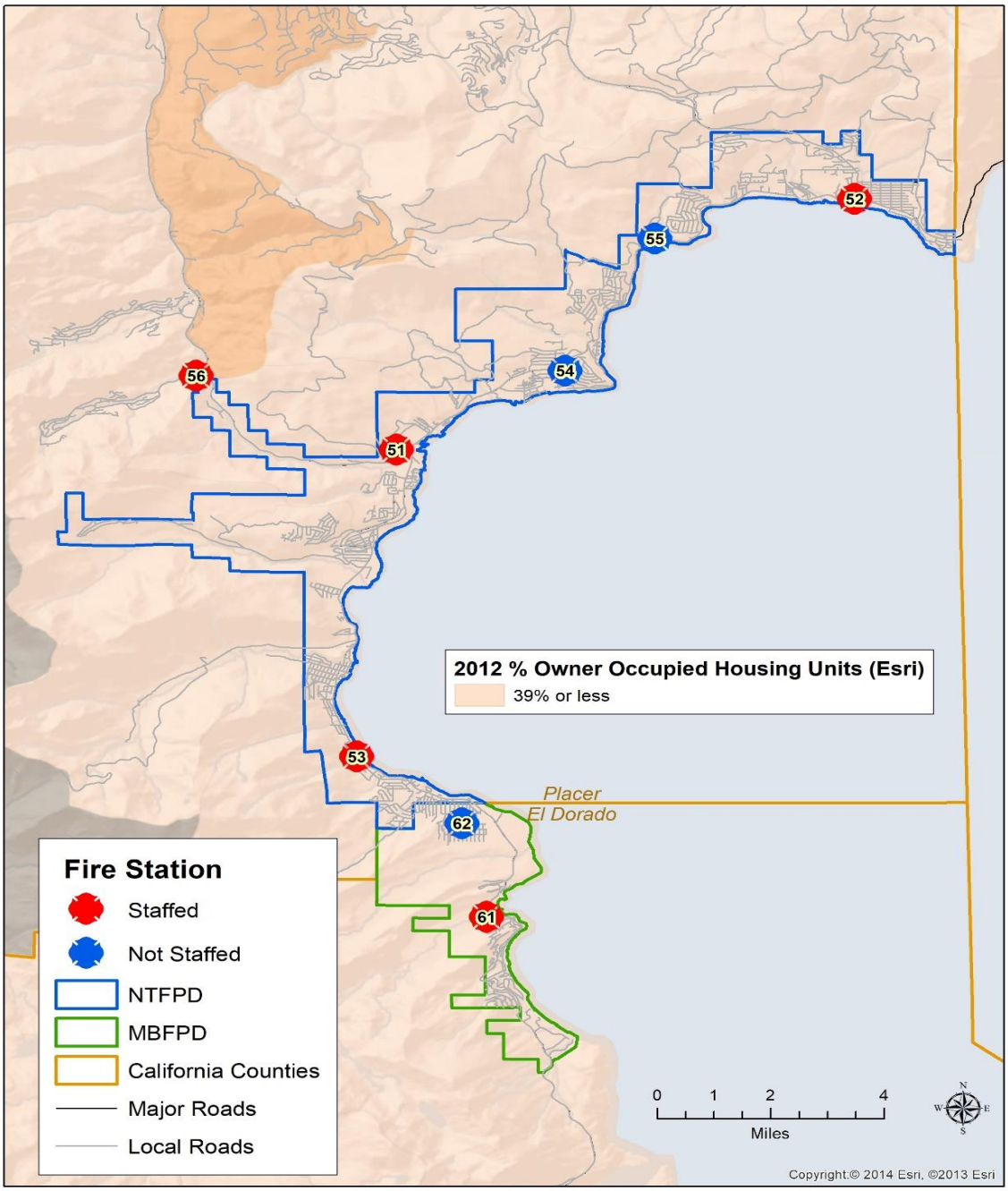
Figure 36: Tahoe Basin Population Density



Kings Beach has the densest population of the fire Districts.

The Tahoe Basin is primarily a vacation destination with very limited owner-occupied housing, as the following figure depicts. The overall owner occupancy rate is less than 39 percent.

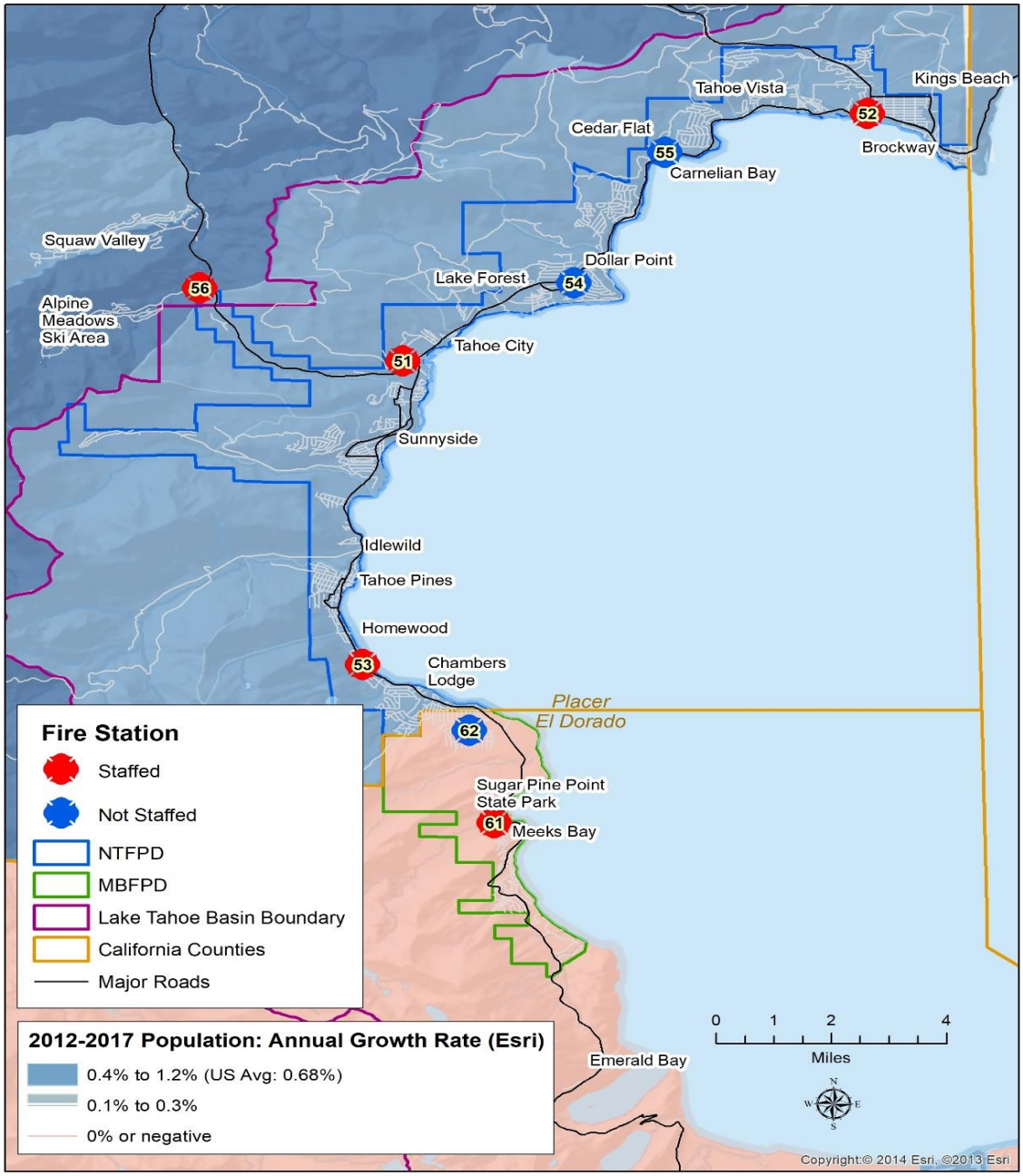
Figure 37: Tahoe Basin Owner Occupied Housing (2012)



Both Districts contain a large percentage of rental properties. There are many densely packed condo rental properties, as well as single family homes.

Population estimates have not changed significantly since the 2010 census, as the Tahoe Basin has severe development restrictions. Building permits are issued by lottery and no new parcels may be created within the Tahoe Basin.

Figure 38: Tahoe Basin Annual growth rate by US Census Blocks (2012–2017)

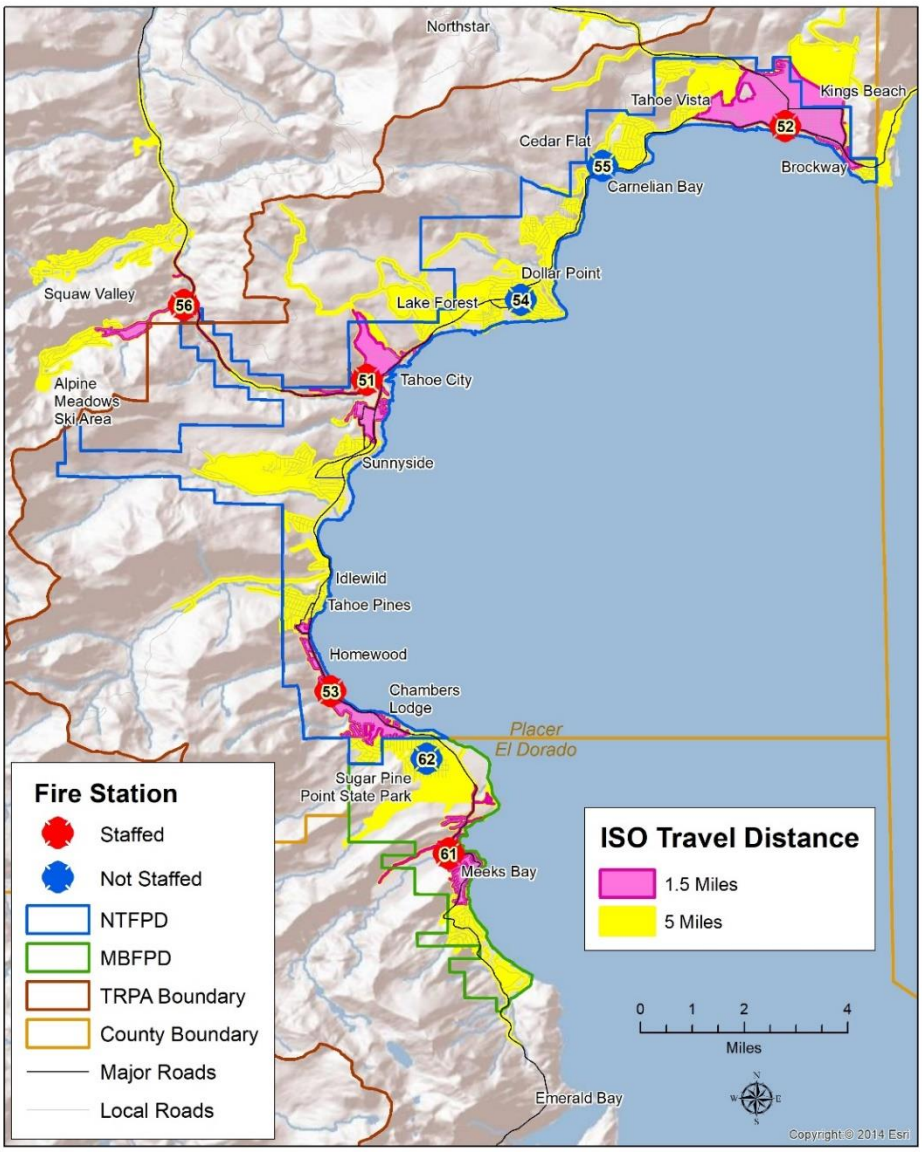


As mentioned previously, much of the housing is used as rental properties and vacation homes, resulting in a fluctuating visitor population throughout the year.

The Insurance Services Organization (ISO) is a national insurance industry organization that evaluates fire protection for communities across the country. A jurisdiction's ISO rating is an important factor when considering fire station and apparatus distribution as it can affect the cost of fire insurance for individuals and businesses. To receive maximum credit for station and apparatus distribution, ISO recommends that all "built upon" areas in a community be within 1.5 road miles of an engine company. Additionally, a built upon area should be within five miles of a fire station to receive any credit for fire protection.

The following figure illustrates fire station distribution by distance over the existing road network.

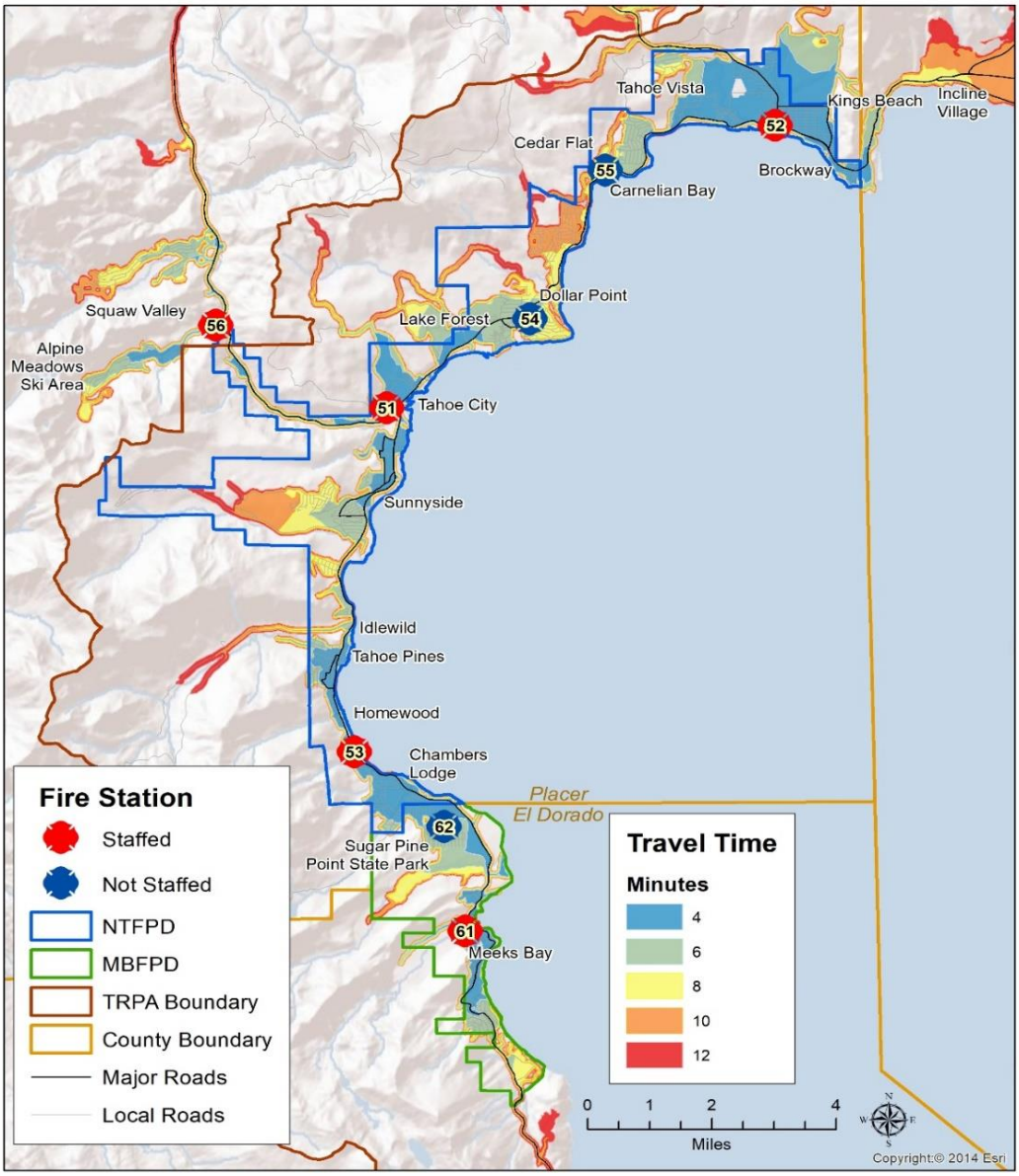
Figure 39: NTFPD & MBFPD ISO 1.5-mile & 5-mile Travel Distance



ISO criteria are only one of many factors to consider when deploying fire department resources. The ISO criteria are primarily concerned with the geographic coverage of a service area and only address fire suppression.

Equally important, especially to all hazard fire agencies, is the time required to respond to a call for service and whether resources are located to serve the greatest amount of service demand within a jurisdiction's service area. The following analysis demonstrates travel time over the existing road network. Travel time was calculated using the posted speed limit and adjusted for negotiating intersections and turns. The following figure shows the current stations' travel time in two-minute increments.

Figure 40: NTFPD & MBFPD Station Travel Time



Most areas of either district are within 8 minutes travel time, although the North Tahoe area between Dollar Point and Carnelian Bay requires 10 minutes. The southern end of the Meeks Bay Fire Protection District beyond Meyers requires 10 minutes, as well. Although the Squaw Valley and Alpine Meadows ski areas are calculated at 10 minutes, neither is within the district boundaries. Station 56 responds frequently to these locations.

Resource Concentration & Effective Response Force Capability Analysis

Effective Response Force (ERF) is the number of personnel and apparatus required to be present on the scene of an emergency incident to perform the critical tasks in such a manner to effectively mitigate the incident without unnecessary loss of life and/or property. The ERF is specific to each individual type of incident and is based on the critical tasks that must be performed. In accordance with NFPA 1710, a moderate risk building fire is modeled for this analysis.

The NTFPD/MBFPD response time goal for the assembly of the full ERF to a low-rise building fire is within 9 minutes, 20 seconds, 90 percent of the time. NTFPD/MBFPD has defined the minimum full effective response force for moderate risk building fires as three fire engines, two trucks, a rescue ambulance, and one battalion chief for a total of 23 firefighters.

The minimum full effective response force arrived at three building fires during 2017. There were many other building fires that did not receive the full effective response force. The full assignment typically does not arrive on fires out on arrival or quickly controlled by first arriving personnel. The following figure lists the time the full effective response force arrived at each building fire within the Districts.

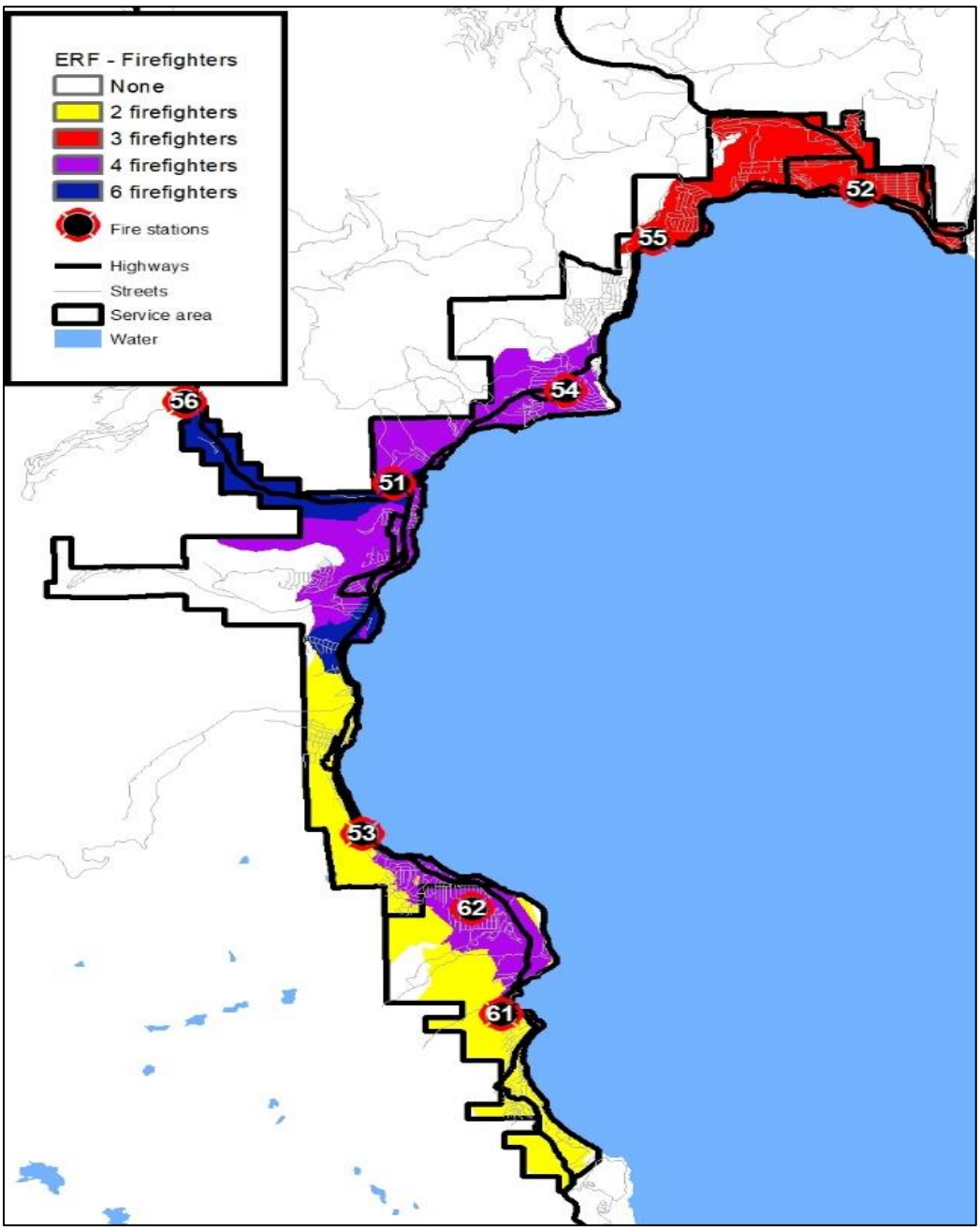
Figure 41: Effective Response Force Arrival Time

ERF Arrival Times
0:17:13
0:18:32
0:17:26

Concentration analysis reviews the physical capability of NTFPD/MBFPD's resources to achieve its target ERF travel time to its service area. The following figures depict the physical capability of NTFPD/MBFPD, along with its automatic aid partners, to assemble apparatus and firefighters by area within eight minutes travel time. The modeled analysis shown assumes that all response units are available.

The first figure shows the area that can be reached by various numbers of firefighters. Eight minutes of travel time is allowed to assemble the defined full effective response force on scene. This figure includes the resources of adjacent automatic aid stations. There is no area within either district that the minimum 10 firefighters can be delivered in the target time of eight travel minutes.

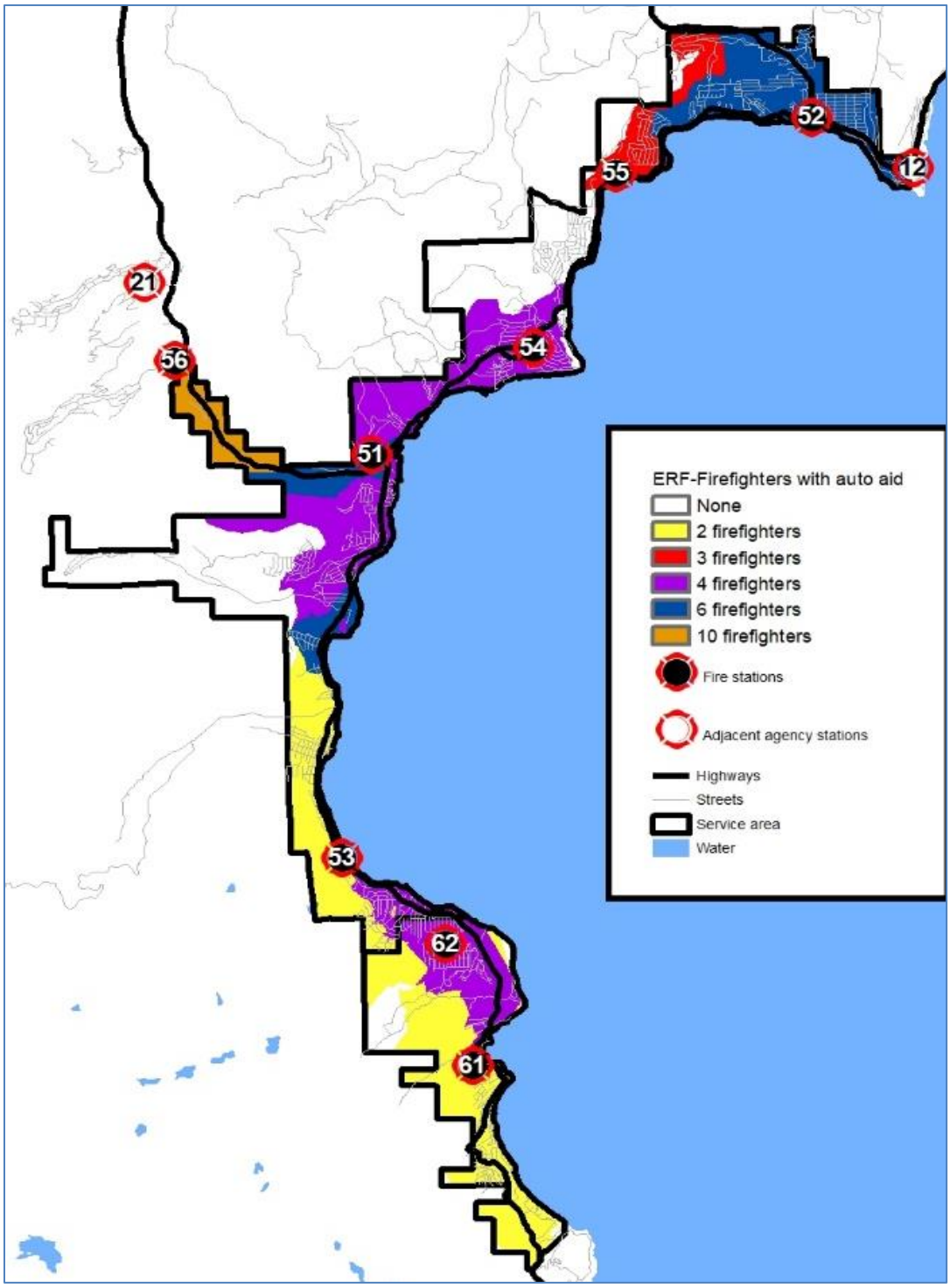
Figure 42: Effective Response Force—Firefighters



The modeling also determined that there is no area with either district to which the minimum complement of three engines, one medic unit, and one Battalion Chief can be delivered within the target eight travel minutes.

The next figure shows the area that can be reached by various numbers of firefighters including firefighters from neighboring Stations 12 and 21. Only one small area between Station 51 and 56 can be provided the minimum 10 firefighters needed for a low rise building fire.

Figure 43: Effective Response Force—Firefighters, With Automatic Aid



Second Unit Arrival Time

NTFPD/MBFPD staff fire engines with two or three firefighters. Safety regulations require that at least four firefighters be on scene before firefighters can enter a burning building. The only exception is if it is known that a person is inside the building and needs rescue. Current staffing levels on NTFPD/MBFPD engines require the arrival of a second response unit before non-rescue interior firefighting activities can be initiated.

Incident data for building fires during the study period was reviewed to determine the time the second response unit arrived on the scene. The following figure illustrates the time the second unit arrived following dispatch and how long after the first unit's arrival.

Figure 44: Second Unit Arrival

Second Unit Arrival	Time
Time from dispatch to second unit arrival – 90th percentile	14:53
Time from dispatch to second unit arrival – Average	12:22
Time from first unit arrival to second unit arrival – 90th percentile	08:32
Time from first unit arrival to second unit arrival – Average	04:07

Response Reliability

The workload of emergency response units can be a factor in response time performance. Concurrent incidents and the amount of time individual units are committed to an incident can affect a jurisdiction's ability to muster sufficient resources to respond to additional emergencies.

The following figure lists the number of concurrent incidents for each agency during the study period. This shows that in most cases only one incident was in progress at a time. However, often there were two incidents in progress at the same time and less frequently, there were three incidents in progress at the same time.

Figure 45: Concurrent Calls North Tahoe FPD & Meeks FPD, 2017

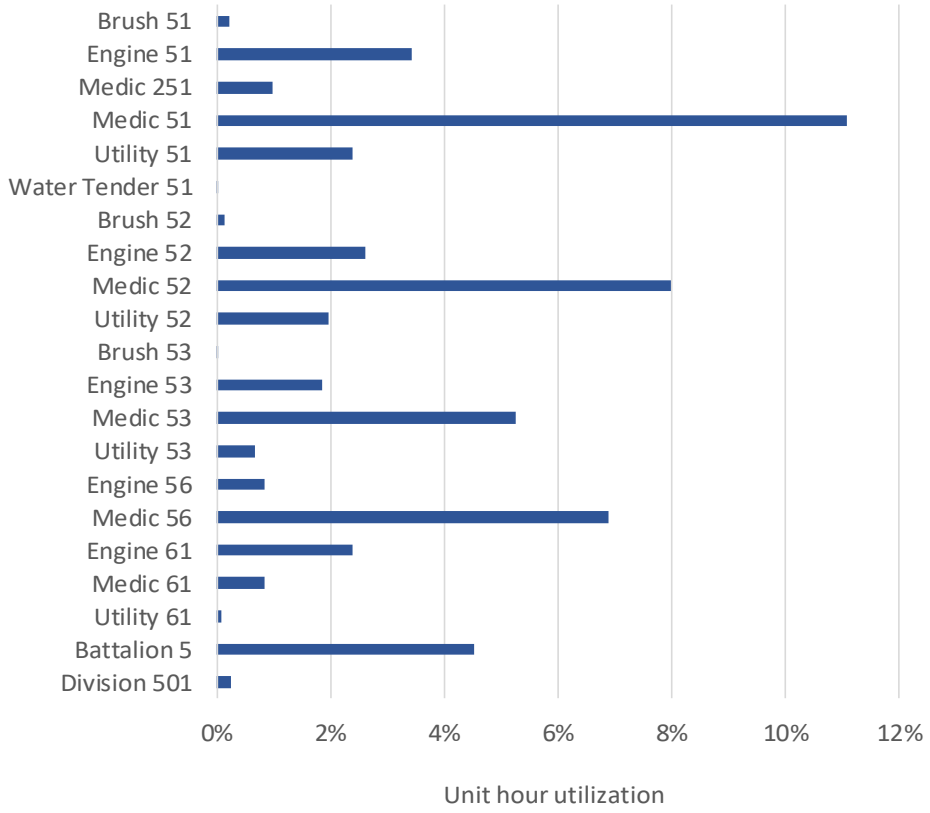
Concurrent Incidents	Count
1	1,485
2	839
3	345
4	96
5	27
6	9
7	1

This is important information to consider as the more calls that occur at the same time, the more stretched available resources become. This can lead to extended response times from more distant responding apparatus. Within both agencies, concurrent incidents are common.

Unit hour utilization (UHU) describes the amount of time that a unit is not available for response because it is already committed to another incident. The larger the number, the greater its utilization and the less available it is for assignment to subsequent calls for service. UHU rates are expressed as a percentage of the total hours in a year.

The following figure displays the amount of time primary response apparatus were committed to an incident during the study period. Note that NTFPD Station 56 was staffed only a portion of the year.

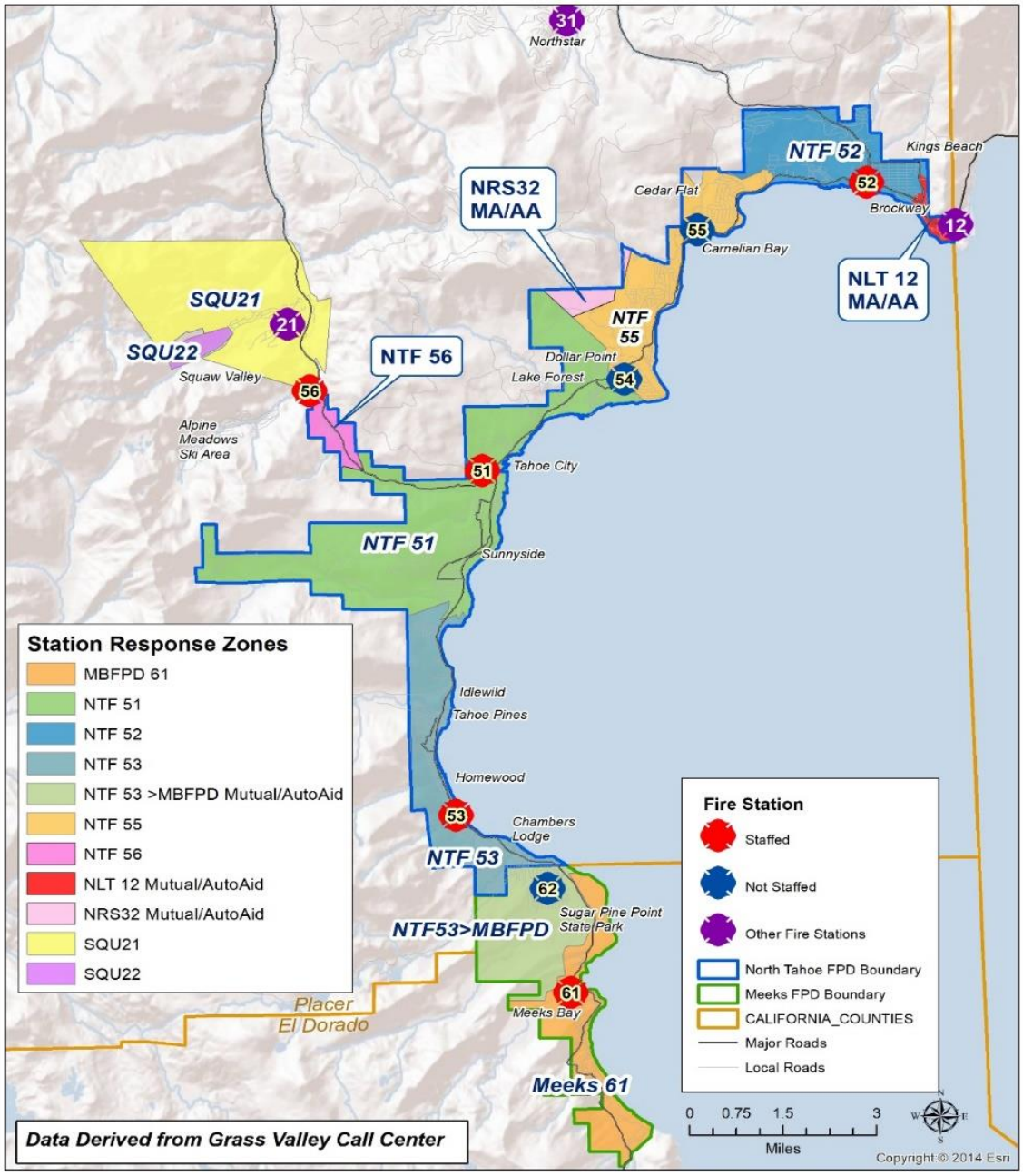
Figure 46: NTFPD & MBFPD Unit Hour Utilization, 2017



Medic 51 (Tahoe City) was the most frequently used apparatus at over 10 percent, followed by Medic 52 (Kings Beach) at 8 percent.

Station reliability is an important consideration. If a unit can respond to an incident within its primary service area, response times are minimized. However, if that unit is not available, then a unit from a more-distant station must respond, lengthening the response time to that incident. Response units can be unavailable for several reasons including already being assigned to an incident, or being away from the station for training and other activities.

Figure 47: NTFPD & MBFPD Station Response Zones



The station response data was provided by the Grass Valley Call Center and shows primary response zones as well as the automatic and mutual aid areas for both Districts.

Response Performance Summary

Each agencies response interval performance during the study period was evaluated. Non-emergency incidents, mutual aid incidents outside the study area, data outliers, and invalid data were removed from the data set whenever possible.

NTFPD/MBFPD has adopted the following service delivery goals for measuring response performance:

- Dispatch Call Processing Time
  - 9-1-1 calls will be answered at the primary PSAP within 15 seconds, 95 percent of the time.
  - Calls will be transferred from the primary PSAP to GVECC within 30 seconds from the time answered, 95 percent of the time.
  - Response resources shall be notified of a priority incident within 64 seconds from receipt of the call at the dispatch center, 90 percent of the time.
- Turnout Time
  - Response personnel shall initiate response to a priority non-wildland fire and special operations incidents within 80 seconds from notification, 90 percent of the time.
  - Response personnel shall initiate response to a priority wildland fire incident within 3 minutes from notification, 90 percent of the time.
  - Response personnel shall initiate response to all other priority incidents within 60 seconds from notification, 90 percent of the time.
- Response time for arrival of the first response unit at a priority incident:
  - The first response unit capable of initiating effective incident intervention shall arrive at a priority non-wildland fire and special operations incident within 5 minutes, 20 seconds from notification of response personnel, 90 percent of the time.
  - The first response unit capable of initiating effective incident intervention shall arrive at a priority wildland fire incident within 8 minutes from notification of response personnel, 90 percent of the time.
  - The first response unit capable of initiating effective incident intervention shall arrive at all other priority incidents within 5 minutes, from notification of response personnel, 90 percent of the time.
- Response time for arrival of the effective response force at a moderate risk structure fire:
  - The full effective response force shall arrive at a moderate risk structure fire within 9 minutes, 20 seconds, of notification of response personnel, 90 percent of the time.
  - The full effective response force shall arrive at a wildland fire within 9 minutes, 20 seconds, of notification of response personnel, 90 percent of the time.

In keeping with NFPA Standards 1710 and 1221, along with NTFPD/MBFPD's performance goals, all response time elements are reported at a given percentile. Percentile reporting is a methodology by which response times are sorted from least to greatest, and a "line" is drawn at a certain percentage of the calls to determine the percentile. The point at which the "line" crosses the 90th percentile, for example, is the percentile time performance. Thus, 90 percent of times were at or less than the result. Only 10 percent were longer.

Percentile differs greatly from average. Averaging calculates response times by adding all response times together and then dividing the total number of minutes by the total number of responses (mean average). Measuring and reporting average response times is not recommended. Using averages does not give a clear picture of response performance because it does not clearly identify the number and extent of events with times beyond the stated performance goal.

What follows is a detailed description and review of each phase of the response time continuum. All phases will be compared to NTFPD/MBFPD's performance goals.

Detection

The detection of a fire (or medical incident) may occur immediately if someone happens to be present or if an automatic system is functioning. Otherwise, detection may be delayed, sometimes for a considerable period. The period for this phase begins with the inception of the emergency and ends when the emergency is detected. It is largely outside the control of the fire department and not a part of the event sequence that is reliably measurable.

Call Processing

Most emergency incidents are reported by telephone to the 9-1-1 center. Call takers must quickly elicit accurate information about the nature and location of the incident from persons who are apt to be excited. A citizen well-trained in how to report emergencies can reduce the time required for this phase. The dispatcher must identify the correct units based on incident type and location, dispatch them to the emergency, and continue to update information about the emergency while the units respond. This phase begins when the 9-1-1 call is answered at the primary public safety answer point (PSAP) and ends when response personnel are notified of the emergency. This phase, which has two parts, is labeled "call processing time."

There are several PSAPs in the region that receive and transfer 9-1-1 calls to GVECC. Most calls are received by the Placer County Sheriff's Office (PCSO) and El Dorado County Sheriff's Office (EDCSO) dispatch centers, and some by California Highway Patrol (CHP). Those callers initially answered at a PSAP who are requesting fire department services are transferred to GVECC, the regional fire department dispatch center providing dispatch services to NTFPD/MBFPD. This first part of call processing time is known as "answer/transfer time."

National Fire Protection Association Standard 1221 recommends that 9-1-1 calls be answered at the PSAP within 15 seconds, 95 percent of the time (within 40 seconds, 99 percent of the time) and then be transferred to the dispatch center within 30 seconds, 95 percent of the time. Data was provided to evaluate PCSO's and EDCSO's answer and transfer time performance.

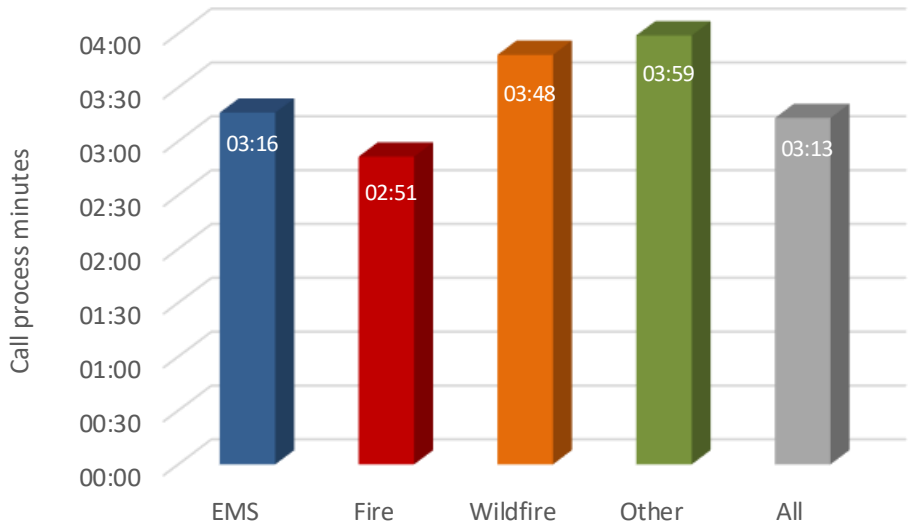
EDCSO's call answer time performance was within 8 seconds, 95 percent of the time during the study year. PCSO's call answer time performance was within 13 seconds, 95 percent of the time. Both agencies performed better than the NFPA 1221 standard of within 15 seconds, 95 percent of the time.

EDCSO's call transfer time was within 95.4 seconds, 95 percent of the time. PCSO's call transfer time was within 75.5 seconds, 95 percent of the time. Both took longer to transfer calls than the NFPA 1221 standard of 30 seconds, 95 percent of the time recommends.

The second part of call processing time, dispatch time, begins when the call is received at the dispatch center (GVECC) and ends when response units are notified of the incident. NTFPD/MBFPD's goal prescribes that this phase should occur within 64 seconds, 90 percent of the time.

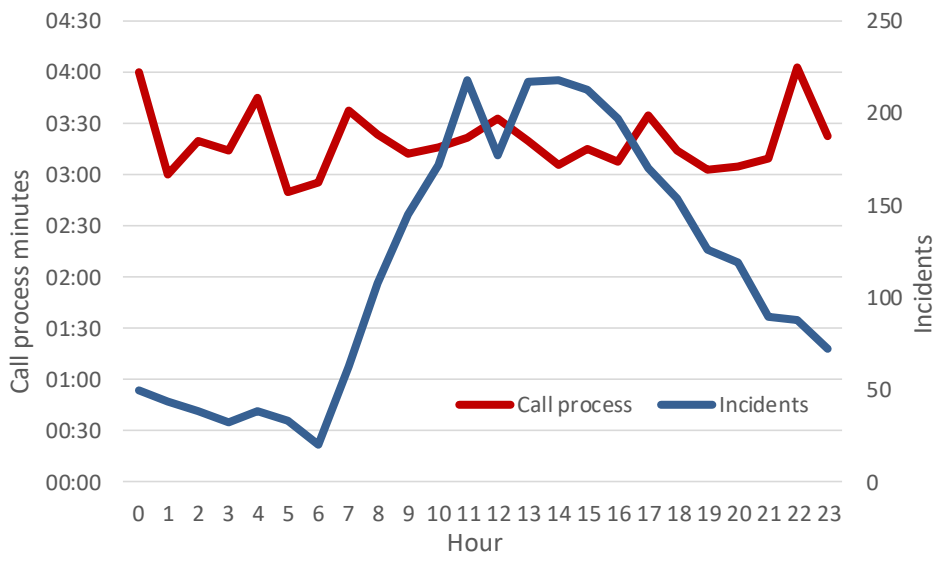
The following figure illustrates performance by GVECC from the time it receives the call until it notifies response units by type of incident. Overall performance was within 3 minutes, 13 seconds, 90 percent of the time.

Figure 48: GVECC Dispatch Time Performance



Workload can influence how quickly incidents are processed at the dispatch center. The following figure illustrates dispatch time performance by hour of day for the Districts. Workload does not appear to be a factor in performance.

Figure 49: Dispatch Time Performance by Hour of Day

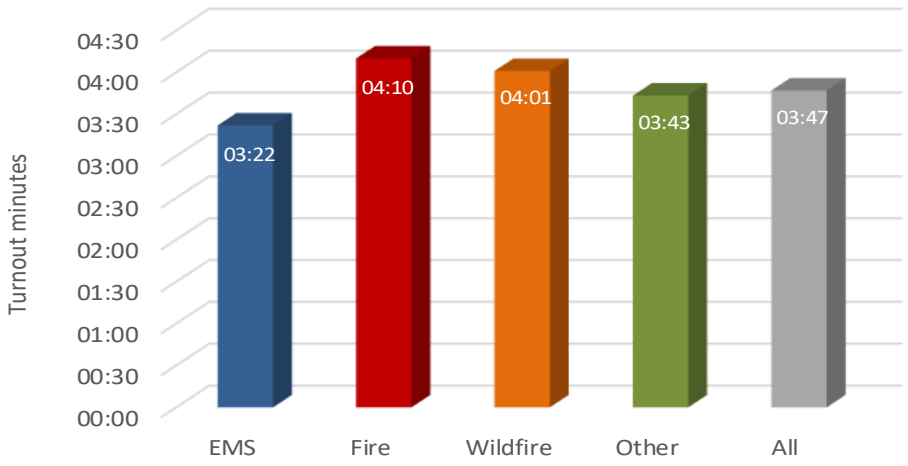


Turnout Time

Turnout time is a response phase controllable by the Districts. This phase begins at notification of an emergency in progress by the dispatch center and ends when personnel and apparatus begin movement toward the incident location. Personnel must don appropriate equipment, assemble on the response vehicle, and begin travel to the incident. Good training and proper fire station design can minimize the time required for this step.

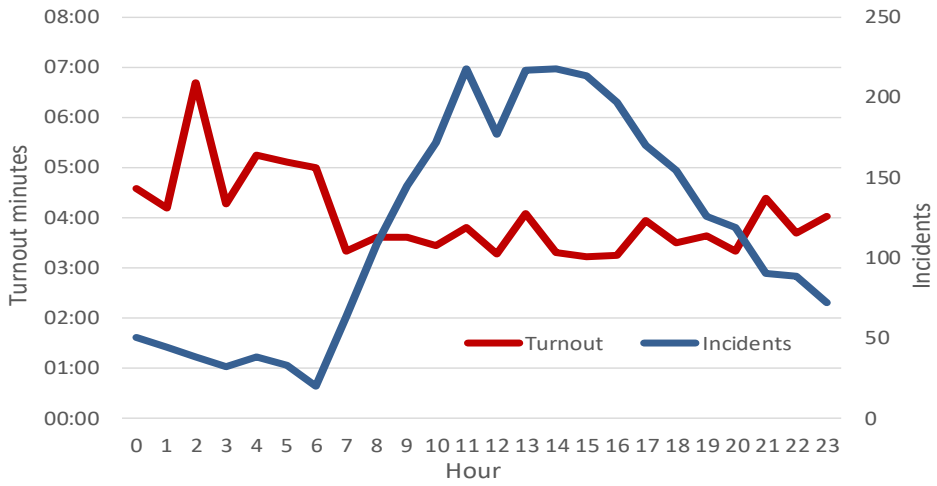
The NTFPD/MBFPD performance goal for turnout time is within 80 seconds, 90 percent of the time, for non-wildland fire and special operations incidents, within 3 minutes, 90 percent of the time for wildland fires, and within 60 seconds, 90 percent of the time, for all other incidents. The following figure illustrates turnout time for all incidents as well as specific incident types. Turnout time for all incidents is within 3 minutes, 47 seconds, 90 percent of the time, exceeding NTFPD/MBFPD's performance goal.

Figure 50: Turnout Time Performance



Turnout time can vary by hour of day. Turnout time is typically longer at night than during the day.

Figure 51: Turnout Time by Hour of Day

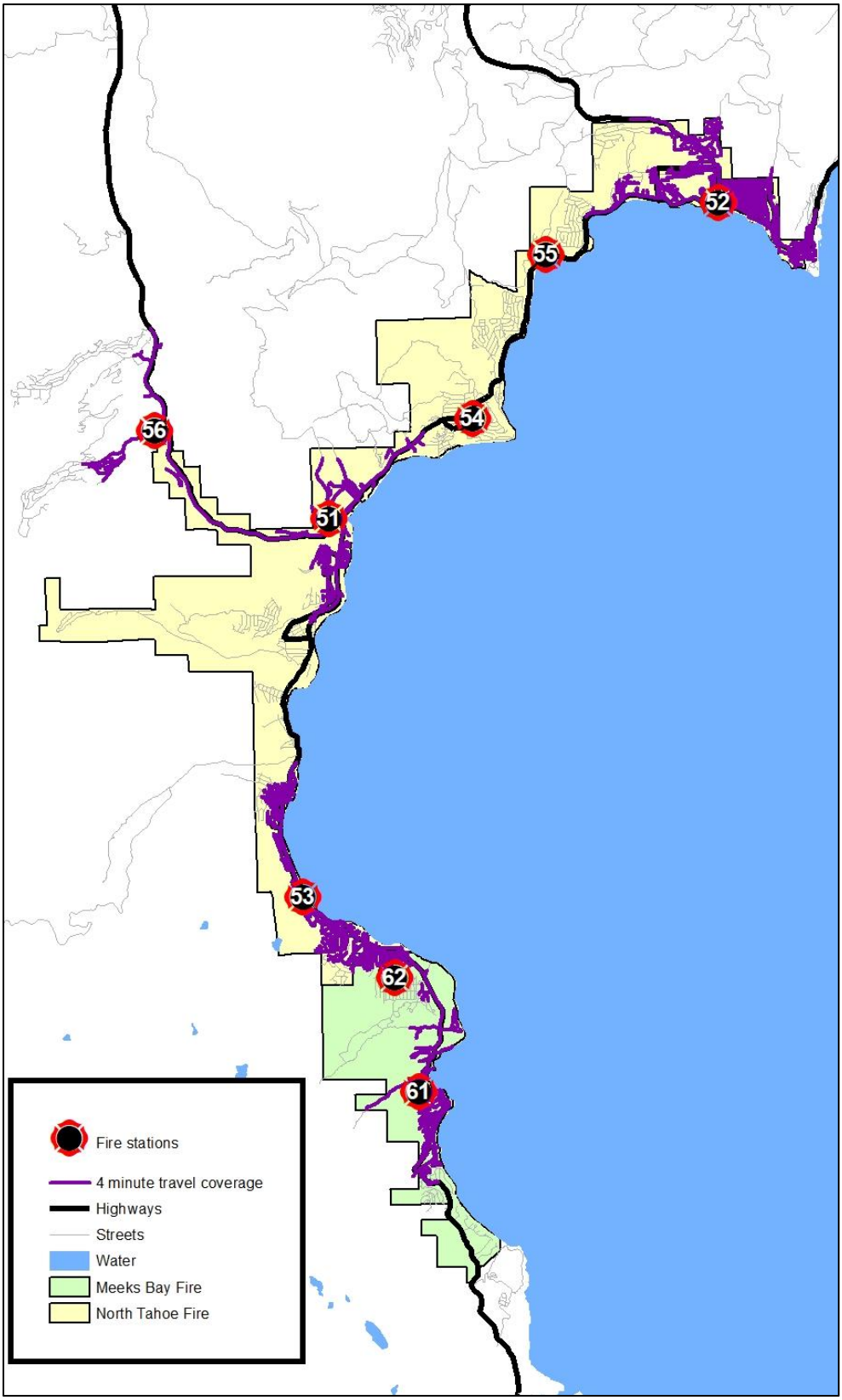


Distribution and Initial Arriving Unit Travel Time

Travel time is potentially the longest of the response phases. The distance between the fire station and the location of the emergency influences response time the most. The quality and connectivity of streets, traffic, driver training, geography, and environmental conditions are also factors. This phase begins with initial apparatus movement towards the incident location and ends when response personnel and apparatus arrive at the emergency's location. Within the NTFPD/MBFPD goal, four minutes is allowed for the first response unit to arrive at an incident.

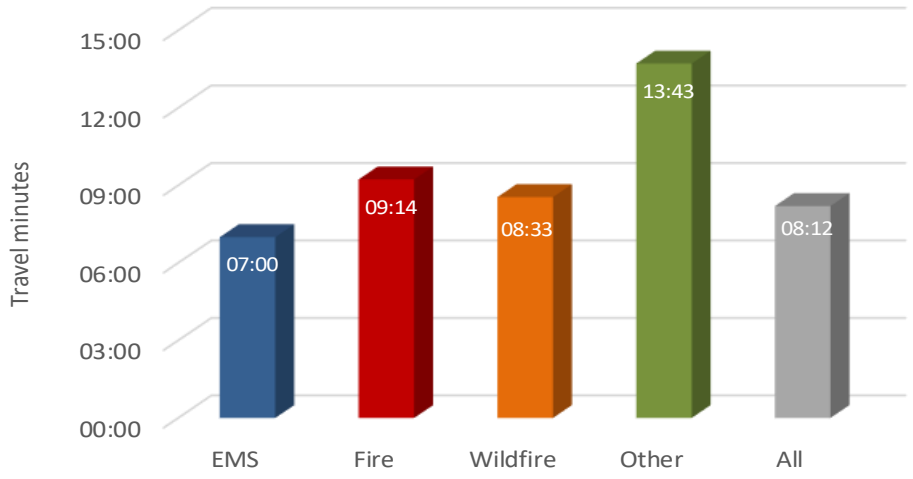
The following figure illustrates the street sections that can be reached from both NTFPD/MBFPD fire stations in four minutes of travel time. It is based on posted road speeds modified to account for turning, stops, and acceleration. Much of the territory in the districts is beyond four minutes travel from current stations. Note that Station 62 is not staffed.

Figure 52: Initial Unit Travel Time Capability



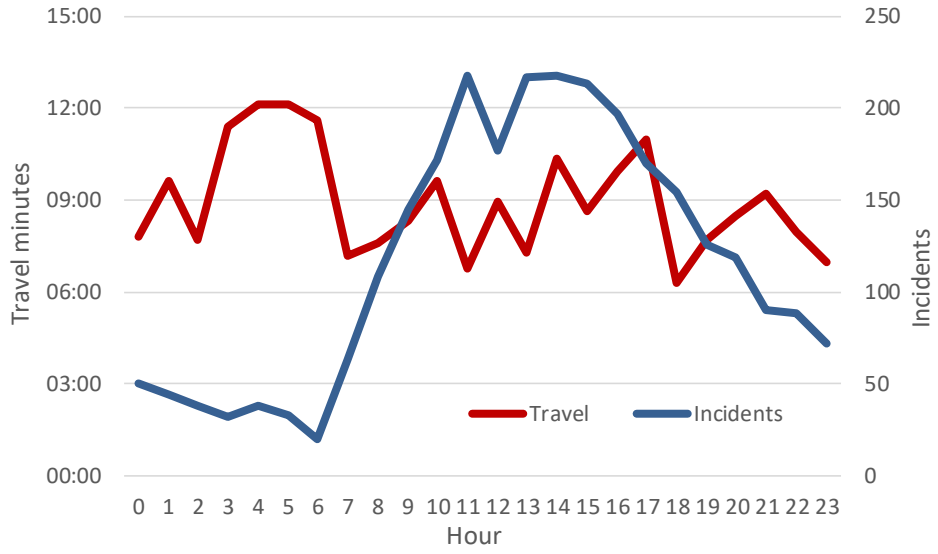
The following figure lists travel time by incident type. Overall, travel time for all incidents within the Districts is within 8 minutes, 12 seconds, 90 percent of the time.

Figure 53: Travel Time Performance—First Arriving Unit



Travel time can vary considerably by time of day. Heavy traffic at morning and evening rush hours can slow fire department response. Concurrent incidents can also increase travel time since units from more distant stations would need to respond. Travel times are highly variable.

Figure 54: Overall Travel Time and Incidents by Hour of Day—First Arriving Unit

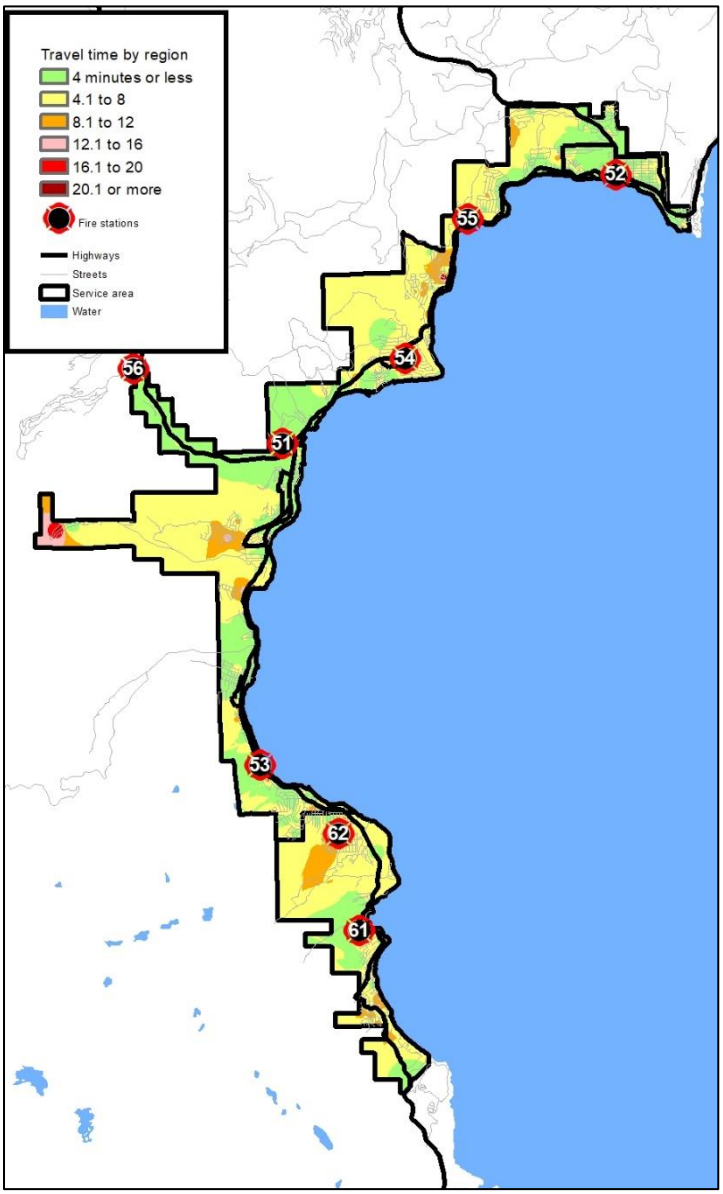


Travel Time Performance by Region

Travel time performance by region is variable and influenced by a number of factors, including individual station area workload and the number of times a station must cover another station's area. Additional factors include the size of the station area and the street system serving it. More highly connected, grid-patterned street systems contribute to faster response times than do areas with meandering streets with numerous dead-ends.

The following figure evaluates travel time performance by sub-area using inverse distance weighting analysis (IDW). This process uses travel time for known points (actual incidents) to predict travel time for the area surrounding the actual incidents. Better performance is generally noted near fire stations, with progressively longer response times for those incidents more distant from the stations.

Figure 55: Travel Time Performance by Region

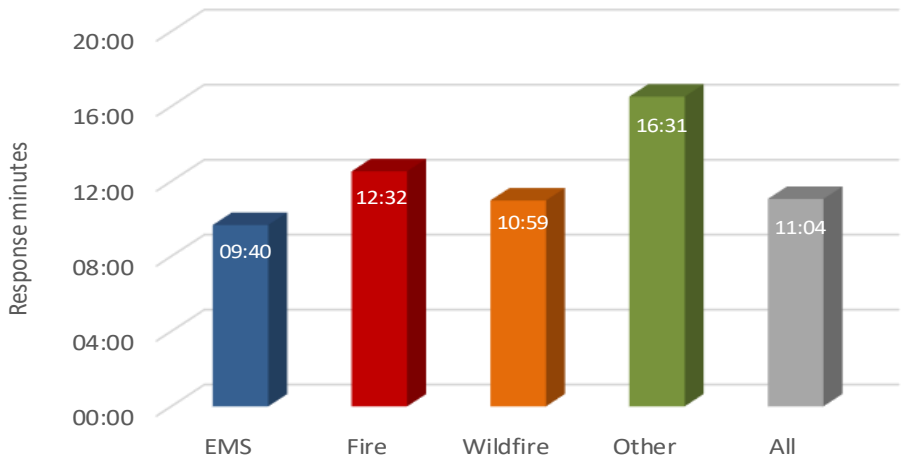


First Arriving Unit Response Time

Response time is defined as that period between the notification of response personnel by the dispatch center that an emergency is in progress until arrival of the first fire department response unit at the emergency. When turnout time and travel time are combined, the NTFPD/MBFPD performance goal for response time is within 5 minutes, 20 seconds, 90 percent of the time, for non-wildland fire and special operations incidents, within 7 minutes, 90 percent of the time for wildland fires, and within 5 minutes, 90 percent, of the time for all other incidents.

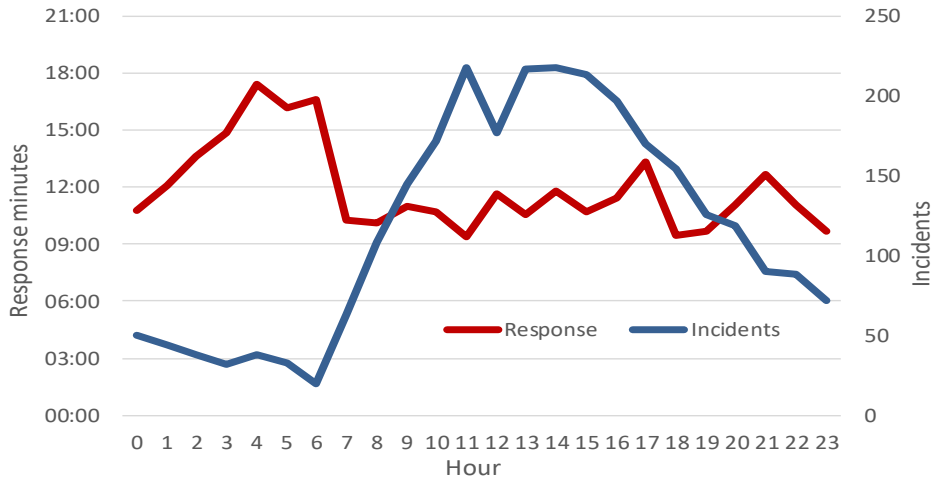
The following figure illustrates response time for all incidents as well as specific incident types during 2017. Overall, response time for all incidents was within 11 minutes, 4 seconds, 90 percent of the time.

Figure 56: Response Time Performance—First Arriving Unit



The next figure shows response time and number of incidents by hour of day for all incidents. Response time is slowest during the nighttime hours and fastest during the day. Generally, NTFPD/MBFPD's best response times occur during the period of the day when response activity is at its highest.

Figure 57: Hourly Response Time Performance



First Arriving Unit Received to Arrival Time

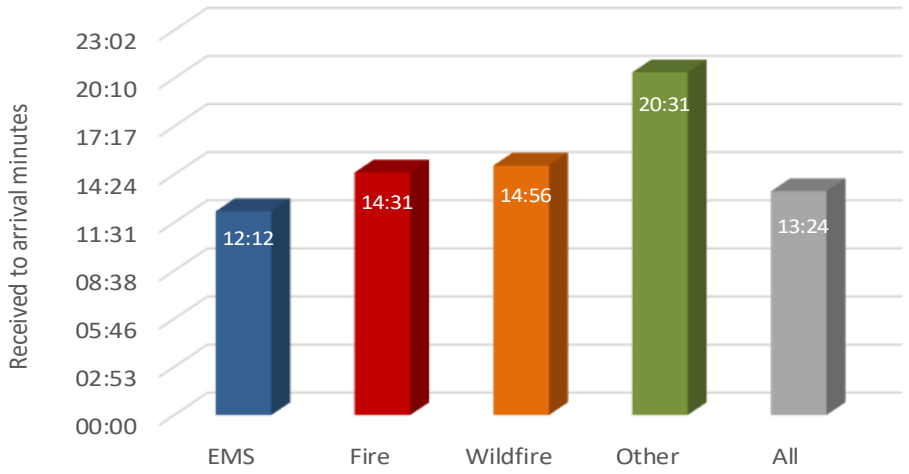
From the customer's standpoint, response time begins when the emergency occurs. Their first contact with emergency services is when they call for help, usually by dialing 9-1-1. Received to arrival time combines answer/transfer, call processing, turnout, and travel time.

Data limitations do not allow a complete analysis of the incident sequence. Call answer and transfer times are captured but in a format that requires extensive data manipulation to evaluate. Thus, for this discussion received to arrival time will be from the time the call is received at GVECC until a response unit arrives at the incident location. It is known that call answer and transfer time adds between 80 seconds and 100 seconds to total response time, at the 90th percentile.

When the NTFPD/MBFPD performance goals are combined, received to arrival time should be within 6 minutes, 20 seconds for non-wildland fire and special operations incidents, 8 minutes, 90 percent of the time for wildland fires, and within 6 minutes, 90 percent of the time, for all other incidents.

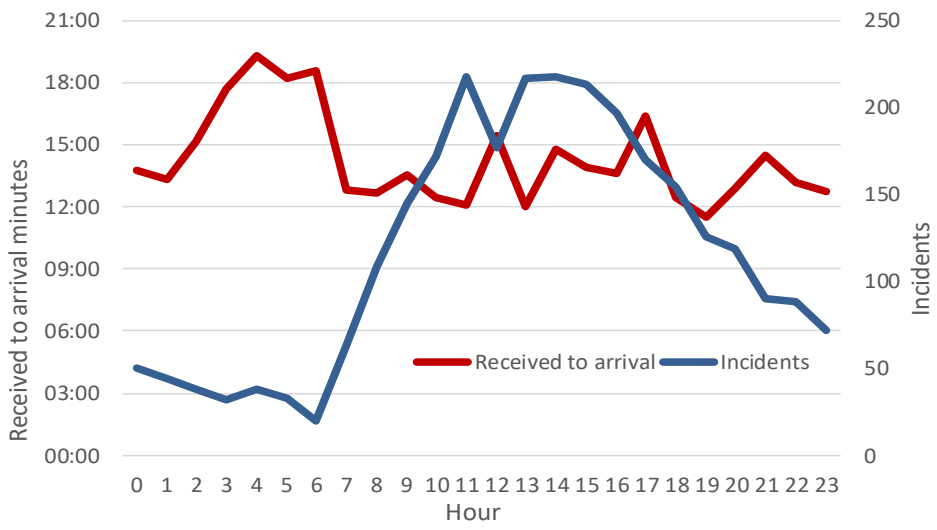
The next figure shows received to arrival performance during 2017 at the 90th percentile for priority incidents within the NTFPD/MBFPD service area. Overall, received to arrival time is within 13 minutes, 24 seconds, 90 percent of the time.

Figure 58: Received to Arrival Time—First Arriving Unit



The next figure shows received to arrival performance by time of day also compared to incident activity by time of day. Received to arrival, from the customer's standpoint, is quickest during the day and slowest during the early morning hours.

Figure 59: Hourly Received to Arrival Performance



Mutual Aid and Automatic Aid Systems

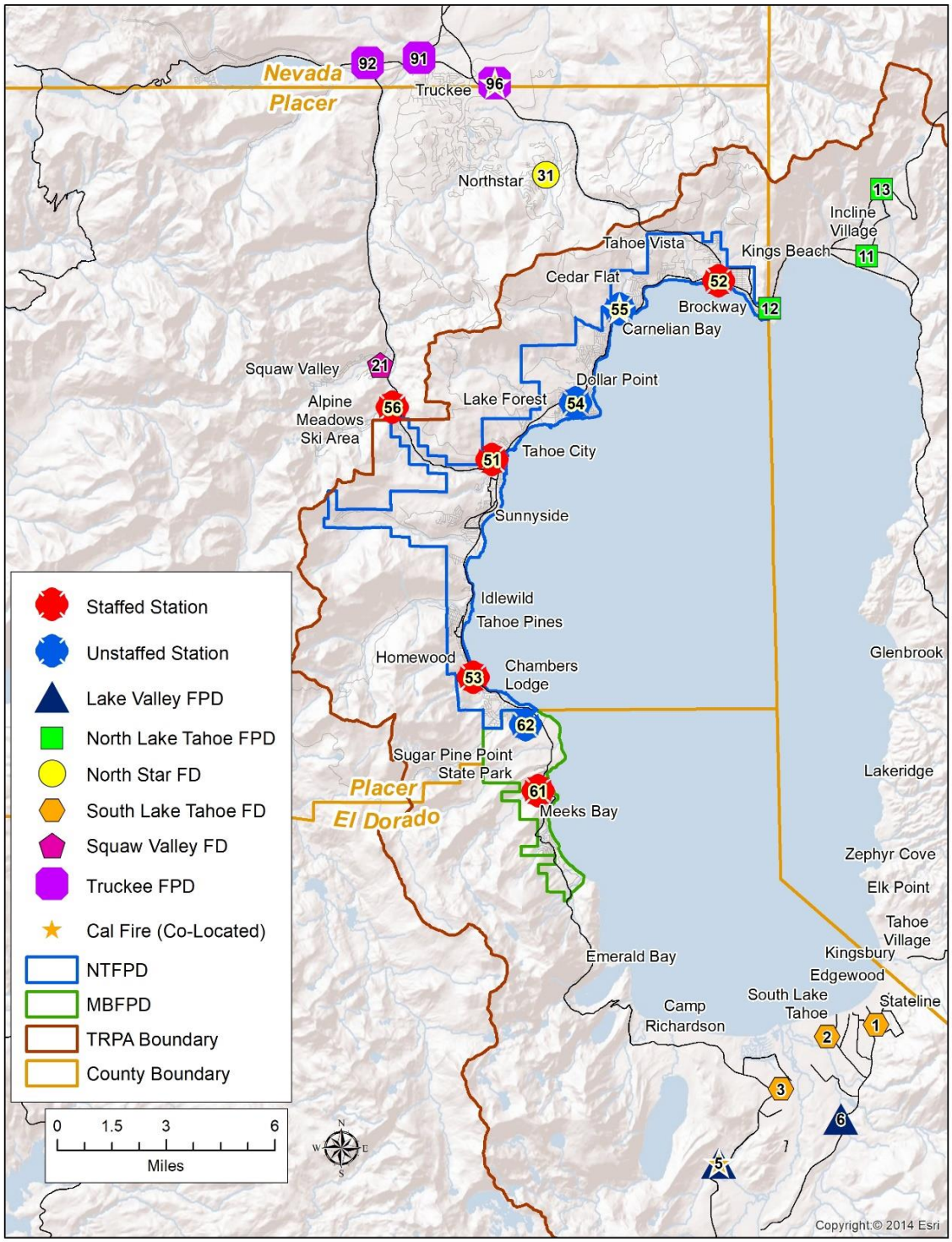
There are several mutual and automatic aid agreements in place between fire agencies within the Tahoe Basin. All fire agencies participate in the regional mutual and automatic agreements as well as state wide mutual aid. The following figure lists the mutual aid resources available.

Figure 60: Mutual Aid Resources

Department	Engines	Ladders Trucks	Other	Total Available Staffing
North Lake Tahoe Fire District (NV)	3	1	4 Ambulances 3 Brush	12
Truckee Fire District	4	1	4 Ambulances 3 Brush	10
Squaw Valley Fire	1	0	2 Brush Engines	4
Northstar Fire	2	1	2 Brush Engines	4
Lake Valley Fire District	2	0	2 Ambulances 1 Brush Engine	6
TOTALS	**12**	**3**		**35**

The next figure depicts the station locations for the surrounding fire agencies participating in the mutual and automatic aid agreements.

Figure 61: Tahoe Area Regional Fire Services



The MBFPD responds south around Emerald Bay. The South Lake Tahoe FD responds westward to Camp Richardson. NTFPD Station 53 responds into MBFPD; NTFPD Station 56 responds to Alpine and Squaw Valley Ski Areas. NTFPD Station 52 responds to Northstar Ski Area as well as the Hwy 267 incidents. NTFPD Station 12 responds into Kings Beach/Brockway. CAL FIRE stations are seasonal.

Finding:

- Due to the challenges presented by road/highway limitations, seasonal traffic patterns, station locations, configuration and staffing; the combined operation of the two districts is challenged to meet currently established performance goals. As a standalone agency, the MBFPD even with support of mutual aid would be unable to assemble an effective response force.

Recommendation: Evaluate Performance Objectives

ESCI recommends that all performance objectives be reevaluated with consideration given to the challenges presented by road/highway limitations, seasonal traffic patterns, station locations and configuration, staffing, as well as funding.

FINANCIAL ANALYSIS

A critical component of the success and operation of any business, private or public, is a consistent and reliable funding stream. In the instance of public agencies, this funding is usually provided by the assessment and collection of various forms of taxation such as ad valorem (real estate) taxes, special assessments and billings for services. Recognizing the limits of public funding, public safety agencies, including fire protection districts, are limited in the level of service they may provide to their communities by the amount of these types of revenues that the authority having jurisdiction is willing, or limited by the legislative process, to assess. Public agencies also may charge fees for services under contractual arrangements to areas outside of their political boundaries.

A review and discussion of the financial operations of the North Tahoe Fire Protection District and Meeks Bay Fire Protection District, California will follow.

North Tahoe Fire Protection District

Figure 62:Budget and Finance District Survey 2017/18 Components

Survey Components	North Tahoe Fire Protection District Observations
Designated fiscal year	July 1st through June 30th
Assessed property value, FY 2017	$6,319,728,901
Revised current year general operating fund budget, fire department	FY 2017/18 $15,353,950
General fund property tax – current budget year	$5,378,995
Levy rate (current year)	0.001072
Fire Suppression Assessment	$736,047
Other tax levy, Fire Protection Tax	$2,641,136

NTFPD employs an accounting and budgeting system that is like most municipal forms of government. This system utilizes a fund account to track expenditures made by and revenues attributable to the operation of the fund. The General Fund, the only fund utilized by NTFPD, reflects the operations of the performance of the core services provided by the District such as salaries and benefits, services and supplies, repairs and maintenance, insurance, protective clothing, and other normal operating expenses of the District.

Additional funds may be created to manage specific projects, programs, debt service, special or specific income streams, or to account for an allocation of revenue from an assessment of taxes. NTFPD has not utilized this avenue of multiple funds to manage specialized activities such as Mitigation Fees, Apparatus Reserve Funds, Facilities Infrastructure Reserve an Unrestricted Reserve Fund. For audit statement purposes, the general fund is styled the “Governmental Fund.”

ESCI has analyzed the historical revenues and expenses from FY 13/14 through FY 16/17 for the District to develop relevant financial trends, strengths, and weaknesses which, in conjunction with the annual budget information for FY 17/18, will assist in the completion of the financial forecasts presented later in this report. The District is funded from revenues consisting primarily of three types of property taxes and fees for services provided to the communities. The District operates on a June 30 fiscal year basis.

The NTFPD is authorized at 48 full-time suppression personnel, five chief officer positions including the Fire Chief, two Division Chiefs, and three Battalion Chiefs; four administrative personnel, two prevention personnel, one forester, one PIO, one facilities manager and one mechanic. Additionally, the District employs part-time personnel in various maintenance and prevention positions. The District operates from five stations and provides fire suppression, fire investigation, inspections, plan review services, emergency medical response, hazardous material spill/release response, fire prevention, life safety education, and community risk reduction.

The District's annual budget includes expenses for all the operations and includes transfers in and out of the general fund for various allocations of expenses between the reserve accounts.

The District has incurred a significant deferred liability on its portion of pension obligations for employee retirements. This District has been making payments that will amortize these liabilities within the maximum 30-year period required by CalPERS. The amortization of these pension and the OPEB costs does create a significant drain on the cash flow of the District and may have an impact on the possible future expansion of service delivery by committing scarce resources to meeting its pension obligations.

Revenues

Property Taxes

The collection of local property taxes is the single largest source of revenue for the District. Revenues generated from this source are affected by two primary components, the assessed value of the real properties taxed, and the tax rate charged against that value. The value of a property is affected by the market conditions in the community and, in California, is subject to the restrictions set by Proposition 13 limiting the growth of real estate tax assessments. There are various types of properties which are components to the total valuation in the District. The following figure provides a picture of the growth in the value of total property within the NTFPD from FY 13/14 to 16/17.

Figure 63: Property Valuation in NTFPD, FY 13/14–16/17

	Actual FYE June 30			
	13/14	14/15	15/16	16/17
Property tax values	**5,435,451,512**	**5,573,005,695**	**6,157,872,591**	**6,319,728,901**
Secured	5,338,280,120	5,471,051,101	6,060,497,232	6,214,631,735
Utility	714,644	714,644	422,144	422,144
Secured HOPTR	12,070,460	11,883,200	11,655,000	11,096,400
Unsecured	84,386,288	89,356,750	85,298,215	93,578,622
Unsecured HOPTR	-	-	-	-

Source: https://www.placer.ca.gov/departments/auditor/property-tax

A tax rate is applied against the assessed valuations to arrive at the revenue to accrue to the benefit of the District. In certain economic situations, assessed taxes are reallocated to specified programs such as the Educational Revenue Augmentation Fund (ERAF) and a Redevelopment fund resulting in a reduction of the revenue to the District. These reallocations have a material negative effect of approximately $1.6 million on revenue available to provide services within the District. A partial offset against the Redevelopment Fund revenue shift is received annually.

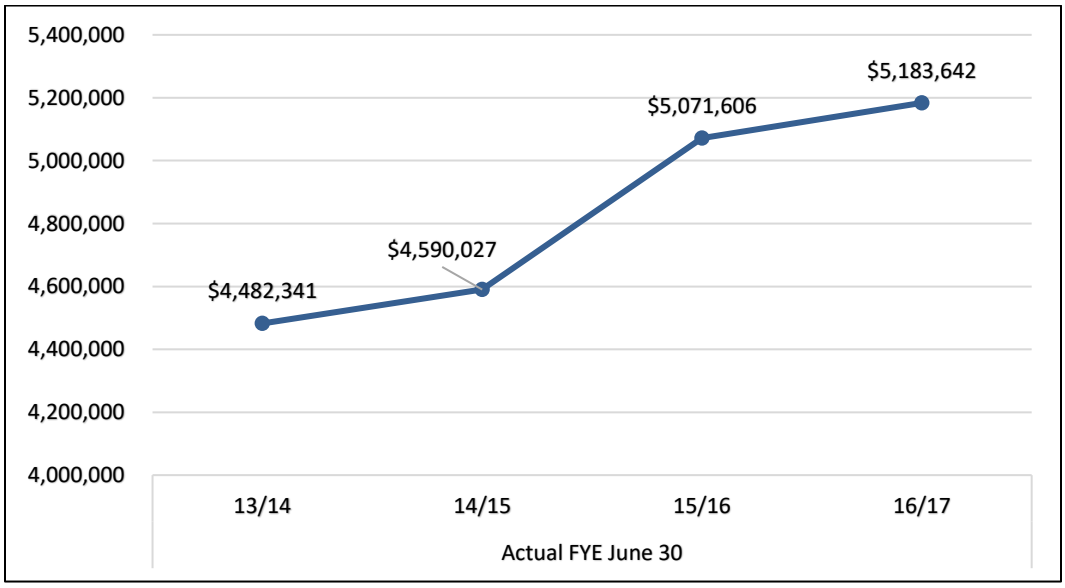
The following figure identifies the impact of the growth of the assessed value of the District and the associated credits to reallocate the revenues to special programs.

Figure 64: NTFPD Property Tax Revenues, FY 13/14–16/17

	13/14	14/15	15/16	16/17
Gross assessment	5,818,145	5,962,131	6,600,544	6,777,775
ERAF shift	(595,921)	(610,203)	(674,225)	(689,119)
2013/2014 Redevelopment	(739,883)	(761,901)	(854,713)	(905,014)
Net Property tax assessment	**4,482,341**	**4,590,027**	**5,071,606**	**5,183,642**

Shown graphically, property tax revenues from FY 13/14 through FY 16/17 have increased approximately 16 percent. The following figure provides a more visible representation of the impact on the District's revenues resulting from the amount of growth in assessed values as well as the reallocation of tax revenues into other programs. Theses revenue shifts continue into the future, however a significant amount of the redevelopment shift will be offset by an increase in RDA revenues, included in the Other Property and Special Taxes line in the forecasts, as properties are completed.

Figure 65: Graphic Presentation of Increase in NTFPD Property Tax Revenues, FY 13/14–16/17



Other Tax Revenues

Additionally, a voter approved fire tax and a voter approved fire assessment are other significant sources of funds for the District's operations. The Special Tax increase, implemented in FY 05/06, has allowed the District to rebuild reserves while, at the same time, maintaining staffing levels, training, and equipment. The Fire Assessment is an additional charge against each of the parcels within the District. The funds collected are deposited in various accounts of the general fund of the North Tahoe Fire Protection District.

Additional sources of funding District services are contracts for services with other communities and billings for ambulance services. Contracts to provide fire protection services to Alpine Meadows, Meeks Bay, and El Dorado County provide significant amounts as does providing ambulance services to the area.

Revenues are separated into two categories: recurring and non-recurring. Recurring revenues are those items that are expected to continue annually such as property taxes, sales taxes, and contracts for service. Non-recurring revenues are those sources that have an expectation of not continuing such as sales of assts, grant revenues, loan proceeds and insurance proceeds. Loan proceeds may be received in one fiscal year but not be utilized until a future fiscal year which may significantly distort the cash flows in both years.

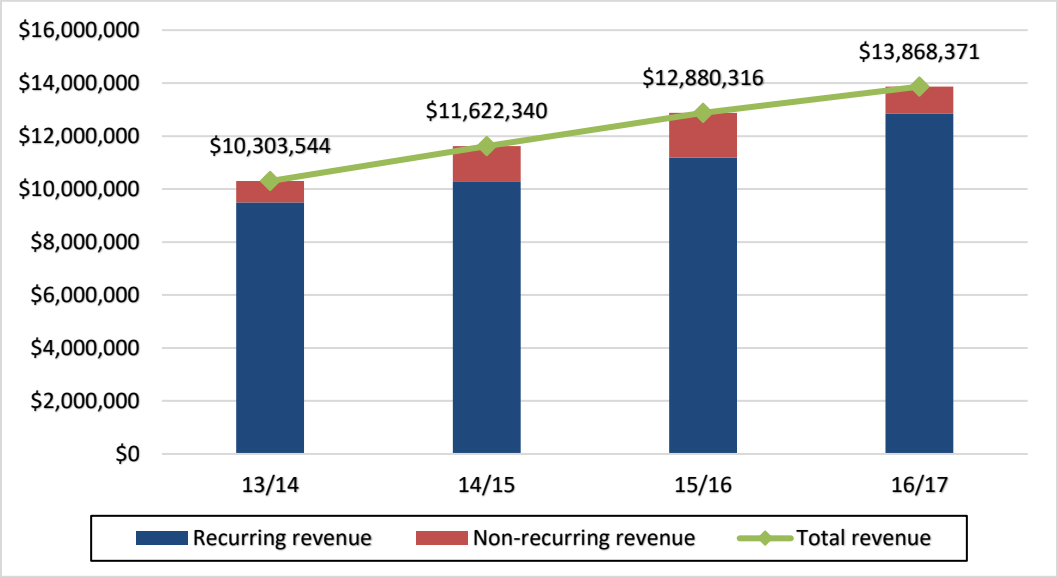
Figure 66: NTFPD Recurring and Non-Recurring Revenues, FY 13/14–FY 16/17

	FYE June 30 Actual			
	13/14	14/15	15/16	16/17
Recurring Revenue				
Property taxes	$ 4,829,942	$ 5,212,729	$ 5,910,263	$ 6,143,994
Special fire tax	2,356,711	2,417,610	2,472,576	2,585,869
Fire Suppression Assessment	657,904	674,677	689,880	720,307
Service Contracts	587,216	707,094	709,987	1,744,462
Ambulance services	949,043	1,109,571	1,206,857	1,511,147
Mitigation fees	73,783	106,236	124,461	76,874
Inspections/plan check fees	43,203	68,109	67,992	59,312
Total Recurring Revenue	9,497,802	10,296,026	11,182,016	12,841,965
Non-Recurring Revenue				
CalFire Lease	8,522	16,107	11,100	1,467
Grant Proceeds	263,918	827,883	986,677	323,365
Interest Income	39,157	37,091	62,446	78,388
Sale of Surplus Assets	1,600	45,782	9,000	78
Strike team reimbursements	153,084	261,562	463,733	484,290
Transfers from other funds	-	-	-	80,000
Other	339,461	137,889	165,344	58,818
Total Non-Recurring Revenue	805,742	1,326,314	1,698,300	1,026,406
Total Revenue	$ 10,303,544	$ 11,622,340	$ 12,880,316	$ 13,868,371

The previous figure shows the recurring revenues generated in the District have increased approximately 33 percent during the review period. A significant portion of this increase results from the increase in property tax revenue and contracts to provide services to the Alpine Springs County Water District, El Dorado County, and ambulance revenues.

Shown graphically in the next figure, the District revenue stream relies more on consistent funding sources for its operations.

Figure 67: Graphic Presentation of NTFPD Recurring and Non-Recurring Revenue, FY 13/14–16/17



Non-recurring revenue items are those which have time limits, grant proceeds, loan proceeds, asset sales, and reimbursements from other government entities for work performed on state or federally declared disasters.

Finding:

- Recurring revenue is providing a stable source of funds from which to provide services to the District's residents and businesses.

Expenses

The District's budget is prepared according to California law and is based on accounting for certain transactions on a modified accrual basis of accounting. The funds are appropriated by the nature of the expenditure. Funds are also appropriated to provide for debt service payments. The District operates using one fund to record all transactions. The District Board approves the budget.

The following figure identifies the historic allocation of costs by major category for the District for the fiscal years 13/14 through 16/17.

Figure 68: Expenditures of the NTFPD General Fund and Debt Service Fund, FY 13/14–16/17

	FYE June 30 Actual			
	13/14	14/15	15/16	16/17
Salaries & wages	$ 4,933,779	$ 5,051,403	$ 4,945,174	$ 6,360,102
Benefits	2,631,732	2,971,716	3,267,508	4,154,163
Total salaries & benefits	7,565,511	8,023,119	8,212,682	10,514,265
Supplies	490,286	611,461	760,728	690,977
Services	613,251	660,720	782,761	1,127,715
Energy	107,573	109,756	102,390	134,837
Maintenance	412,743	439,162	589,160	364,389
Debt service	708,392	779,827	765,462	779,328
Total Recurring Expenses	9,897,756	10,624,045	11,213,183	13,611,511
Capital	108,167	28,395	202,090	34,369
Transfers to other funds	-	-	-	77,857
Contingency	4,150	-	-	-
Total Non-Recurring expenses	112,317	28,395	202,090	112,226
Total expenses	$ 10,010,073	$ 10,652,440	$ 11,415,273	$ 13,723,737

Recurring expenses have increased dramatically as the employee pension and insurance costs have increased. Additionally, the District has added staffing and absorbed the Meeks Bay firefighters and Fire Chief positions. Recurring expenses have increased from $9,897,756 to $13,723,737, or 37 percent, from FY 13/14 to FY 16/17. These additional costs are offset by the increased revenue from the Meeks Bay FPD service contract. Personnel and related costs have increased 41 percent in the same time-period. Supply costs are stable except during years that turnout gear is acquired. Maintenance costs remain relatively stable, again with an occasional anomaly indicated in FY 15/16. Debt service remains stable as the District's long-term debt is being extinguished according to the note terms.

The District has incurred a significant unfunded liability on its portion of pension obligations for employee retirements. The amortization of these pension and the OPEB costs creates a significant drain on the cash flow of the District and may have an impact on the possible future expansion of service delivery by committing scarce resources to meeting its pension obligations. Included on page 27 of the June 30, 2017 audit report is the amount of $14,557,042 shown as the combined unfunded pension liability for both NTFPD plans. These UAL liabilities may be amortized over a 30-year period pursuant to CalPERS regulations. NTFPD has elected to extinguish these debts more rapidly by prepaying amounts on an annual basis however this does have a negative impact on annual cash flow.

Personnel expenses have grown over the past four years as the District's staffing model has increased to accommodate service demand and the additional service contracts developed by the District. Pension cost payments include the annual or "normal" cost as well as the amortization of the unfunded actuarial liability (UAL) required under the CalPERS calculations. Current medical insurance costs, workers compensation, overtime, and Medicare taxes all increase in relationship with the compensation increases.

Figure 69: NTFPD Personnel Services Expenditures, FY 13/14–16/17

	FYE June 30 Actual			
	13/14	14/15	15/16	16/17
Salaries - full-time	$ 3,855,522	$ 4,143,983	$ 4,239,026	$ 5,485,442
Overtime	811,005	891,153	933,841	1,101,699
Salaries - part-time	353,080	181,108	67,626	94,755
Strike team wages	(85,828)	(164,841)	(295,319)	(321,794)
Pension costs	1,460,588	1,516,065	1,694,574	1,976,679
Medical insurance - current	524,668	773,261	811,700	1,157,450
Medical insurance - retired	181,251	195,983	234,800	248,311
Dental & vision	69,822	77,161	84,546	104,227
Workers compensation	310,724	273,766	327,761	537,290
Employee assistance program	3,060	3,413	3,645	3,283
Life & disability	12,189	13,346	9,605	3,257
Medicare taxes	59,430	108,721	100,877	123,666
GASB 45 compliance	10,000	10,000	-	-
	$ 7,565,511	$ 8,023,119	$ 8,212,682	$ 10,514,265

Fund Balance

Maintaining a reasonable cash position or fund balance is especially important for government agencies relying on property taxes or revenues streams that only occur at certain times of the budget cycle. Funds must be available to provide timely payment of current obligations and operating expenses of the District. At June 30, 2017, cash reserves available to fund these obligations were indicated at $7,526,024, or approximately six months of operations.

Current Budget

REVENUES

Revenues from the various property tax assessments are forecast to increase approximately 2.7 percent for 2018. Grant revenues are forecast to increase significantly in 2018 with receipts expecting to exceed the FYE 2017 actual amounts by approximately $1,000,000. Included in these proceeds is an estimated reimbursement of approximately $470,000 from a SAFER staffing grant.

EXPENSES

The current budget of the North Tahoe Fire Protection District for the FYE 2018 is projected to be a balanced budget. To do so, the District expects to transfer funds from its Mitigation Fee account ($110,000) and its Apparatus Reserve account ($50,000). The following figure indicates the allocation of expenses between the major categories of the NTFPD budget. These transfers will reduce the ending total cash reserve by a similar amount.

Figure 70: Graphic Presentation of the Adopted NTFPD FY 17/18 Budget

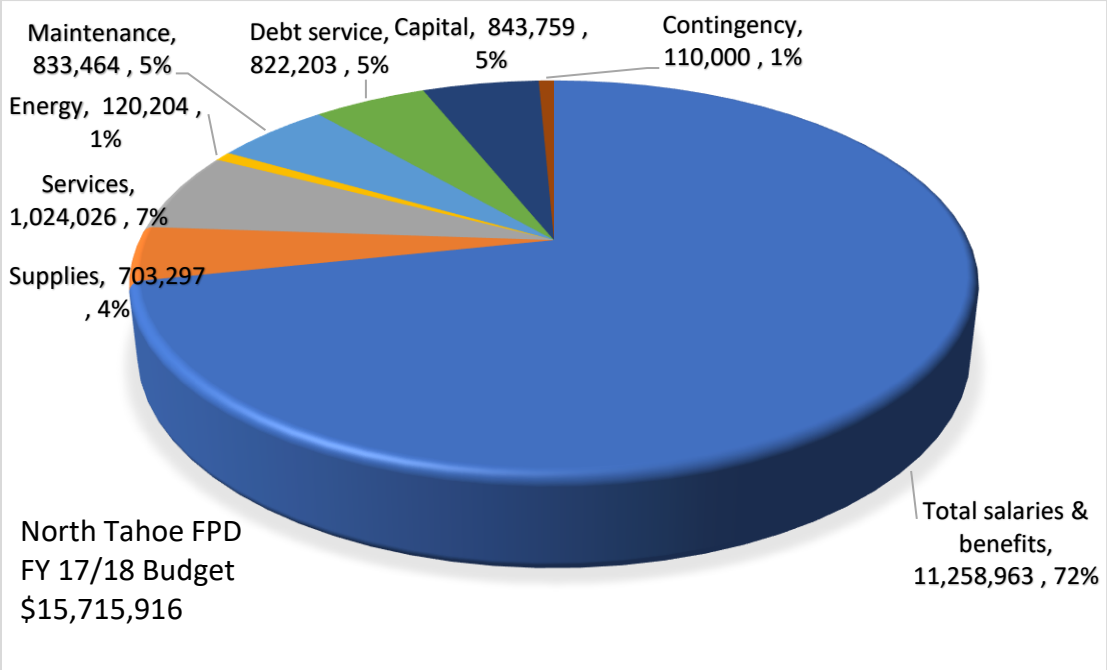


Figure 71: FY 17/18 Adopted NTFPD Budget

	Budget 2018
Salaries & wages	$ 6,930,221
Benefits	4,328,742
Total salaries & benefits	11,258,963
Supplies	703,297
Services	1,024,026
Energy	120,204
Maintenance	833,464
Debt service	822,203
Total Recurring Expenses	14,762,157
Capital	843,759
Contingency	110,000
Total Non-Recurring expenses	953,759
Total	$ 15,715,916

Meeks Bay Fire Protection District

Figure 72: Budget and Finance District Survey Components

Survey Components	Meeks Bay Fire Protection District Observations
Designated fiscal year	July 1st through June 30th
Assessed property value, FY 2017	
Revised current year general operating fund budget, fire department	FY 17/18 $1,587,022
General fund property tax – current budget year	$793,199
Special assessment	$381,063
Special tax	$283,660

MBFPD employs an accounting and budgeting system that is similar to most municipal forms of government. This system utilizes "funds," more easily described as separate operating divisions of a parent company, to track expenditures made by and revenues attributable to the operation of each type division. The general fund typically reflects the operations of the performance of the core services provided by the municipality such as law enforcement, fire protection, human resources, legal, finance, and the administrative side of the operation such as the office of the Fire Chief or Board of Directors of the District. Within the General Fund, the annual budget for the District is prepared.

Additional funds may be created to manage specific projects, programs, debt service, special or specific income streams, or to account for an allocation of revenue from an assessment of taxes. As a fire protection district, MBFPD employs the use of a single fund to manage its activities that are funded by an assessment of various types of property taxes and special assessments.

ESCI has analyzed the historical revenues and expenses from FY 14/15 through FY 16/17 for the District to develop relevant financial trends, strengths, and weaknesses which, in conjunction with the annual budget information for FY 17/18, will assist in the completion of the financial forecasts presented later in this report. The District is funded from revenues consisting primarily of the assessment of property taxes, special assessments, and fees for services provided to the communities. The District operates on a calendar year beginning July 1 and ending June 30.

The MBFPD is authorized at one full-time administrative personnel, having transferred by agreement, the suppression personnel to the North Tahoe Fire Protection District. MBFPD continues to provide funding for the staffing of its station through a contract payment to NTFPD. The District's station is staffed with NTFPD personnel and provides fire suppression, fire investigation, inspections, plan review services, emergency medical response, hazardous material spill/release response, fire prevention, life safety education, and community risk reduction.

The District's annual budget includes expenses for all operations. It also includes minimal transfers in and out of the general fund for various allocations of expenses between the reserve accounts.

The District has incurred a significant deferred liability on its portion of pension obligations for employee retirements. This District has been making payments that will amortize these liabilities within the maximum 30-year period required by CalPERS. The amortization of these pension and the OPEB costs does create a significant drain on the cash flow of the District and may have an impact on the possible future expansion of service delivery by committing scarce resources to meeting its pension obligations.

Revenues

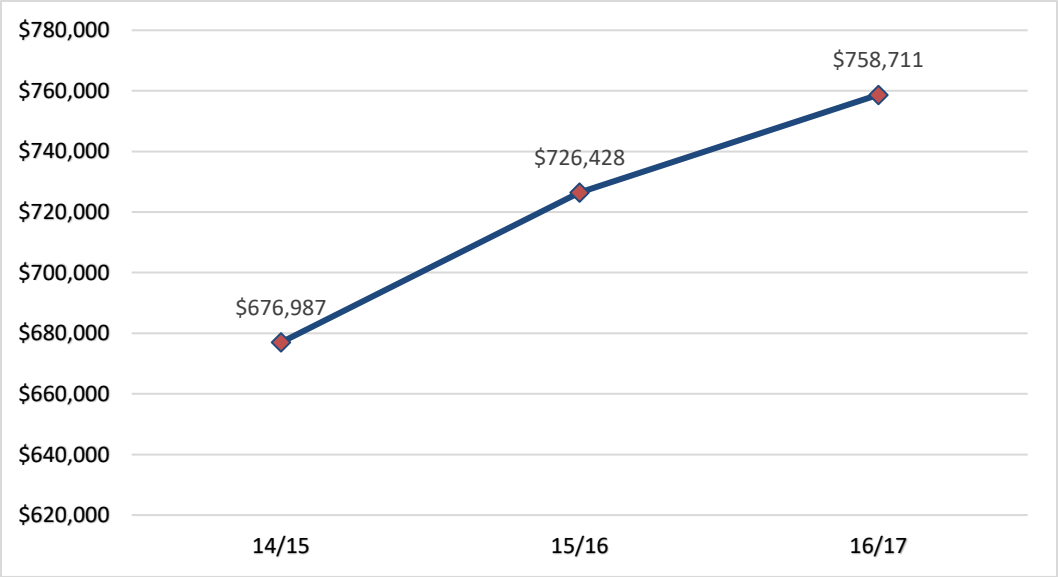
Property Taxes

The collection of local property taxes is the single largest source of revenue for the District. Revenues generated from this source are affected by two primary components, the assessed value of the real properties taxed, and the tax rate charged against that value. The value of a property is affected by the market conditions in the community and, in California, is subject to state legislation limiting the growth of real estate tax assessments. There are various types of properties which are components to the total valuation in the District.

Similar to NTFPD, a tax rate is applied against the assessed valuations to arrive at the revenue to accrue to the benefit of the District. In certain economic situations, assessed taxes are reallocated to specified programs such as the Educational Revenue Augmentation Fund (ERAF) resulting in a reduction of the revenue to the District.

Shown graphically, property tax revenues from FY 14/15 through FY 16/17 have increased approximately 12 percent. The following figure provides a more visible representation of the impact on the District's revenues resulting from the amount of growth in assessed values as well as the reallocation of tax revenues into other programs.

Figure 73: Graphic Presentation of Increase in MBFPD Property Tax Revenues, FY 14/15–16/17



Other Tax Revenues

Additionally, a voter approved fire tax and a voter approved fire assessment are the other significant sources of funds for the District's operations. The Special Tax increase, implemented in FY 05/06, has allowed the District to rebuild reserves while, at the same time, maintaining staffing levels, training, and equipment. The Fire Assessment is an additional charge against each of the parcels within the District. The funds collected are deposited in various accounts of the general fund of Meeks Bay Fire Protection District.

MBFPD has two categories of revenues—recurring and non-recurring. Recurring revenues are those items that are expected to continue annually such as property taxes, special assessments, and contracts for service. Non-recurring revenues are those sources that are difficult to predict an amount or have an expectation of not continuing such as sales of assets, grant revenues, loan proceeds, and insurance proceeds.

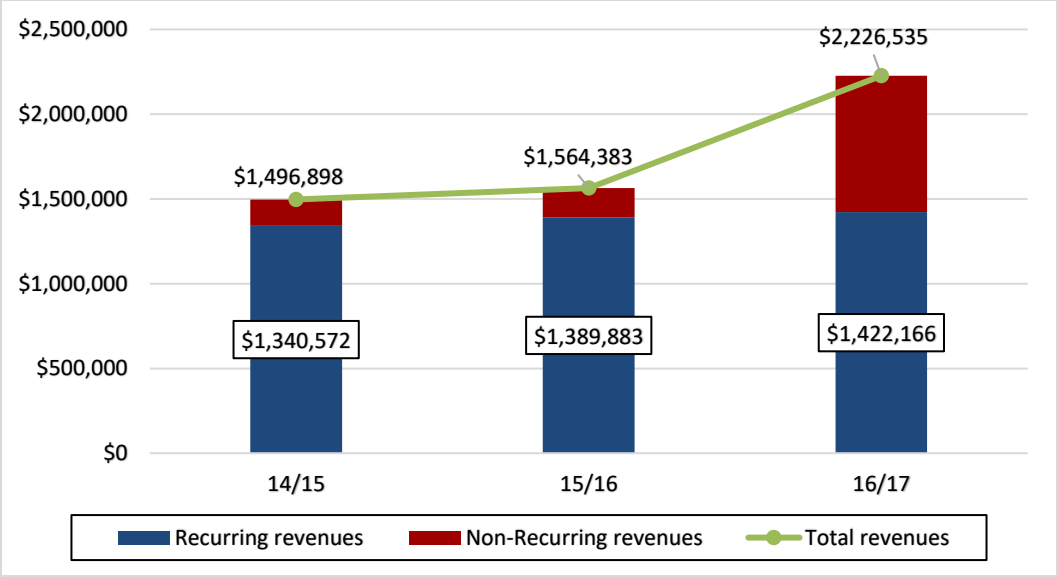
Figure 74: MBFPD Recurring versus Non-Recurring Revenues, FY 14/15–16/17

	2015	2016	2017
REVENUES			
Real estate taxes	$ 676,987	$ 726,428	$ 758,711
Special tax	283,920	283,790	283,790
Special Assessment	379,665	379,665	379,665
Total recurring revenue	1,340,572	1,389,883	1,422,166
Interest	3,500	4,500	5,000
Employee liability reserve - CERBT	-	-	523,014
Workers Comp reimbursements	-	10,000	-
Emergency response recovery fee	35,103	-	-
Plan checks and developer fees	4,000	8,000	5,000
Emergency response recovery	5,000	5,500	2,000
Miscellaneous	5,000	32,000	8,000
Grants & donations	103,723	114,500	261,355
Total other - non-recurring revenue	156,326	174,500	804,369
Total Revenues	$ 1,496,898	$ 1,564,383	$ 2,226,535

Figure 74 shows the recurring revenues generated in the District have increased approximately 6 percent from FY 14/15 to 16/17. The majority of this increase results from the increase in property tax revenue and contracts to provide services to neighboring districts and ambulance revenues. Non-recurring revenues have jumped dramatically as a result of significant increases in grant revenues.

Shown graphically in the following figure, the District revenue stream relies more on consistent funding sources for its operations.

Figure 75: Graphic Presentation of MBFPD Recurring and Non-Recurring Revenue, FY 14/15–16/17



Expenses

The District's budget is prepared according to California law and is based on accounting for certain transactions on a modified accrual basis of accounting. The funds are appropriated by the nature of the expenditure. Funds are also appropriated to provide for retiree pension and health insurance benefits. The District operates using one fund to record all transactions. The District Board approves the budget.

The following figure identifies the historic allocation of costs by major category for the District for the fiscal years ending June 30, 2015 through 2017.

Figure 76: Expenditures of the MBFPD General Fund, FY 14/15–16/17

	14/15	15/16	16/17
Salaries	$ 738,054	$ 750,600	$ 109,712
Benefits	307,917	311,982	642,344
Total salaries and benefits	1,045,971	1,062,582	752,056
Supplies	35,650	57,420	76,714
Services	320,842	393,758	1,153,918
Energy	13,115	13,691	14,920
Maintenance	81,320	41,932	196,860
Total recurring expenses	1,496,898	1,569,383	2,194,468
Capital	241,993	609,000	150,000
Transfers	(241,993)	-	32,067
Total non-recuring expenses	-	609,000	182,067
Total expenses	1,496,898	2,178,383	2,376,535

Recurring expenses have increased dramatically as the costs associated with service contract with North Tahoe have increased significantly between 14/15 and 16/17. A portion of these costs have been offset by the reduction in payroll costs at MBFPD with staffing being reduced to one administrative person.

Recurring expenses have increased from $1,496,898 to $2,184,468 or 47 percent between FY 14/15 and FY 16/17. Personnel and related costs have decreased 39 percent in the same time-period. Supply costs are have increased significantly during the review period. Maintenance costs Increased significantly in FY 16/17 as several items of deferred maintenance were addressed at the stations and a Plymovent exhaust removal system was installed at Station 61. Services increased significantly as the service contract with North Tahoe transferred the line firefighter positions to NTFPD. MBFPD has no debt service.

The District has an unfunded liability on its portion of pension obligations for retired employees. The amortization of these pension and the OPEB costs are being managed through cash flow and reserve balances and are included in the Benefits section of the figures in the report.

Payroll and related benefit costs were reduced significantly in FY 16/17 with the absorption of the line positions by North Tahoe. These savings were offset by a significant increase in the contract costs with NTFPD. A one-time payment to fund the retiree health insurance program was made in FY 16/17. MBFPD will continue to fund its portion of pension costs for its current employee and the costs of those personnel previously retired.

Figure 77: MBFPD Personnel Services Expenditures, FY 14/15–16/17

	FYE June 30		
	14/15	15/16	16/17
Salaries	$ 682,080	$ 645,399	$ 82,901
Holiday, Medicare taxes and extra time	24,854	18,981	6,411
Overtime	23,920	71,820	6,000
Health Insurance - retirees	286	9,358	567,123
PERS	159,074	122,479	67,770
Board of Directors	7,200	14,400	14,400
Health Insurance	84,281	121,909	-
Workers compensation	64,276	58,236	7,451
Total	$ 1,045,971	$ 1,062,582	$ 752,056

Fund Balance

Maintaining a reasonable cash position or fund balance is especially important for government agencies relying on property taxes or revenues streams that only occur at certain times of the budget cycle. Funds must be available to provide timely payment of current obligations and operating expenses of the District. At June 30, 2017, cash reserves available to fund these obligations were indicated at approximately $1,561,000 or approximately twelve months of operations.

Current Budget

Revenues

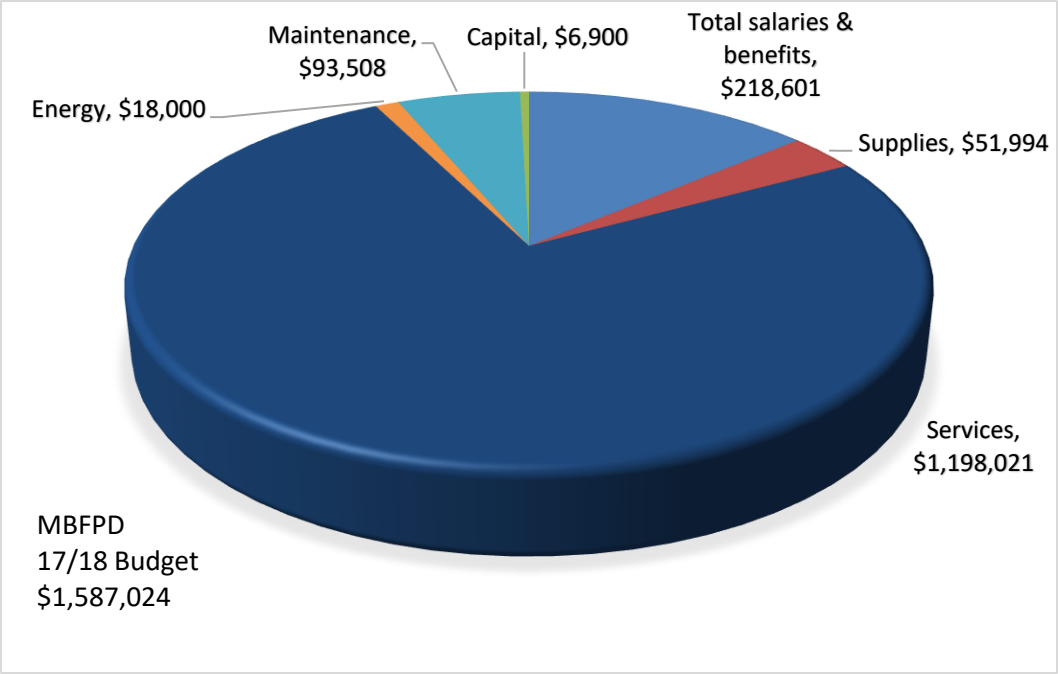
Revenues from the various property tax assessments are forecast to increase approximately 2.5 percent for 17/18. In 17/18, the net negative impact from the ERAF deduction for Meeks Bay is $76,888.

Grant revenues are forecast to decrease significantly in 17/18.

Expenses

The current budget of the Meeks Bay Fire Protection District for the FY 17/18 is projected to be a balanced budget. The following chart indicates the allocation of expenses between the major categories of the MBFPD budget.

Figure 78: Graphic Presentation of MBFPD FY 17/18 Budget



STAKEHOLDER INPUT

ESCI interviewed a wide variety of both Districts' internal and external stakeholders. The purpose of these interviews was to gain a better understanding of issues, concerns, and opinions about the emergency service delivery system, opportunities for shared services, historical barriers to formal merger, and community expectations.

It is important to note that the information solicited and provided during this process was provided in the form of "people inputs," some of which are perceptions as reported by stakeholders. All information was accepted at face value without an in-depth investigation of its origination or reliability. The project team reviewed the information for consistency and frequency of comment to identify specific patterns and/or trends. The observations included in this report were confirmed by multiple sources or the information provided was significant enough to be included. Based on the information review, the team was able to identify a series of observations, recommendations, and needs which are included in this report.

Stakeholders were identified within three separate groups: Elected & Business Community, Chief Officers, Labor Leaders, and Administrative Staff. Stakeholders included members of the business environment including the Resort Association, Water Districts, Home Owners Associations, etc.

Twenty stakeholders were scheduled for interviews that were completed over a three-day-period. These stakeholders represented Home Owners Association(s), Board of Supervisors, Meeks Bay Fire Protection Board of Directors, North Tahoe Fire Protection District Board of Directors, Community Service Districts, neighboring fire district, NTFPD Local Union, Administrative staff members, Chief Officers, and a variety of community association representatives, as well as a few community members.

The responses are summarized below:

Elected Official and Business Community

Are you aware of why we are here and the purpose of this project?

Most of the interviewees responded that they were aware of the purpose of the interviews. For the few that did not, a team member provided information to bring them up to date. Each stakeholder that was interviewed was asked to share their position and background if they were so inclined to do so.

In your opinion, what are the advantages/positives/strengths of the existing emergency service delivery system?

Responses were consistent in that there has been a notable improvement in the services provided by the two Districts, now that they are acting as one. Response times have improved, there is an increase in staffing of stations and medic units are responding from newly-assigned stations.

A comment repeated several times during the interviews was the awareness that there is now an economy of scale and sharing of resources. The community comes together due to a boundary drop and there are advantages of having one command structure.

Having a Chief Officer representing Meeks Bay is an asset. Some interviewees went as far as saying the current delivery system meets and exceeds previous services levels.

What are the disadvantages/negatives/weaknesses of the existing system?
A feeling of loss of community due to the change in staffing at local fire stations. The relationships that previously were built between the staff/firefighters and public has deteriorated; concern that it will eventually be a thing of the past.

Troubled that the personal service that has been previously given (to the locals) in the past will end, resulting in not being able to drop by the station and visit or call the station directly to report renter's starting bond fires or matters of that nature.

There is a disconnect between the community and station and fear of a loss of identity.

One district will be benefiting more from legal unification than the other.

Does the existing system provide the residents and community with acceptable protection?
There were no responses received other than "Yes."

ADDITIONAL COMMENTS INCLUDED:

- We are providing exceptional service.
- Now we have additional fire engines, better equipment and appear to act as one. Medical responses have improved.
- Providing service is more important than having two different representatives.

How important do you think it is for the District to have its own fire department?
The majority of the stakeholder's opinion is, that if the communities (citizens) receive the appropriate level of service, they do not care about having their own fire department identity.

It should be noted that long-time residents of some communities have a kindred connection with their fire department and aren't necessarily opposing the possibility of a formal merger; they have a connection that has been on-going for many years. It is that connection in which they fear will eventually vanish.

Do you believe there would be advantages to operating the two Districts under an alternative governance model such as <u>formally merging</u> the two Districts into one?
Interpretation of an "alternative governance model" differed between many of the stakeholders. Models such as JPA, Special District, Formal Merger, and Consolidation were referenced during their responses.

Most of responses supported continuing with the current process, moving toward formally merging. A few supported a "Full Merger" and the remaining felt the system is working well now and believe remaining under the current agreement is best.

The common thread of maintaining if not improving the current level of service regardless of the governance model is important as is economy of scale, no duplication of over-head personnel, etc.

Do you have any thoughts as to what type of other governance might be more advantageous?
Responses were like the answers to the previous question. Some interviewees were not familiar with the intricacies and/or the complexities of forming a Joint Powers Authority, Community Service District, Annexation, etc.

Interviewees were aware that the union of these two Districts is unique in that they are in and serve two different counties—Placer and El Dorado. Due to this uniqueness, should an annexation or formal merger move forward, both counties Local Agency Formation Commissions (LAFCO) becomes involved.

There were minimal comments regarding LAFCO. There was recognition that there could be a financial advantage to formal merger, should this project move forward.

Are there any disadvantages to adopting a different governance model than what currently is in place?
Responses such as—It is unknown; they are operating well, they have clear lines of communication. There is no duplicating of efforts any longer.

A question: "Does being in two counties change anything for one of the Districts?" Opened a brief conversation about the two county agencies becoming one.

Do you believe the community would support an additional fire assessment if the additional funding would improve operations and enhance the financial stability of a fully merged operation?
The answers were in line with one another; do your homework, speak with other districts that are in two contagious counties. A good, solid financial plan as well as strong marketing plan is needed.

The approach that is taken to bring this topic to the public must include the purpose for the special fees and the history of threat of wildland fires.

If sales and/or transient tax will be affected, it may be negative to the visitors who come to this area.

The fee would need to be reasonable and fair.

In the event a merger or other type of governance model were to move forward, what is the one issue that, if not addressed properly, would be a deal breaker.
A loss of identify resonated in many of the responses. The need for assurance that their voices will be heard, and they can or will be involved; and the agency needs to listen to their constituents.

Should there be a decline in service levels, reduction in the level of employment, and benefits for the employees—it could be a deal breaker.

Primary focus needs to be service delivery, administration, and cost standpoints.

Who do you think would be opposed to the change?
Several comments were shared, however it ultimately came down to: the Firefighters Union, Meeks Bay Board of Directors, North Tahoe Board of Directors, and non-supportive electronic (social media) submitted messages to the community.

Is there anything you would like to add that we have not discussed*?*
Improved communication from the District to the community regarding fire safety, i.e., "fire safety sign" at stations, a Community Bulletin Board at the Post Office and stations, hazards fuel reduction, and increased District visibility—crews need to be more visible throughout the area.

Currently, the working relationship is serving the community well and has never seen it run as smoothly as it does today.

Chief Officers and Labor Leaders

What strengths contribute to the success of the fire department? What do they do well?
Currently functioning as an Alternative Governance model. Administrative tasks are efficient and streamlined. The boundary lines no longer exist between the two Districts.

The communities now have a Public Information Officer and focus has been on paying attention to the past what could have been done better. Beginning with working together as a united front. There were comments that they consider themselves as functionally consolidated.

A sense of pride was exhibited when reviewing the past four years since the Agreement between the two Districts was approved. They are providing services to several communities along the North and West shores of Lake Tahoe as well as to Alpine Meadows. Station 61 in Meeks Bay now has an Advanced Life Support Firefighter on duty, every day, 24/7, resulting in quicker medical response to the west shore than previously. Cross staffing has been implemented. There now exists an economy of scale, improved facilities and apparatus, more personnel available to respond to emergencies every day.

How have operations and administration changed as a result of the current agreement between NTFPD and Meeks Bay FPD?
Historically, Meeks Bay Fire District's call volume was considerably less than North Tahoe Fire District's. At no fault to the Meeks Bay Firefighters, the lack of responses didn't provide un-typical incidents or experiences that help develop additional skill sets. With the current system, Meeks Bay firefighters are now part of the North Tahoe Fire District's shift assignments, allowing them the advantage of working in multiple stations throughout the District, while honing their skills.

Since the District began working as one entity, Meeks Bay's firefighters who previously were not exposed to regular training; now participate in on-going training. Current staffing at Station 61 is considered an improvement and an asset for the over-all fire District and for the community.

It is apparent that the members of the North Tahoe Fire Protection District are considering themselves as a fully functionally consolidated District, other than political subdivisions. Previous issues with external agencies have been mitigated and relationships with neighboring fire districts have also improved.

What are some areas in which you think the department could make improvements?
Having one Board, one set of Policies and Procedures, one Budget; no duplication. Analyzing the staffing levels while considering risk, distance, and population served and based on good data. Focus needs to include not only staffing but facilities, alternative deployment, and Standard of Coverage.

Working with two separate counties is difficult. Services and internal departments each work differently than the other; it is grueling to get and keep connected. With the Districts as one, it would be better.

Currently, there are three Boards to report to North Tahoe, Meeks Bay, and Alpine Meadows. It is time consuming and, in some cases, redundant.

What do you see as the top three critical issues faced by the fire district/s today?
Develop a Standards of Cover.

Economy, Wildland Urban Interface, and competition for services.

Staffing models, Efficiency of deploying apparatus and personnel.

Fire adaptive communities, Capital Facilities Plan, and staffing.

Financial (feasibility of everything moving forward), continued leadership to provide direction, and motivation.

Sustainability, economy, and Facilities.

What opportunities, in your view, are available to improve the service and capabilities in the event a new governance model such as formal merger was to take place?
Having one governing body which encompasses two different counties, may open doors to apply for grants.

Provide depth to the organization allowing the ability to backfill when on strike teams, etc.

Reduce duplicate level of government, by having one Board.

What has not yet been aligned is personnel, administrative staff need cross training.

What challenges do you see to the change?
Loss of ownership.

The two Boards.

"Community Culture?"

Struggling with the unknown.

Risk of losing that "one-on-one contact."

Makeup of the Board.

Possible issues due to being within two counties.

The operational-side of what we are doing now is working well. Not certain how the design of the new Board will *go.*

What drawbacks do you see to the Districts formally combining under a new governance?
No drawback; need to insure the level of service from Station 61 remains as it is today.

None. Does not see any drawbacks.

"Improved specialization." "Don't worry about balancing the talent when taking on another district. Will be a struggle. Continuity of workforce.

Risk of losing the relationship with a small community within a small district.

Loss of institutional memory—knowing the community well enough that when the alarm comes in, you know exactly who and where. Providing the same level of customer service may be a drawback.

Possibly losing representation in areas they have (Board).

Loss of ability to apply for grants.

What are the critical issues that you believe will need to be addressed prior to moving forward with formal merger?
Finances, memorandums of understanding, and buy-in.

Solid financial data, consolidation/coordination of operations, and cultural differences.

Revamp the leadership model, mid-management, and staffing/bidding of stations.

Full financial understanding of unfunded liabilities and consensus of governance.

Administration and Board make up.

Perceived loss of government due to Station 61 no longer having an office; it would be moved up to Station 61.

What are the three critical issues that you believe will need to be addressed prior to moving forward with combining the Districts as one?

Insuring the communities that the level of service they are receiving now will, at a minimum, remain the same or increase. Giving the community a sense of ownership in the station that this is where they go for community CPR and community needs, and should there be a tax assessment, how will it affect the constituents.

Believes most of this has been taken care of except for the Board. How many members? 5…7?

What was intended to be a benefit for all has not worked out well; need to address staffing. It would fail if nothing changes. Nothing has been done to improve the product other than for Meeks Bay.

#1: Community relations. #2: Deployment/staffing. #2: How to continue relationships with El Dorado County.

Who or what groups do you believe would oppose the change?

Other than one or both Boards, do not know of anyone who would be opposed to the governance/coming together.

Doesn't see any groups of opposition. Possibly Friends of the West Shore; not certain.

Does not see any; their needs are being met.

Is there anything that you would like to add that we have not discussed?

It makes sense to merge/consolidate. Volunteers are needed. Some local citizens very much want to see this through. Community outreach needs to occur by attending HOA meetings, public event, etc. Summertime is the best time to promote the merger.

Technology continues to change the District. Computers in engines, applications on cell/smart phones, etc., and; it will continue—such as a deployment model on your phone. The fire service needs to be more technology efficient. Eventually, there may be a Basin-wide communication center.

Nothing will ever be perfect; not everyone will be happy. This has gone far better than ever imagined.

Administrative Staff

What are the three critical issues that you believe will need to be addressed prior to moving forward with formal merger?

Finances.

Chain of Command must be understood and followed.

Fire Chief and Labor Management relations.

In the event the two Districts move forward with an alternative governance model, what duplicated costs do you believe would be eliminated and/or consolidated that would result in economy of scale?

Working at one office/location and being more centralized. Currently working at both locations. The Meeks Bay FPD's Board wishes a presence at the station.

Training for the staff; institutional memory is gone.

Cross training. There is no back-up for any of the Admin staff.

Contracting payroll to ADP (NT). MB has payroll via El Dorado County.

Eliminate redundancy.

Separation of duties.

Update/appropriate Standard Operation Procedures.

What do you see as the top three critical issues faced by the Districts today?

Money. Meeks Bay is so small with a limited amount of property tax revenue. We still need to maintain an appropriate level of service to in that District.

Financial management software.

Clarification as to if a consolidated district will be exempt from ERAF.

What opportunities, in your view, are available to improve the service and capabilities in the event an alternative governance model such as formal merger were to take place?

We are using two sets of books currently. Need to consolidate into one system.

Merging the two would give the district improved funding source, i.e., benefit assessments/special taxes.

What challenges do you see?
The long-term Board members.

It could be political for some of the Board members.

We are maintaining the level of service; others stated that the level of service is better.

What drawbacks do you see to the Districts formally merging under an alternative governance model?
A seven-member Board consisting of five representatives from North Tahoe, one from Meeks Bay, and one from Alpine Meadows.

Making sure the Local Agency Formation Commission addresses concerns that taxes received are used in the area in which they are paid.

Survey

ESCI conducted a confidential survey to determine information and opinion on key issues. The survey was mailed to 2,000 homes within the Districts. Respondents included property owners, renters, full-time residents and part-time residents. ESCI received over 680 responses to the survey. The following figures provide a visual of the result of the survey. There is one graphic figure for each question of the survey. Approximately 150 respondents answered the question that they or a family member required the service of the Districts.

Demographics

Figure 79: Survey Results—Residency

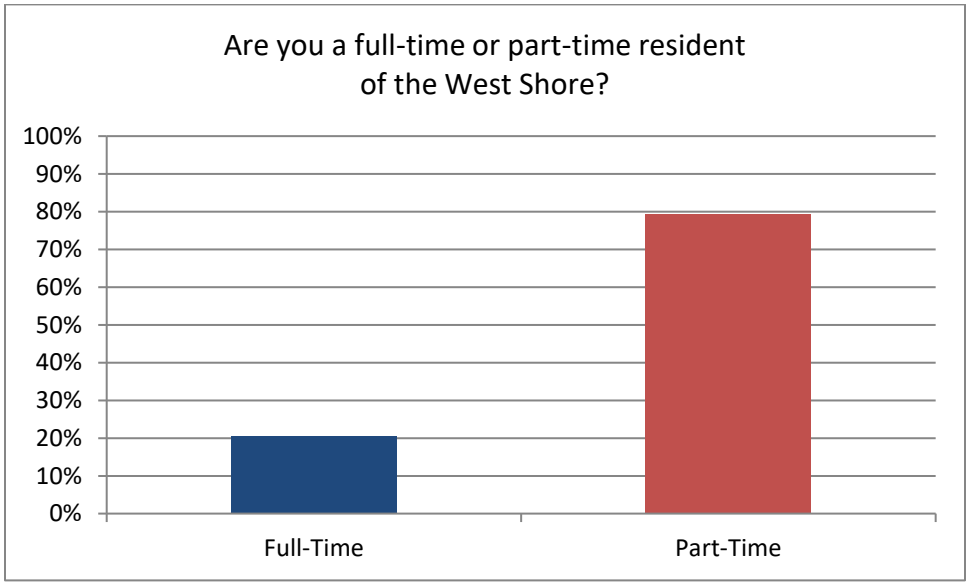


Figure 80: Survey Results—Rent/Own

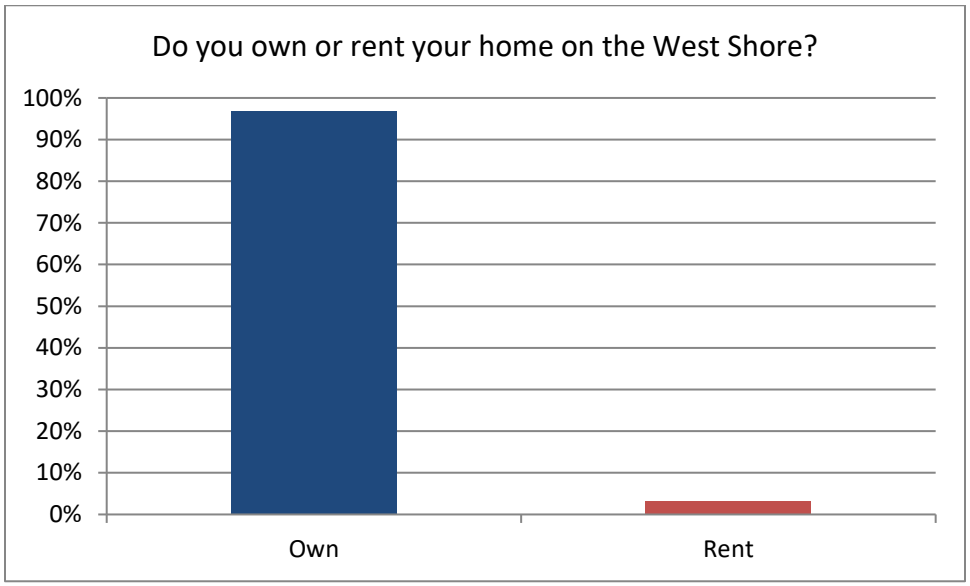


Figure 81: Survey Results—Placer/El Dorado

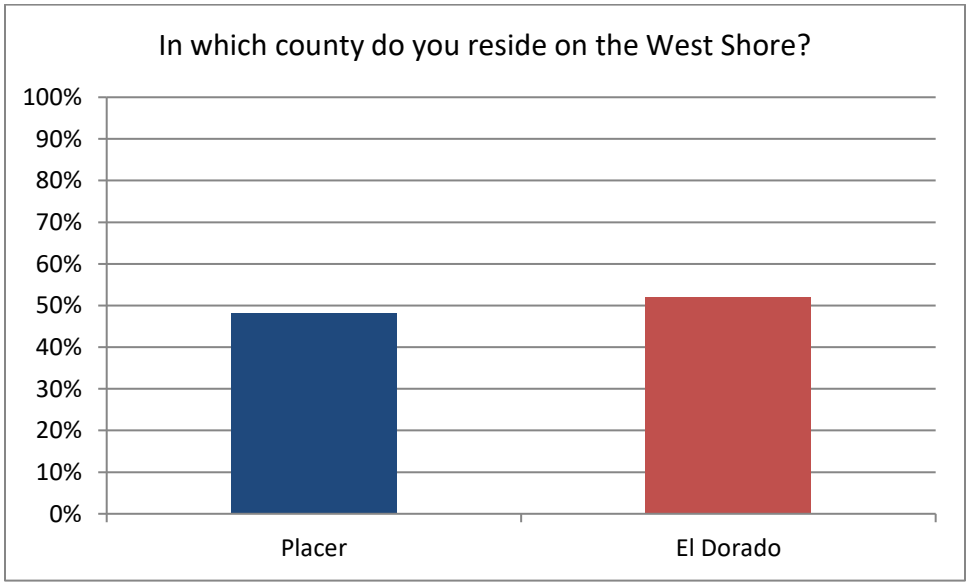
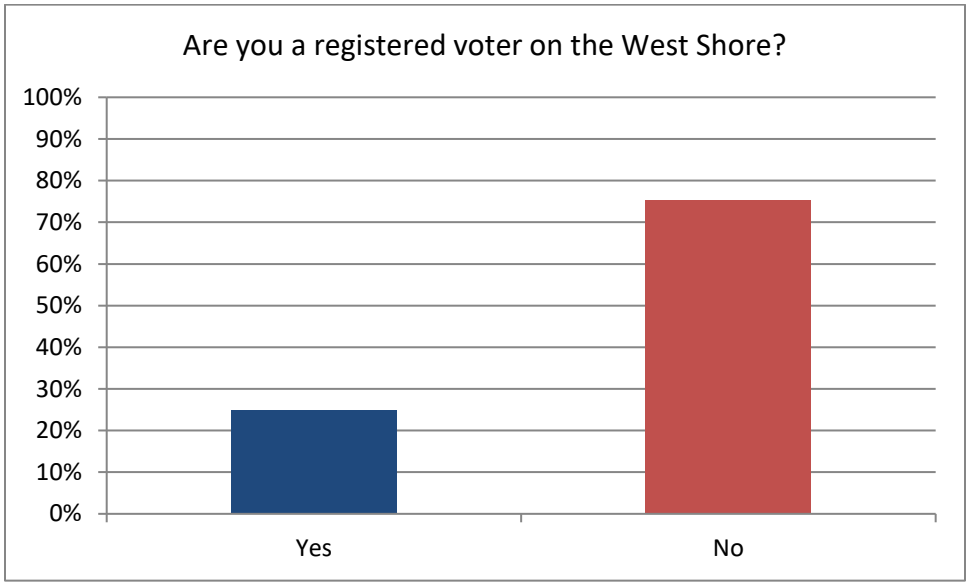


Figure 82: Survey Results—Voter Status



Fire Service

Figure 83: Survey Results—EMS Awareness

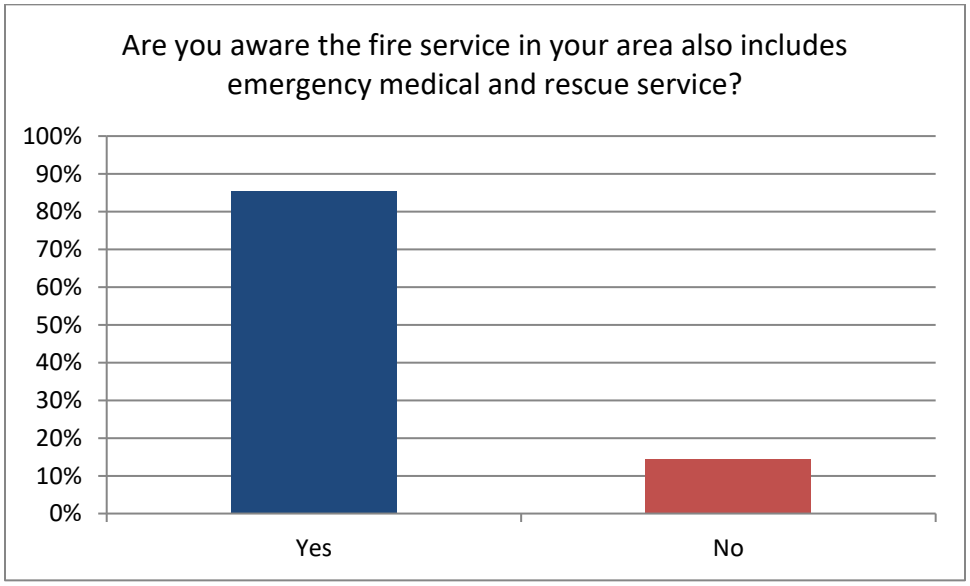


Figure 84: Survey Results—Ambulance Service Awareness

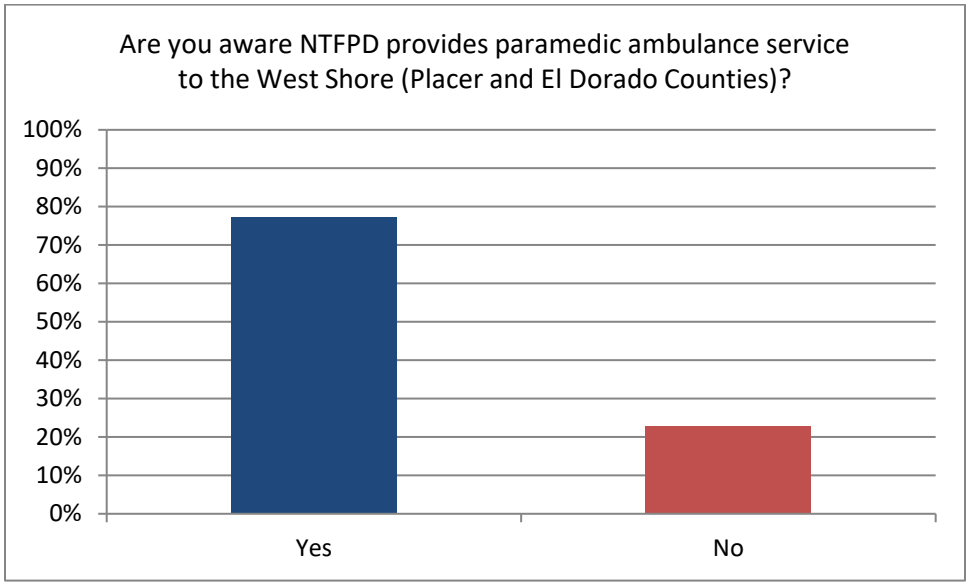


Figure 85: Survey Results—Relative Members

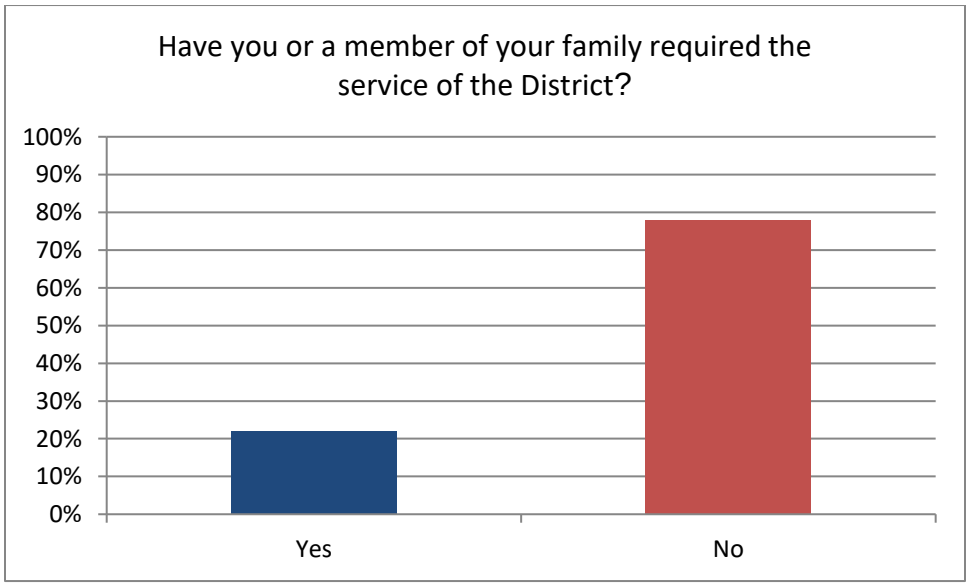


Figure 86: Survey Results—Perceived Professionalism

Figure 87: Survey Results—Perceived Friendliness

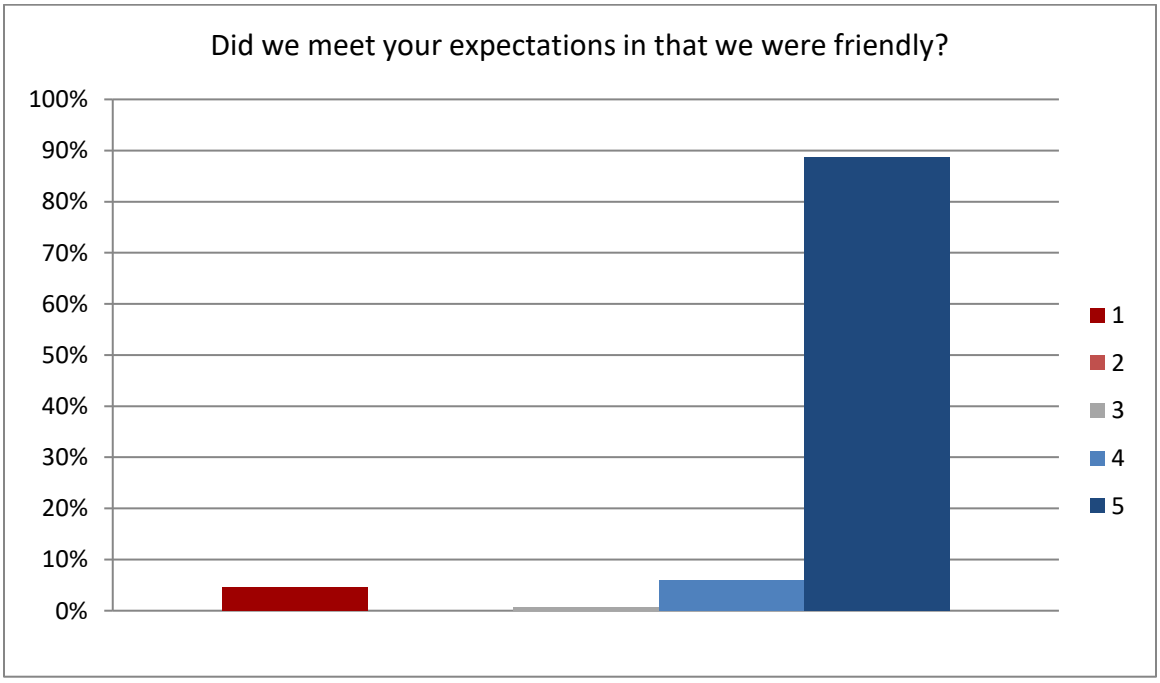
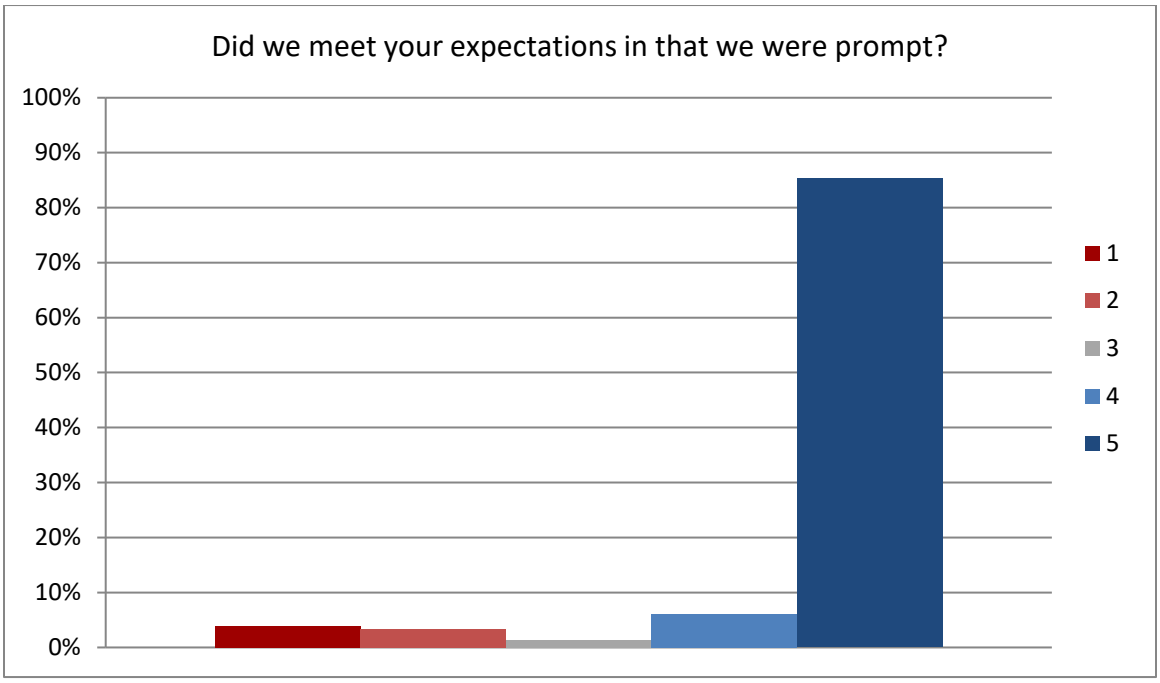


Figure 88: Survey Results—Perceived Promptness



Responses to Service Provided

Figure 89: Survey Results—Retaining Separate Districts

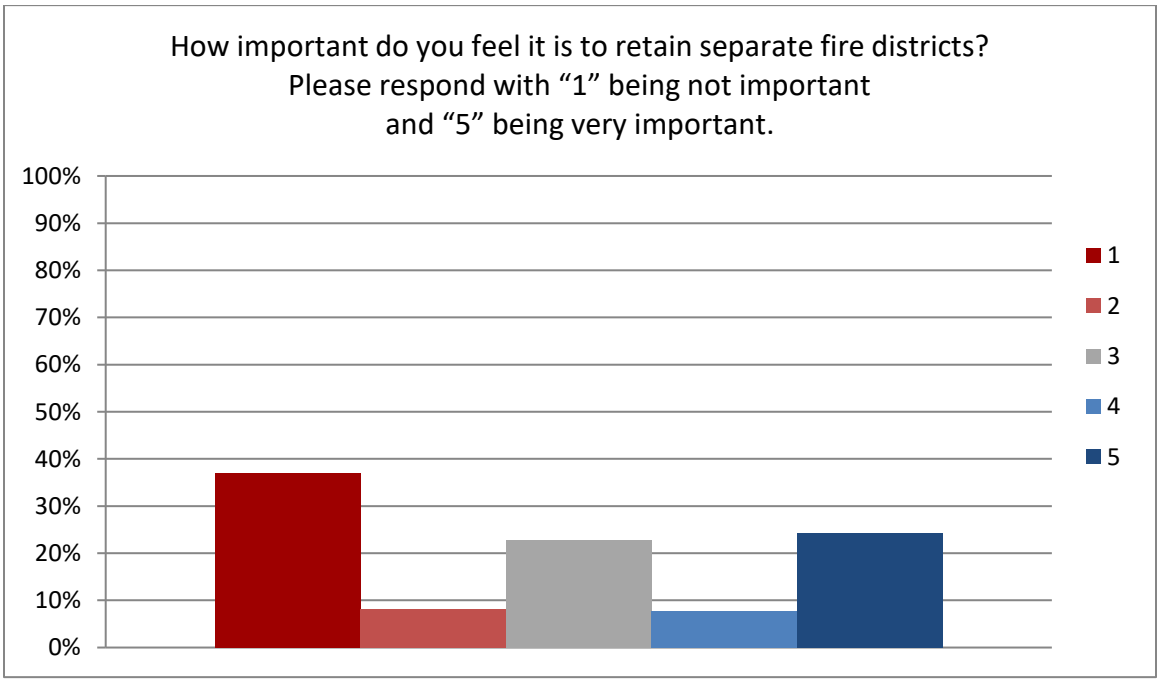


Figure 90: Survey Results—Merging Districts

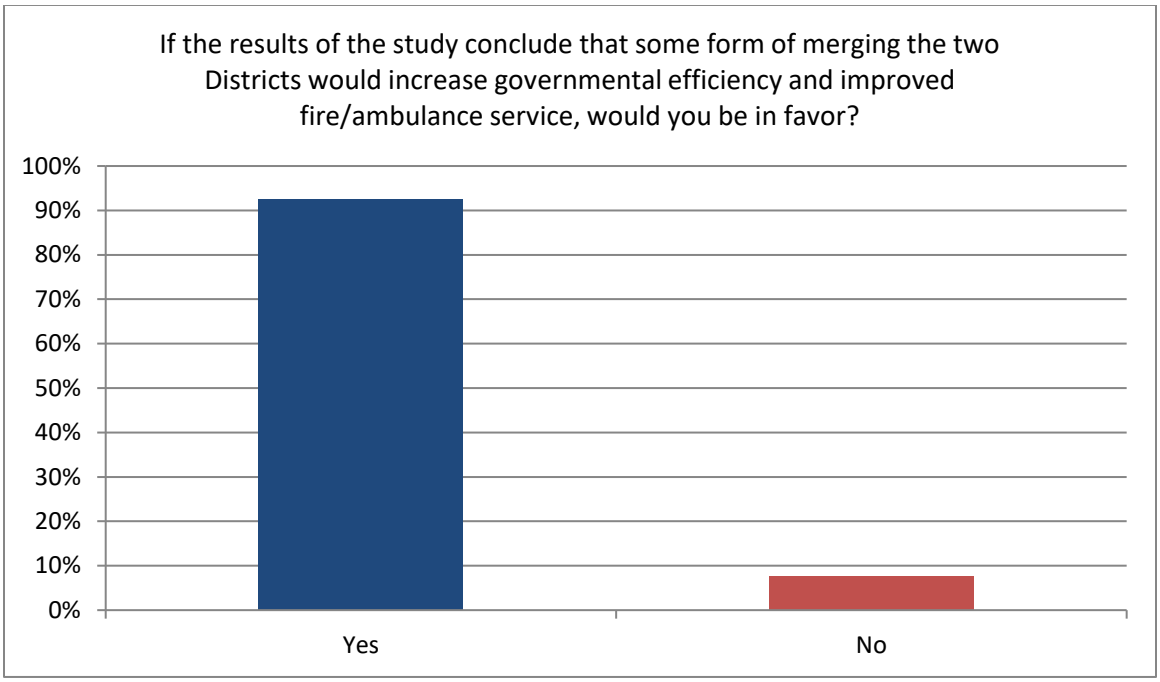
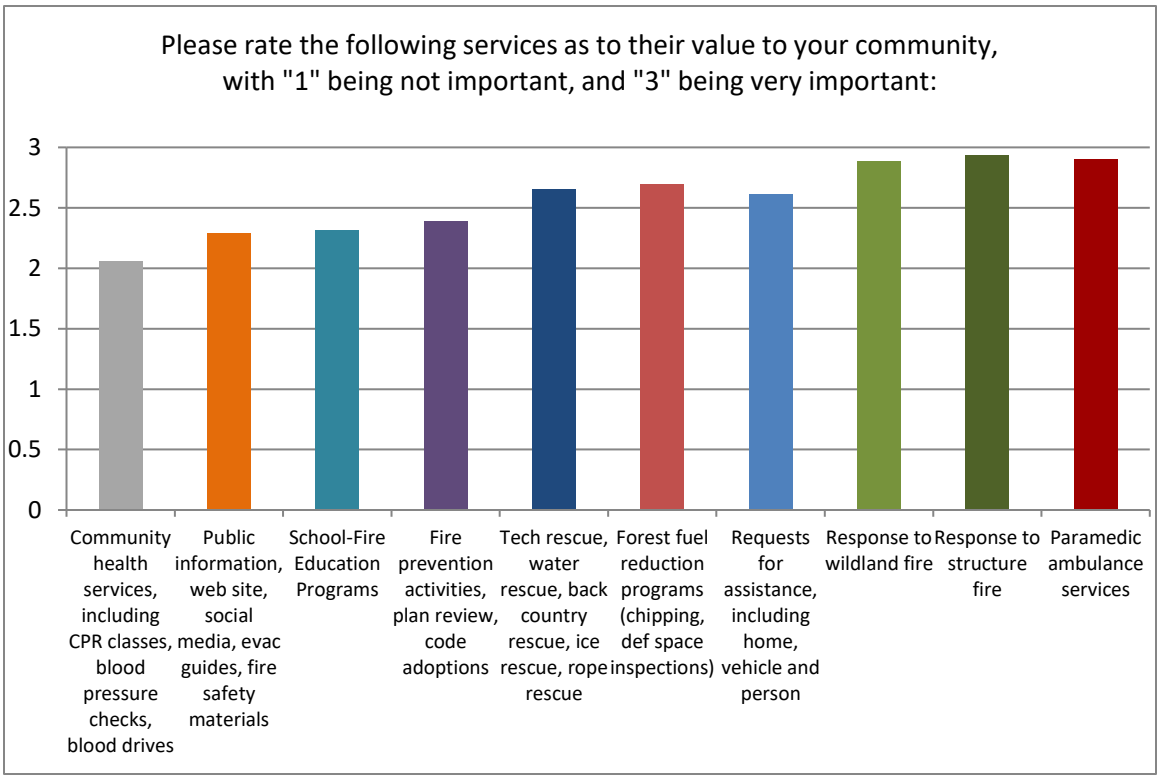


Figure 91: Survey Results—Services Provided



FUTURE OPPORTUNITIES FOR COOPERATIVE EFFORTS

NTFPD and MBFPD are joined together via an intergovernmental agreement entered into in April 2014. The two agencies work as one with a single Fire Chief overseeing the combined organization. NTFPD and MBFPD Boards of Directors provide policy oversight.

Under the terms of the Agreement for Fire Services Management and Related Services the NTFPD Fire Chief has designated a member of his command staff to serve as the designated MBFPD Chief for daily operations and liaison to the Board.

General Partnering Strategies

The concept of regional cooperation and service delivery in the California fire service has significantly developed since the 1970s. While the scope and manner in which these partnerships are formed and managed has evolved and changed, the fundamental desired outcomes have stayed consistent. The recent Wine Country Firestorm, the Oakland/Berkeley Hills Firestorm, Loma Prieta and Northridge earthquakes, as well as California's unique and on-going urban interface and wildland fire problem continue to point to the need for integrated and seamless regional service delivery models.

In addition, a consistent rise in the cost of personnel, benefits, post-retirement medical benefit liabilities, and supplies and services has resulted in significant and sometimes unmanageable cost increases. These cost increases have been combined with post Proposition 13 property tax reductions and significant economic downturns that have negatively impacted other government funding mechanisms. These significant cost increases and revenue reductions have created an environment under which government and public safety agencies must create greater efficiencies while finding ways to provide effective and adequate public safety services.

Having completed the evaluation of current conditions process, ESCI is now armed with the information necessary to effectively evaluate the opportunities that exist for additional shared service delivery opportunities between the participating agencies. There are many ways that Districts can work together. These can include fundamental sharing of resources and programs, or legal assimilation of multiple agencies into one, in the form of a reorganization or legal unification. The scope of this study, with respect to shared services, is to evaluate alternate governance models for the Districts. These models will be presented with insight and guidance where appropriate.

ESCI's experience is that any of these options must have general alignment and agreement between the communities, elected officials, district leadership, fire administration, and labor groups to be successful. Any recommended governance model that does not have basic support and reasonable alignment of expectations from the aforementioned stakeholders, stands a high likelihood of not succeeding. ESCI has attempted to create recommendations and system modeling around the concepts and system design that have a reasonable chance for support and success. ESCI conducted a confidential survey of one thousand property owners within the Districts to provide insight into community opinions.

This report provides a clear and understandable analysis of the current fire service delivery system. This current condition analysis was utilized to develop possible governance models and analyze their potential for operational enhancements and financial and administrative effectiveness and efficiencies. ESCI views these models through the lens of conducting and participating in many cooperative service studies and provides answers and recommendations that address the common concerns of regional service delivery models. ESCI has attempted to address questions and concerns identified during our data collection, site visits, interviews, and survey.

The general themes identified and addressed in this report center around legal unification, redundancy, local identity, cost allocation, financial and operational sustainability, governance, and oversight and implementation. While no report can address every issue, question, and perspective completely, ESCI has presented a significant amount of detail and recommendations to present a path forward for the NTFPD and MBFPD.

Options for Shared Services

The following discussion identifies and explains multiple approaches that may be accessed in the State of California for sharing services or partnering in the delivery of services with neighboring agencies. These alternative delivery systems are included to ensure a basic understanding of available partnering strategies. The presented approaches fall in a range from limited levels of partnering, many of which are already in place in the NTFPD and MBFPD study area, up to complete integration of participating agencies into a single entity. While we will briefly discuss various options, in accordance with the project scope, ESCI has focused the report analysis and recommendations on comparing the status quo option to an alternate governance model.

To adequately discuss the partnering continuum, the terminology and statutory provisions that are available to decision makers must be understood. The following partner strategies, while not necessarily described by statute, differentiate between various approaches to partnering:

Status Quo (continuation of cooperative agreements and systems)

This option continues the current status of NTFPD and MBFPD organizations without change. Both agencies continue to do business as they are today, including service provision to the two respective jurisdictions and joint response areas. There is no change to governance, staffing, or deployment of resources beyond the level of cooperation that is already in place. The current collaborative practices, through the existing cooperative service arrangements and agreements, would remain in effect.

The NTFPD and MBFPD can continue to operate independently under this initiative, as they do at this writing. Each retains its own governance structure, under the direction of its existing separate Fire District Board of Directors, and administration of each agency continues without change. While existing cooperative efforts between all the participating agencies continue, potential savings from the economies of scale and streamlining of governance will not be realized.

Advanced Auto Aid Systems

When two or more agencies participate in a full boundary drop approach to dispatching the closest resource first regardless of jurisdiction. This process can be greatly enhanced with the utilization of automatic vehicle location technology.

Functional Consolidation

When two or more agencies enter a collaborative relationship, typically through a contract for service, no permanent organizational commitment is made, and all decision-making power remains with each individual organization. Interagency collaboration can take many forms and may include shared administrative and support functions, combined operational practices, participation of fire agencies in activities such as local fire management bodies (such as fire defense boards), mutual aid agreements, and interagency disaster planning exercises. It can also provide for complete service delivery as an integrated fire agency from one local agency to another.

This functional integrated approach is already in place between NTFPD and MBFPD in that MBFPD utilizes (via cooperative agreement) the administrative services of NTFPD.

One form of functional consolidation is through Contract for Service or Intergovernmental Agreement (IGA), described in greater detail below.

Contract for Service-Intergovernmental Agreement (IGA)[1]

In the State of California, authorization for an intergovernmental agreement (contract for service) for the provision of fire services between agencies as provided for by California Statute and Government Code (CGC) Section 55613-55614, and the California Public Contracting Code (CPCC) Section 20811 and 20812 are commonly referred to as a "Contract for Service."

The California Government Code and Public Contracting Code is written with the intent of being liberally construed relating to contracting for public safety services by cities and fire districts, and states, in part, that:

> *CPCC 20811. When a district board determines that it is in the public interest, a district may contract with any other public agency for fire protection services, rescue services, emergency medical services, hazardous material emergency response services, ambulance services, and any other emergency services for the protection of lives and property.*

[1] California Government Code and California Public Contracting Code, Sections 55513–55614, 55631, 55632, 20811, 20812.

This permissive statute allows for a local agency, which includes cities and districts to enter into a written agreement with any other unit or units of a local agency for the performance of any or all fire services and activities that a party to the agreement, its officers or agencies, have authority to perform. The agreement may provide for the performance of a function or activity:

(1) By a consolidated and fully integrated department;
(2) By jointly providing for administrative officers and services;
(3) By means of facilities or equipment jointly constructed, owned, leased, or operated;
(4) By services and or functions provided by one of the parties for any other party;

Collaborative approaches under the CGC can include shared or contracted programmatic services, often referred to as *functional unification* or *functional consolidation*. Approaches may include shared administrative service, training programs, fire prevention outreach, or numerous other functional collaborative strategies. This approach can also include a fully integrated/consolidated fire district with services contracted to another local agency.

California law, regulations, and policy directives declares intergovernmental cooperation as a matter of statewide concern and grants special districts broad power to contract with other governmental entities for any function or activity the agencies have authority to perform.

Operational Consolidation

Operational consolidation occurs when two or more separate departments join operationally or administratively to form one organization. The entities remain largely separate politically; however, they deliver service as if they were one agency.

NTFPD and MBFPD are, in essence, operationally consolidated as a result of the Operating Agreement for Providing Safety Personnel and Employee Association Unification agreements currently in place.

Joint Powers Authority (JPA)

(CGC Section 6500, et seq.)

Joint powers are exercised when the public officials of two or more agencies agree to create another legal entity or establish a joint approach to work on a common problem, fund a project, or act as a representative body for a specific activity. ESCI is not recommending formation of a JPA.

Legal Unification

The concept of legal unification means combining two or more existing organizations into a single, unified, agency. Doing so includes all aspects of the organization's policies, administration, governance, financing, functions, and operations. Legal integration of fire services in California can be achieved in several ways, the most common forms for fire districts are: district formation, consolidation, reorganization, annexation, or formation of a JPA. District formation, consolidation, reorganization, annexation and, in some cases JPAs, are changes of organization which require approval by the Local Agency Formation Commission (LAFCO) (Appendix A).

Each county has its own independent LAFCO able to address local needs and establish relevant policies. The commission is composed of two representatives from the board of supervisors, the cities, the special districts and one public member. In addition, there is one alternate representative for each membership category.

LAFCO has the following basic responsibilities:

- Discourage urban sprawl
- Preserve agricultural and open-space lands
- Efficiently extend local government services

LAFCOs are expected to provide resources to sort out government service providers, as well as assist in the coordination and long-range planning of those services. LAFCO's role has expanded from oversight of boundary changes to conducting studies that analyze the efficient and economical provision of local government services.

When districts consolidate all assets are combined including property, facilities, and equipment. In this report ESCI has presented property, facilities, and equipment inventory of both Districts, as well as, identified the condition of these assets. This baseline provides a basis for negotiating a fair distribution.

It is also important to address the liabilities of districts when considering a legal unification. The liabilities of each district must be balanced since each district would not want to bear the liabilities of the other. ESCI has identified each district's liabilities with recommendations to balance the differences.

Legal unification of districts includes a change in the board of directors of districts. It is common to include the composition of the board of the combined district with details regarding representation from each district area. Fire district law allows district boards to be composed of three, five, seven, nine, or eleven members. However, administration of large boards is more involved and costly. Consolidated districts may prefer to retain representation from each area, while others are comfortable with the lines fading over time.

The legislature provided LAFCO a full range of terms and conditions which can be determined as part of the LAFCO approval of a proposal. It is through this mechanism that the negotiated aspects of legal unification can be addressed. The extent of issues which can be addressed is provided in Appendix B: LAFCO Terms and Conditions.

The legal unification of NTFPD and MBFPD would be a multi-county proposal to LAFCO. The LAFCO of the principal county would have authority. Principal county is defined as the county having the greatest portion of the assessed value within the districts. In this case the principal county and the LAFCO with jurisdiction would be Placer County. The law does allow the commission of the principal county to designate the affected county jurisdiction over the proceedings.

Legal Unification Process

The initiation of a proposal through application to LAFCO can occur as follows:

1. Resolution of Application by the districts: (CGC Section 56853)
   It is most effective if both districts pass substantially similar resolutions of application for a consolidation. The Commission is required to approve or conditionally approve the proposal. An application for reorganization can also be made by district resolution. The resolution of application may contain the terms and conditions of the legal unification. It is expected the districts would have negotiated and come to agreement on board composition, employee MOUs and effective date. The Commission may order any material change in the conditions; however, the districts are to receive mailed notice and no action may occur for 30 days. If either district requests, action can only occur after notice and hearing.
2. Petition: (CGC Sections 56864.1, 56865, and 56870)
   Application can be made to LAFCO by petition. In the case of fire protection districts registered voters within the districts would be required. The number of signatures required depends on the changes of organization requested in the application. For example, an application for consolidation of districts would require at least 5 percent of the registered voters within each of the districts.
3. LAFCO Resolution Initiating Proposal: (CGC Section 56375)

The Commission has the authority to initiate a proposal for consolidation. This action must be as the result of the recommendations of a study including a Service Review and/or Sphere of Influence (SOI) study or update. It should be noted that LAFCOs are designed to reflect the conditions within their local county. The Commission is composed of locally elected representatives. Also, each LAFCO adopts policies and procedures to address local issues.

FINANCIAL PROJECTIONS

An organization must develop plans for its future, be it a mature entity or one experiencing growth. An estimate of the future funding stream(s) must be made to ensure a consistent level of services are available to the population served. This is especially critical in a jurisdiction in which revenue growth is affected by legislation. Likewise, an accurate assessment of costs is necessary to determine if the available funding stream is sufficient to provide for the of delivery of services and, if not, what alternatives are available to fill that gap.

Agreements that were executed in 2014 between Meeks Bay Fire Protection District and North Tahoe Fire Protection District provide the framework under which North Tahoe Fire District would provide a full-time Chief Officer coverage, as well as management of MBFPD's firefighters and staff for fire protection, training. and administrative duties. Under the Operating Agreement for Providing Safety Personnel and Employee Association Unification document, the line personnel staffing the Meeks Bay station became employees of the North Tahoe Fire Protection District leaving one employee remaining with Meeks Bay; the Meeks Bay Fire Protection District's Office Manager. The Office Manager remains the Secretary for the Meeks Bay Fire Protection District's Board of Directors and performs duties at Meeks Bay as well as assists with administrative duties at North Tahoe Fire Protection District. The administrative functions of the Districts have been combined to increase efficiency and cost effectiveness.

North Tahoe Fire Protection District

The financial projections presented in the next figure utilize previously observed trends from the historic financial results of the District. The District provided an amended budget for FY 17/18 during the course of the ESCI project. The amended figures were utilized throughout the forecasts and consolidating schedules.

Revenues

Property Taxes

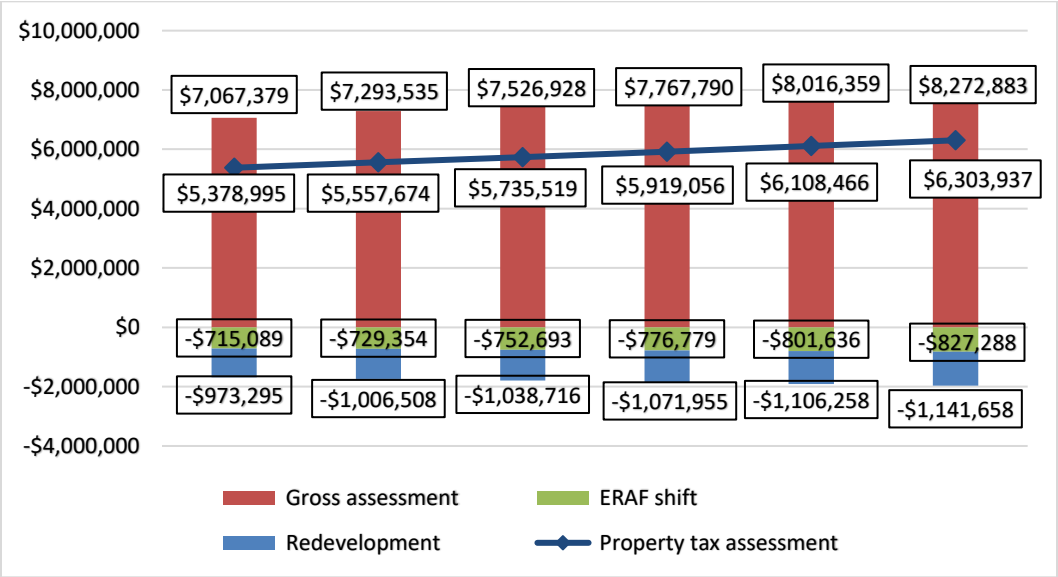
Revenues from property tax valuations and related assessments are forecast to increase 3.2 percent per in FY 18/19 and 2.7 percent per year thereafter during the five-year forecast period. The Special Fire Protection Tax and the Fire Assessment are both forecast to grow similarly to the property tax during the five-year forecast period with the Fire Assessment being capped in FY 18/19. The property tax revenues continue to be negatively impacted by the ERAF reallocation as well as the reallocation, combined at a cost to the District of approximately $1,700,000 of operating funds on an annual basis. Revenues from RDA pass-throughs and RDA dissolution activities are forecast at approximately $684,000 in FY 17/18 and are projected to increase at approximately 3 percent per year during the forecast period. The following schedule indicates the impact of the re-allocations on property tax revenues.

Figure 92: Forecast Impact on NTPFD property Tax Revenues of the Reallocations to ERAF and Redevelopment

	Budgeted	Actual FYE June 30				
	17/18	18/19	19/20	20/21	21/22	22/23
Net Property tax assessment (Gross minus shifts)	$5,378,995	$5,557,674	$5,735,519	$5,919,056	$6,108,466	$6,303,937
Gross assessment	7,067,379	7,293,535	7,526,928	7,767,790	8,016,359	8,272,883
ERAF shift	(715,089)	(729,354)	(752,693)	(776,779)	(801,636)	(827,288)
2013/2014 Redevelopment	(973,295)	(1,006,508)	(1,038,716)	(1,071,955)	(1,106,258)	(1,141,658)

The next schedule graphically indicates the growth of the tax revenues to the District as well as the growth of the reallocation of revenues.

Figure 93: Graphic Presentation of the Impact of Revenue Reallocation on District Property Tax Revenues



Other recurring tax revenues are forecast to remain static during the forecast period. Non-recurring revenues are forecast to reduce by $400,000 per year as the SAFER grant award burns off in FY 18/19. Strike team reimbursements and other non-recurring revenues are forecast to remain similar to those received in FY 17/18. Single purpose grants are included in the FY 17/18 budget that are not continuing past the end of the performance period. Most grant revenues are offset by expenses in a similar amount. The service contract with Alpine Springs expires in 2021 and which, without renewal, will have a negative impact on recurring revenues. The forecast assumes the Alpine Springs service contract will be renewed with similar compensation terms.

The following schedule provides a forecast of recurring versus non-recurring revenues.

Figure 94: Forecast NTFPD Recurring versus Non-Recurring Revenues, FY 17/18–22/23

	Amended Budget	Forecast Periods				
	17/18	18/19	19/20	20/21	21/22	22/23
REVENUES						
Property taxes	$ 5,646,595	$ 5,557,674	$ 5,707,731	$ 5,861,840	$ 6,020,109	$ 6,182,652
Special fire tax	2,641,136	2,725,652	2,799,245	2,874,825	2,952,445	3,032,161
Fire Suppression Assessment	736,047	758,128	778,598	799,620	821,210	843,382
RDA pass-throughs and disollution	684,000	705,888	724,947	744,521	764,623	785,267
Other tax collections	-	271,084	225,053	205,479	185,377	164,733
Service Contracts	1,646,999	1,811,593	1,867,834	1,925,839	1,985,666	2,047,371
Ambulance services	1,450,000	1,450,000	1,479,000	1,508,580	1,538,752	1,569,527
IGT	-	126,088	126,088	126,088	126,088	126,088
Mitigation fees	110,000	110,000	110,000	110,000	110,000	110,000
Inspections/plan check fees	120,000	120,000	120,000	120,000	120,000	120,000
Total Recurring Revenue	13,034,777	13,636,108	13,938,495	14,276,792	14,624,269	14,981,181
Non-Recurring Revenue						
CalFire Lease	13,000	15,000	13,000	13,000	13,000	13,000
GEMT ambulance reimbursements	42,340	150,000	150,000	150,000	150,000	150,000
Grant Proceeds	1,088,389	924,079	700,000	710,000	653,000	615,000
Interest Income	71,000	83,000	83,000	83,000	83,000	83,000
Sale of Surplus Assets	10,000	10,000	10,000	10,000	10,000	10,000
Strike team reimbursements	781,075	793,175	700,000	700,000	700,000	700,000
Transfers from other funds	160,000	160,000	160,000	160,000	160,000	160,000
Meeks Bay cost share	122,032	-	-	-	-	-
Other	31,337	129,155	297,657	297,657	297,657	297,657
Total Non-Recurring Revenue	2,319,173	2,264,409	2,113,657	2,123,657	2,066,657	2,028,657
Total Revenue	$ 15,353,950	$ 15,900,517	$ 16,052,152	$ 16,400,449	$ 16,690,926	$ 17,009,838

Expenses

Expenses, similar to the types of revenues, are considered recurring normal operating expenses or non-recurring with the non-recurring categories identified as use of grant funds, asset acquisitions costs, short term debt service payments, and transfers between operating and reserve accounts.

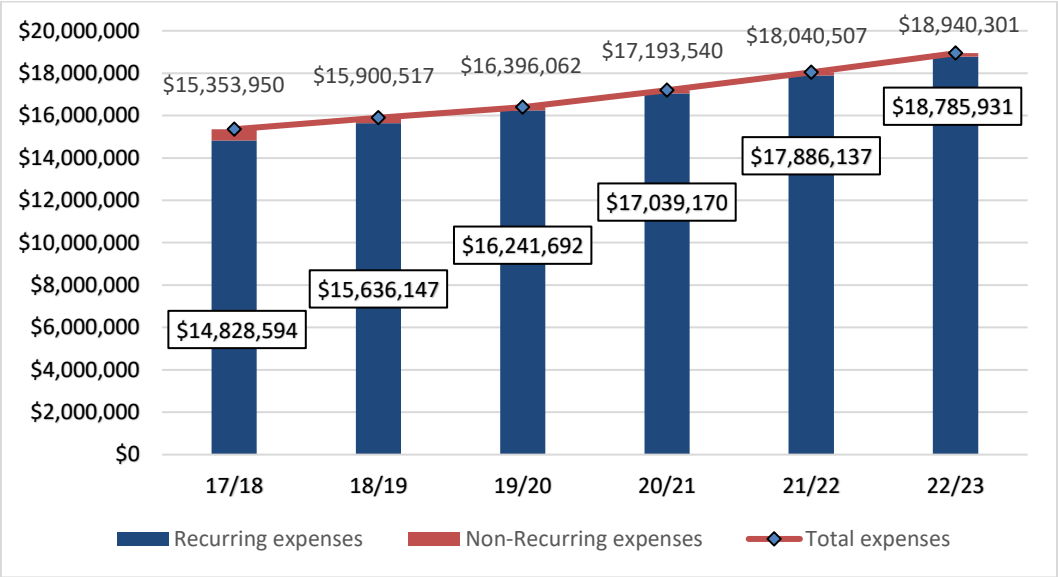
Recurring Expenses

For the forecast period, payroll costs are projected to increase by 6 percent per year to account for step increases and COLA adjustments. This increase will also affect payroll taxes and pension costs. Overtime is forecast to remain static during the period. Health insurance costs are projected to rise 5 percent per year in the forecast period. The payments for the unfunded portion of the pension liability are forecast, according to CalPERS calculations to remain relatively consistent at approximately $1,350,000 per year during the five-year period. Other recurring expenses are forecast to grow by 3 percent per year. In summary, recurring expenses are forecast to increase approximately 26 percent between the FY 17/18 amended budget amount of $15,353,950 and the FY 22/23 forecast amount of $18,940,301.

Non-recurring expenses are forecast to reduce in FY 18/19 and to remain at that level throughout the five-year forecast period.

The following figure provides a visual depiction of the recurring versus non-recurring expenses during the forecast period.

Figure 95: Recurring versus Non-Recurring Costs FY 17/18 Amended Budget and FY 22/23



The following schedule is the forecast budget for NTFPD for the five-year period, including approved adjustments to the FY 17/18 budget.

Figure 96: Five Year Cash Flow Forecast for NTFPD, FY 17/18–FY 22/23

	Amended Budget 17/18	Forecast Periods 18/19	19/20	20/21	21/22	22/23
REVENUES						
Property taxes	$ 5,646,595	$ 5,557,674	$ 5,707,731	$ 5,861,840	$ 6,020,109	$ 6,182,652
Special fire tax	2,641,136	2,725,652	2,799,245	2,874,825	2,952,445	3,032,161
Fire Suppression Assessment	736,047	758,128	778,598	799,620	821,210	843,382
RDA pass through and dissolution	684,000	705,888	724,947	744,521	764,623	785,267
Other tax collections	-	271,084	225,053	205,479	185,377	164,733
Service Contracts	1,646,999	1,811,593	1,867,834	1,925,839	1,985,666	2,047,371
Ambulance services	1,450,000	1,450,000	1,479,000	1,508,580	1,538,752	1,569,527
IGT	-	126,088	126,088	126,088	126,088	126,088
Mitigation fees	110,000	110,000	110,000	110,000	110,000	110,000
Inspections/plan check fees	120,000	120,000	120,000	120,000	120,000	120,000
Total Recurring Revenue	13,034,777	13,636,108	13,938,495	14,276,792	14,624,269	14,981,181
Non-Recurring Revenue						
CalFire Lease	13,000	15,000	13,000	13,000	13,000	13,000
GEMT ambulance reimbursements	42,340	150,000	150,000	150,000	150,000	150,000
Grant Proceeds	1,088,389	924,079	700,000	710,000	653,000	615,000
Interest Income	71,000	83,000	83,000	83,000	83,000	83,000
Sale of Surplus Assets	10,000	10,000	10,000	10,000	10,000	10,000
Strike team reimbursements	781,075	793,175	700,000	700,000	700,000	700,000
Transfers from other funds	160,000	160,000	160,000	160,000	160,000	160,000
Meeks Bay cost share	122,032	-	-	-	-	-
Other	31,337	129,155	297,657	297,657	297,657	297,657
Total Non-Recurring Revenue	2,319,173	2,264,409	2,113,657	2,123,657	2,066,657	2,028,657
Total Revenue	15,353,950	15,900,517	16,052,152	16,400,449	16,690,926	17,009,838
EXPENSES						
Salaries & wages	6,449,328	6,921,283	7,299,328	7,694,490	8,113,361	8,557,365
Benefits	4,378,742	4,788,055	4,921,429	5,226,797	5,555,035	5,907,972
Total salaries & benefits	10,828,070	11,709,338	12,220,757	12,921,287	13,668,397	14,465,337
Supplies	1,212,635	1,120,886	1,154,513	1,189,148	1,224,822	1,261,567
Services	1,040,285	1,036,169	1,067,254	1,099,272	1,132,250	1,166,217
Energy	120,204	121,000	124,630	128,369	132,220	136,187
Maintenance	801,528	859,450	885,234	911,791	939,144	967,319
Debt service	825,872	789,304	789,304	789,304	789,304	789,304
Total Recurring Expenses	14,828,594	15,636,147	16,241,692	17,039,170	17,886,137	18,785,931
Capital	415,356	154,370	154,370	154,370	154,370	154,370
Transfers to other funds	110,000	110,000	-	-	-	-
Total Non-Recurring expenses	525,356	264,370	154,370	154,370	154,370	154,370
Total	15,353,950	15,900,517	16,396,062	17,193,540	18,040,507	18,940,301
Net cash flow	-	(0)	(343,909)	(793,091)	(1,349,581)	(1,930,463)
Beginning cash balance	7,474,889	7,474,889	7,474,889	7,130,979	6,337,888	4,988,307
Ending cash balance	7,474,889	7,474,889	7,130,979	6,337,888	4,988,307	3,057,845

Finding:

- Forecast recurring expenses are projected to rapidly outpace forecast recurring revenue, creating a potential funding gap. These increasing recurring costs are primarily associated with personnel compensation increases and the increased costs of employee benefits, current and retired. Maintaining a healthy fund balance (cash reserves) creates an environment of security for the District, its employees, and its ability to provide services to its constituency.

Recommendation: Pension and Benefit Plan

- Develop a plan to minimize and control the impact of pension and employee post-retirement benefits on recurring costs. The plan will require negotiating with the bargaining groups to obtain concessions on their respective contracts.

Meeks Bay Fire Protection District

The financial projections presented in the following figures utilize previously observed trends from the historic financial results of the District.

Revenues

Property Taxes

Revenues from property tax valuations and related assessments, based on the historical growth factors, are forecast to increase 4 percent per year during the five-year forecast period. The Special Fire Protection Tax and the Special Assessment are both forecast to remain static during the five-year forecast period.

Figure 97: MBFPD Property Tax and Other Property Based Revenues

	Adopted Budget	FYE June 30 Forecast				
	17/18	18/19	19/20	20/21	21/22	22/23
Real estate taxes	$793,199	$818,581	$851,324	$885,377	$920,792	$957,624
Special tax	283,660	283,660	283,660	283,660	283,660	283,660
Special Assessment	381,063	381,063	381,063	381,063	381,063	381,063
Total taxes, recurring revenue	**$1,457,922**	**$1,483,304**	**$1,516,047**	**$1,550,100**	**$1,585,515**	**$1,622,347**

Non-recurring revenues are forecast to remain static during the five-year period.

The following schedule provides a forecast of non-recurring revenues.

Figure 98: Forecast of MBFPD Non-Recurring Revenues

	Adopted Budget	FYE June 30 Forecast				
	17/18	18/19	19/20	20/21	21/22	22/23
Interest	$8,700	$8,700	$8,700	$8,700	$8,700	$8,700
Employee liability reserve, CERBT	-	-	-	-	-	-
Workers Comp reimbursements	5,500	5,500	5,500	5,500	5,500	5,500
Emergency response recovery fee	8,000	8,000	8,000	8,000	8,000	8,000
Plan checks and developer fees	16,500	16,500	16,500	16,500	16,500	16,500
CEBRT Reimbursement	-	21,518	-	-	-	-
Miscellaneous	5,500	5,500	5,500	5,500	5,500	5,500
Grants & donations	78,000	15,000	78,000	78,000	78,000	78,000
Total other, non-recurring revenue	**$122,200**	**$76,828**	**$122,200**	**$122,200**	**$122,200**	**$122,200**

Expenses

Expenses, similar to the types of revenues, are considered recurring normal operating expenses or non-recurring with the non-recurring categories being identified as use of grant funds, asset acquisitions costs, short term debt service payments, and transfers between operating and reserve accounts.

Recurring Expenses

For the forecast period, payroll costs are projected to increase by 4 percent per year to account for step increases and COLA adjustments. This increase will also affect payroll taxes and pension costs. Overtime is forecast to remain static during the period. Health insurance costs are projected to rise 5 percent per year in the forecast period. The payments for the unfunded portion of the pension liability are forecast to remain relatively consistent at approximately $75,000 per year during the five-year period. The service contract payment to North Tahoe FPD is forecast to increase approximately 5 percent annually between the 17/18 budgeted amount and the forecast amount for FY 22/23. Other recurring expenses are forecast to grow by 3 percent per year. In summary, total expenses are forecast to increase approximately 4 percent annually between the FY 17/18 updated budget amount of $1,587,022 and the FY 22/23 forecast amount of $1,913,590.

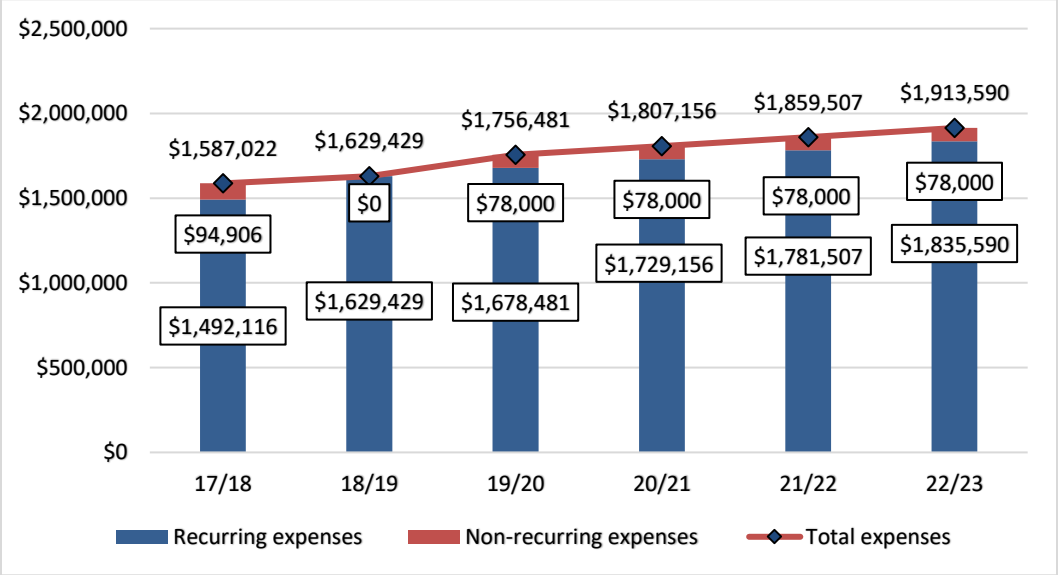
Figure 99: MBFPD Recurring and Non-recurring Expenditures, FY 17/18–22/23

	Budgeted	Forecast FYE				
	17/18	18/19	19/20	20/21	21/22	22/23
Salaries	$ 96,523	$ 98,889	$ 102,405	$ 106,061	$ 109,863	$ 113,818
Benefits	122,078	161,338	163,584	165,943	168,418	171,017
Total salaries and benefits	218,601	260,227	265,989	272,003	278,281	284,834
Supplies	51,994	46,958	48,367	49,818	51,312	52,852
Services	1,110,013	1,238,855	1,278,235	1,318,867	1,360,792	1,404,049
Energy	18,000	16,250	16,738	17,240	17,757	18,290
Maintenance	93,508	67,139	69,153	71,228	73,365	75,566
Total recurring expenses	1,492,116	1,629,429	1,678,481	1,729,156	1,781,507	1,835,590
Capital	94,906	-	78,000	78,000	78,000	78,000
Transfers	-	-	-	-	-	-
Total non-recuring expenses	94,906	-	78,000	78,000	78,000	78,000
Total expenses	$ 1,587,022	$ 1,629,429	$ 1,756,481	$ 1,807,156	$ 1,859,507	$ 1,913,590

Non-recurring expenses are forecast to reduce to $78,000 in FY 18/19 and to remain at that level throughout the five-year forecast period.

The following figure provides a visual depiction of the recurring versus non-recurring expenses during the forecast period.

Figure 100: Presentation of MBFPD Recurring versus Non-Recurring Expenditures, FY 17/18–22/23



The following schedule is the forecast budget for MBFPD for the five-year period.

Figure 101: Cash Flow Forecast for MBFPD, FY 17/18–22/23

	FYE June 30					
	Budget	Projections				
	17/18	18/19	19/20	20/21	21/22	22/23
Revenues						
Property taxes	$ 1,457,922	$ 1,483,304	$ 1,516,047	$ 1,550,100	$ 1,585,515	$ 1,622,347
Other	122,200	76,828	122,200	122,200	122,200	122,200
Total revenues	1,580,122	1,560,132	1,638,247	1,672,300	1,707,715	1,744,547
Expenses						
Salaries & wages	96,523	98,889	102,405	106,061	109,863	113,818
Benefits	122,078	161,338	163,584	165,943	168,418	171,017
Total salaries & benefits	218,601	260,227	265,989	272,003	278,281	284,834
Supplies	51,994	46,958	48,367	49,818	51,312	52,852
Services	1,198,019	1,238,855	1,356,235	1,396,867	1,438,792	1,482,049
Energy	18,000	16,250	16,738	17,240	17,757	18,290
Maintenance	93,508	67,139	69,153	71,228	73,365	75,566
Capital	6,900	-	-	-	-	-
Total expenses	1,587,022	1,629,429	1,756,481	1,807,156	1,859,507	1,913,590
Net cash flow	(6,900)	(69,297)	(118,234)	(134,856)	(151,791)	(169,043)
Beginning cash	1,561,501	1,554,601	1,485,304	1,367,070	1,232,214	1,080,423
Ending cash	$ 1,554,601	$ 1,485,304	$ 1,367,070	$ 1,232,214	$ 1,080,423	$ 911,380

Findings:

- Recurring expenses are projected to increase at approximately 4 percent during the five-year forecast period but revenues are forecast to grow by approximately 2 percent, creating a future sustainability issue that will need to be addressed. These increasing recurring costs are primarily associated with personnel compensation increases and the increased costs of employee benefits, current and retired.
- Meeks Bay FPD is continuing to expend funds on numerous operational items such as clothing, structural and wildland protective clothing, and apparatus maintenance.

Recommendation: Consolidation of Operational Expenses

- Responsibility for operational expenses should be consolidated under North Tahoe FPD to take advantage of volume purchasing savings and to minimize the impact on both districts' budgets.

Consolidation of District Budgets

To evaluate the potential financial benefits of merging the Districts, the budgets need to be evaluated in that context. The following presentation will combine the two adopted budgets for FY 17/18 and during the combination, revenues and expenses that are presently exchanged between the Districts will be eliminated.

Figure 102: Consolidated Adopted Budgets FY 17/18, With Consolidating District Revenues/Expenses Eliminated

Updated Budgets FY 17/18	North Tahoe	Meeks Bay	Elimination entries	Total
REVENUES				
Property taxes	$ 5,646,595	$ 793,199		$ 6,439,794
Special fire tax	2,641,136	283,660		2,924,796
Fire Suppression Assessment	736,047	381,063		1,117,110
Other property and special taxes	684,000			684,000
Service Contracts	1,646,999		(972,800)	674,199
Ambulance services	1,450,000			1,450,000
Mitigation fees	110,000			110,000
Inspections/plan check fees	120,000	16,500	-	136,500
Total Recurring Revenue	13,034,777	1,474,422	(972,800)	13,536,399
Non-Recurring Revenue				
CalFire Lease	13,000			13,000
GEMT ambulance reimbursements	42,340			42,340
Grant Proceeds	1,088,389	78,000		1,166,389
Interest Income	71,000	8,700		79,700
Sale of Surplus Assets	10,000			10,000
Strike team reimbursements	781,075			781,075
Transfers from other funds	160,000			160,000
Meeks Bay cost share	122,032		(122,032)	-
Other	31,337	19,000	-	50,337
Total Non-Recurring Revenue	2,319,173	105,700	(122,032)	2,302,841
Total Revenue	15,353,950	1,580,122	(1,094,832)	15,839,240
EXPENSES				
Salaries & wages	6,449,328	96,523		6,545,851
Benefits	4,378,742	122,078	-	4,500,820
Total salaries & benefits	10,828,070	218,601	-	11,046,671
Supplies	1,212,635	51,994		1,264,629
Services	1,040,285	1,198,019	(1,094,832)	1,143,472
Energy	120,204	18,000		138,204
Maintenance	801,528	93,508		895,036
Debt service	825,872	-	-	825,872
Total Recurring Expenses	14,828,594	1,580,122	(1,094,832)	15,313,884
Capital	415,356	6,900		422,256
Contingency	110,000	-	-	110,000
Total Non-Recurring expenses	525,356	6,900	-	532,256
Total	15,353,950	1,587,022	(1,094,832)	15,846,140
Net cash flow	$ -	$ (6,900)	$ -	$ (6,900)

Utilizing the same concept of eliminating the Service Fee income, the Service Fee Expense, and incorporating the assumptions contained in the two individual forecasts, the following figure displays the two Districts' individual forecasts into a consolidated forecast.

Figure 103: Consolidated Forecast FY 18/19 through FY 22/23

	Forecasted Operations FYE June 30,				
	18/19	19/20	20/21	21/22	22/23
REVENUES					
Property taxes	$ 6,376,255	$ 6,559,055	$ 6,747,217	$ 6,940,902	$ 7,140,276
Special fire tax	3,009,312	3,082,905	3,158,485	3,236,105	3,315,821
Fire Suppression Assessment	1,139,191	1,159,661	1,180,683	1,202,273	1,224,445
Other property and special taxes	976,972	950,000	950,000	950,000	950,000
Service Contracts	704,425	725,236	746,679	768,772	791,537
Ambulance services	1,450,000	1,479,000	1,508,580	1,538,752	1,569,527
IGT	126,088	126,088	126,088	126,088	126,088
Mitigation fees	110,000	110,000	110,000	110,000	110,000
Inspections/plan check fees	137,000	136,500	136,500	136,500	136,500
Total Recurring Revenue	14,029,244	14,328,445	14,664,231	15,009,391	15,364,194
Non-Recurring Revenue					
CalFire Lease	15,000	13,000	13,000	13,000	13,000
GEMT ambulance reimbursements	150,000	150,000	150,000	150,000	150,000
Grant Proceeds	939,079	778,000	788,000	731,000	693,000
Interest Income	92,610	91,700	91,700	91,700	91,700
Sale of Surplus Assets	10,000	10,000	10,000	10,000	10,000
Strike team reimbursements	793,175	700,000	700,000	700,000	700,000
Transfers from other funds	160,000	160,000	160,000	160,000	160,000
Meeks Bay cost share	-	-	-	-	-
Other	164,373	316,657	316,657	316,657	316,657
Total Non-Recurring Revenue	2,324,237	2,219,357	2,229,357	2,172,357	2,134,357
Total Revenue	16,353,481	16,547,802	16,893,588	17,181,748	17,498,551
EXPENSES					
Salaries & wages	7,020,172	7,401,733	7,800,550	8,223,224	8,671,182
Benefits	4,949,393	5,085,014	5,392,740	5,723,454	6,078,989
Total salaries & benefits	11,969,565	12,486,747	13,193,290	13,946,678	14,750,172
Supplies	1,167,844	1,202,879	1,238,966	1,276,135	1,314,419
Services	1,167,856	1,280,892	1,316,978	1,354,148	1,392,432
Energy	137,250	141,368	145,609	149,977	154,476
Maintenance	926,589	954,387	983,018	1,012,509	1,042,884
Debt service	789,304	789,304	789,304	789,304	789,304
Total Recurring Expenses	16,158,408	16,855,576	17,667,165	18,528,750	19,443,687
Capital	154,370	154,370	154,370	154,370	154,370
Contingency	110,000	-	-	-	-
Total Non-Recurring expenses	264,370	154,370	154,370	154,370	154,370
Total	16,422,778	17,009,946	17,821,535	18,683,120	19,598,057
Net cash flow	(69,297)	(462,143)	(927,947)	(1,501,372)	(2,099,506)
Beginning cash	8,716,101	8,646,804	8,184,660	7,256,713	5,755,341
Ending cash	$ 8,646,804	$ 8,184,660	$ 7,256,713	$ 5,755,341	$ 3,655,835

Findings:

- A SAFER grant with a budgeted revenue amount of $469,269 will expire in FY 18/19. Unless the grant funded firefighters are terminated, a replacement revenue source must be located. This cost, in total is estimated at $600,000 per year with salaries, benefits, and other employee related costs.
- The Alpine Springs Agreement expires in 2021 but this forecast anticipates its renewal with similar compensation terms.
- The most significant portion of the negative cash flow is the increase in personnel costs including wages, salaries, pension costs, and health insurance costs.
- Other grant revenues and related expenditures were forecast to be significantly lower but, as these are usually revenue neutral, there is no impact to the bottom line.

Recommendations: Financial Projections

- Renew and extend the Alpine Springs agreement,
- Evaluate increasing the Special Tax and/or the Special Assessment rates to offset the growth in service delivery costs.
- Evaluate employee benefit costs to obtain savings.

Additional Potential Cost Savings from Consolidation

A review was made of the Meeks Bay Fire Protection District budget to identify potential cost savings that would be possible through a merger of the two Districts. The prior agreements between the two Districts have produced significant cost savings through the reduction of duplicate command and administrative staff positions. The potential cost savings are not included in the forecast. The following figure lists the cost account and the potential savings:

Figure 104: Potential Annual Cost Savings from Consolidation

Cost Account	Potential Savings
Board of Directors may be reduced or eliminated	$ 7,000
Internet service could be consolidated with NTFPD	$ 5,700
Computer systems could be fully integrated and system maintenance combined	$ 12,000
Liability insurance could be combined and while it would not fully eliminate the amount it would be significantly reduced due to the consolidation	$ 11,000
Subscriptions and memberships	$ 1,000
Board expenses may be reduced or eliminated	$ 10,200
Annual audit and OPEB valuation would be reduced	$ 4,000
Dispatch service costs would be reduced	$ 20,000
TOTAL POTENTIAL ANNUAL SAVINGS	**$ 70,900**

Presently the NTFPD is burdened with two significant revenue reallocations, the first for ERAF and the second for a Redevelopment Program. In FY 17/18, these revenue reductions amounted to $715,089 and $973,295 respectively. NTFPD receives RDA pass-through and dissolution payments from the Redevelopment District which offset a portion of those revenue shifts. In 18/19, these payments are estimated to amount to approximately $706,000. When reviewing the consolidated forecasts for the next three years, restoration of that revenue stream will almost cover the projected negative cash flows. Renewal and extension of the Alpine Springs contract will bring years four and five back into a more manageable deficit. Similarly, Meeks Bay suffers from an approximately $76,000 net revenue reduction resulting from the ERAF reallocation.

Education Revenue Augmentation Fund (ERAF)

During the stakeholder interviews several questions came up regarding a multicounty district being exempt from ERAF. ESCI conducted extensive research as to the history of ERAF and multicounty exemptions. Per Article 3. Revenue Allocation Shifts for Education [97 - 97.81] *(Article 3 added by Stats. 1994, Ch. 1167, Sec. 3),* a special district that was not a multicounty district as of July 1, 1979 is not eligible for the exemption from ERAF at any time in the future.

Findings:

- NTFPD and MBFPD for all intense purposes (with the exception of governance and budgets) are operating as one agency.
- The April 5, 2014 and December 16, 2015 agreements between MBFPD and NTFPD have resulted in enhanced service to the MBFPD community, improved training and equipment, and a depth of resources not previously enjoyed.
- The prior agreements between the two districts have produced significant cost savings through the reduction of duplicate command and administrative staff positions.
- The Meeks Bay Fire Protection District has an extremely low call volume however the risk to life and assessed property valuation warrants a staffed station.
- Given the size, call volume, and budget of MBFPD remaining as a standalone entity does not seem to be justified or financially viable.

CONCLUDING RECOMMENDATIONS

- ESCI recommends that both Districts take the necessary steps to initiate the legal unification process.
- The legal unification would eliminate duplication of governance and further enhance economy of scale.
- The Districts should meet to negotiate all pertinent matters to be included in terms and conditions of the legal unification.
- Formation of a new district would result in all employees starting over in their pension and benefit packages. Therefore, it is recommended the legal unification occur as a reorganization with one district annexing into the other.
- Given the size and capabilities of the NTFPD, the logical approach is to achieve legal unification through a reorganization by annexing the MBFPD into NTFPD.
- The Districts should pass substantially similar resolutions of application to LAFCO which include relevant terms and conditions.
- The Districts should develop informational material regarding the benefits of legal unification and to answer questions. This material should be distributed both internally and externally.
- The Districts should conduct informational public workshops.

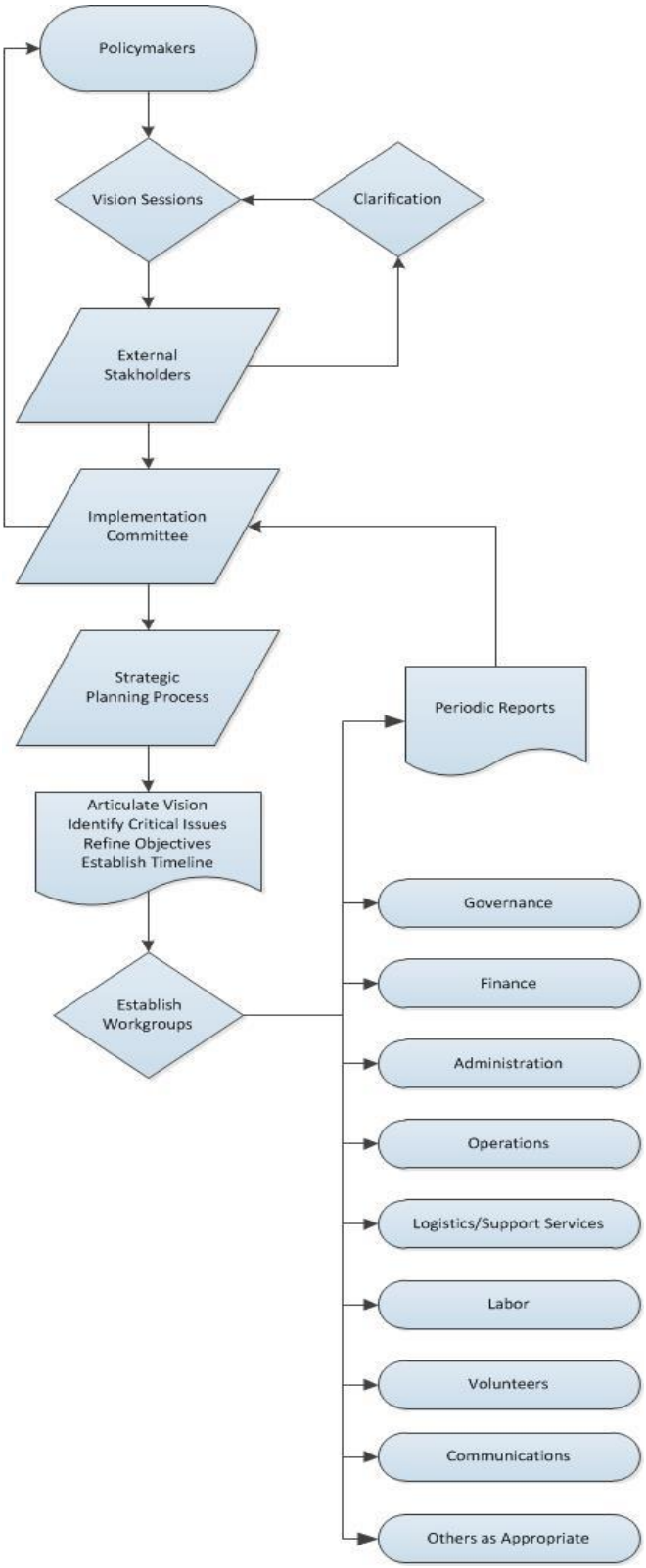
Plan of Implementation

Implementation

Many studies and reports have been published and presented to clients over the years by ESCI. Many times, clients are overwhelmed with information and options. It takes time to digest the report and then figure out what to do next. ESCI finds it helpful to offer a process whereby the clients can break the process down into smaller segments. Those smaller pieces allow policy-makers, fire chiefs, and communities to examine details and have discussions about what is possible. The following is offered as a framework to consider in the initial stages of evaluation. It is a strategic planning approach to partnerships and mergers or legal unifications.

The following flowchart outlines a process whereby these strategies can be further refined, other critical issues identified, timelines assigned, and specific tasks developed.

Figure 105: Process for Evaluating & Implementing Partnering Strategies



The process flowchart starts with the policymakers convening a series of facilitated meetings to discuss the recommendations within the study and develop a shared vision of both agencies. Key external stakeholders are often invited into the process to lend their expertise and perspective, ensuring that the community at large is represented in these important deliberations. Often, internal stakeholders have difficulty with "possibilities thinking" because of their close association with the status quo, which is human nature. The external stakeholders add valuable perspective by asking key questions and challenging the status quo. It is of extreme importance that the facilitator/s be neutral parties absent of any predetermined biases.

Establish Implementation Working Groups

As the flowchart indicates, various Implementation Working Groups should be established that will be charged with the responsibility of performing the necessary detailed work involved in analyzing and weighing critical issues and identifying specific tasks. Membership for these Implementation Working Groups should be identified as part of that process as well.

The number and titles of the working groups will vary depending on the type and complexity of the strategies begin pursued. The following list provides some key recommended working groups used in most collaboration processes and a description of some of their primary assigned functions and responsibilities.

Joint Implementation Committee (Task Force)

This committee is typically made up of the fire chiefs or chief executives of each of the participating agencies but may also include outside stakeholders such as business and community interests. The responsibilities of this group are to:

- Develop goals and objectives which flow from the joint vision statement approved by the policymakers' vision sessions.
- Include recommendations contained in this report where appropriate.
- Establish the work groups and commission their work.
- Identify anticipated critical issues the work groups may face and develop contingencies to address these.
- Establish timelines to keep the work groups and the processes on task.
- Receive regular updates from the work group chairs.
- Provide regular status reports to the policymakers as a committee.

Governance Working Group

This group will be assigned to examine and evaluate various governance options for the cooperative service or legal unification effort. A recommendation and the proposed process steps will be provided back to the Joint Implementation Committee and the Policy-Maker Group. Once approved, this working group is typically assigned the task of shepherding the governance establishment through to completion. The membership of this group typically involves one or more elected officials and senior management from each participating agency. Equality of representation is a key premise.

Finance Working Group

This group will be assigned to review the financial projections contained in the study and complete any refinements or updating necessary. The group will look at all possible funding mechanisms and will work in partnership with the Governance Working Group to determine impact on local revenue sources and options. Where revenue is to be determined by formula rather than a property tax rate, such as in a contractual cooperative venture, this group will evaluate various formula components and model the outcomes, resulting in recommendations for a final funding methodology and cost distribution formula. The membership of this group typically involves senior financial managers and staff analysts and may also include representatives from the agencies' administrative staffs.

Administration Working Group

Working in partnership with the Governance Working Group, this group will study all of the administrative and legal aspects of the selected strategies they are assigned and will identify steps to ensure the process meets all administrative best practices and the law. Where necessary, this group will oversee the preparation and presentation of policy actions such as proposed ordinances, joint resolutions, dissolutions, and needed legislation to the policymakers. The membership of this group typically involves senior management staff from the entities involved and may also include legal counsel.

Operations Working Group

This group will be responsible for an extensive amount of work and may need to establish multiple sub-groups to accommodate its workload. The group will work out all of the details necessary to make operational changes required by the strategy. This involves detailed analysis of assets, processes, procedures, service delivery methods, deployment, and operational staffing. Detailed integration plans, steps, and timelines will be developed. The group will coordinate closely with the Logistics/ Support Services Working Group. The membership of this group typically involves senior management, mid-level officers, training staff, volunteer leadership and labor representatives. This list often expands with the complexity of the services being provided by the agencies.

Logistics/Support Services Working Group

This group will be responsible for any required blending of capital assets, disposition of surplus, upgrades necessary to accommodate operational changes, and the preparation for ongoing administration and logistics of the cooperative effort. The membership of this group typically involves mid-level agency management, administrative, and support staffs. Where involved, support functions such as Maintenance or Fire Prevention may also be represented.

Labor Working Group

This group will have the responsibility, where necessary, for blending the workforces involved. This often includes the analysis of differences between collective bargaining agreements, shifts schedules, policies, and working conditions. The process also includes work toward developing a consensus between the bargaining units on any unified agreement that would be proposed. Often, once the future vision is articulated by the policy-makers, labor representatives are willing to step up and work together as a team to identify challenges presented by differing labor agreements and offer potential consensus solutions.

The membership of this group typically involves labor representatives from each bargaining unit, senior management and, as needed, legal counsel.

Communication Working Group

Perhaps one of the most important, this group will be charged with developing an internal and external communication policy and procedure to ensure consistent, reliable, and timely distribution of information related exclusively to the cooperative effort or legal unification. The group will develop public information releases to the media and will select one or more spokespersons to represent the communities in their communication with the public on this particular process. The importance of speaking with a common voice and theme both internally and externally cannot be overemphasized. Fear of change can be a strong force in motivating a group of people to oppose that which they do not clearly understand. A well-informed workforce and public will reduce conflict. The membership of the group typically involves public information officers and senior management.

Meet, Identify, Challenge, Refine, and Overcome

Once the working groups are established, they will set their meeting schedules and begin their various responsibilities and assignments. It will be important to maintain organized communication up and down the chain of command. The working group chairs should also report regularly to the Joint Implementation Committee. When new challenges, issues, impediments, or opportunities are identified by the working groups, this needs to be communicated to the Joint Implementation Committee right away so that the information can be coordinated with findings and processes of the other working groups. Where necessary, the Joint Implementation Committee and a working group chairperson can meet with the policy-makers to discuss significant issues that may require a refinement of the original joint vision.

The process is continual as the objectives of the plan are accomplished one by one. When sufficient objectives have been met, the Joint Implementation Committee can declare various goals as having been fully met, subject to implementation approval by the policy bodies. This formal “flipping of the switch” will mark the point at which implementation ends and integration of the agencies, to whatever extent has been recommended, begins.

APPENDICES

Appendix A: LAFCO Legal Unification Options

A common question regarding legal unification is "What is LAFCO's role?" The general rule of thumb is LAFCO approval is required for formal cooperation, such as:

- City or district incorporation or disincorporation
- Amendments to Spheres of Influence or Service Boundaries
- Annexation or detachment of areas
- Consolidation of districts
- Merger of cities
- Reorganizations: multiple changes of boundary or organization
- Change in authorized service (i.e., Community Service District adding a service)
- New or extended service outside the boundary of an agency

District Formation
(CGC Section 56039)

A new special district is formed after an extensive legal process and study requiring LAFCO approval. Fire districts are formed under and governed by the Fire Protection District Law (Health & Safety Code §13800, et seq.). The full range of roles and responsibilities are provided within the Act. LAFCO enabling legislation and local policies discourage the formation of new single-purpose special districts.

Merger
(CGC Section 56056)

A merger happens when a special district loses its autonomy and a city takes over its service operations. This term does not apply when there is no city involved in the joining of fire districts.

Consolidation
(CGC Section 56030)

A consolidation occurs when two or more special districts legally combine under the same enabling act. All aspects of the two districts are combined including the board of directors, district territory, services, facilities, personnel, assets and liabilities. Both NTFPD and MBFPD have experienced the consolidation process.

Reorganization
(CGC Section 56073)

A reorganization takes place when one or more actions occur in a single proposal. For example, a community service district with fire service function transfers that service to a fire district and the service territory is annexed into the fire district. Another example discussed in the section "District Formation" is a reorganization which would occur if one fire district annexed another district to achieve a legal unification without forming a separate new district. All employees would be covered by the pension contract of the annexing district. The name of the district could change to reflect the combined agency. This action could be one of the terms and conditions of approval adopted by LAFCO.

Annexation
(CGC Section 56017)

An annexation occurs when a city or district attaches additional territory to its boundary. Annexation to one or the other fire district is not the subject of this study.

Appendix B: LAFCO Terms and Conditions

GOVERNMENT CODE - GOV

TITLE 5. LOCAL AGENCIES [50001 - 57550]

(Title 5 added by Stats. 1949, Ch. 81.)

DIVISION 3. CORTESE-KNOX-HERTZBERG LOCAL GOVERNMENT REORGANIZATION ACT OF 2000 [56000 - 57550]

(Heading of Division 3 amended by Stats. 2001, Ch. 388, Sec. 1.)

PART 3. COMMISSION PROCEEDINGS FOR A CHANGE OF ORGANIZATION OR REORGANIZATION [56650 - 56898]

(Heading of Part 3 amended by Stats. 1985, Ch. 1599, Sec. 8.)

CHAPTER 6. Commission Decision [56880 - 56898]

(Chapter 6 added by Stats. 2000, Ch. 761, Sec. 211.)

ARTICLE 2. Terms and Conditions [56885 - 56890]

(Article 2 added by Stats. 2000, Ch. 761, Sec. 211.)

56885.

The commission may, at any time, authorize any legislative body holding a hearing pursuant to this division, to continue the hearing to a date or dates extending beyond the dates specified in this division.

(Added by Stats. 2000, Ch. 761, Sec. 211. Effective January 1, 2001.)

56885.5.

(a) In any commission order giving approval to any change of organization or reorganization, the commission may make that approval conditional upon any of the following factors:

(1) Any of the conditions set forth in Section 56886.

(2) The initiation, conduct, or completion of proceedings for another change of organization or a reorganization.

(3) The approval or disapproval, with or without election, as may be provided by this division, of any resolution or ordinance ordering that change of organization or reorganization.

(4) With respect to any commission determination to approve the disincorporation of a city, the dissolution of a district, or the reorganization or consolidation of agencies that results in the dissolution of one or more districts or the disincorporation of one or more cities, a condition that prohibits a district that is being dissolved or a city that is being disincorporated from taking any of the following actions, unless it first finds that either an emergency situation exists as defined in Section 54956.5, or the legislative body of the successor, as designated by the commission has taken action approving one or more of the following actions:

(A) Approving any increase in compensation or benefits for members of the governing board, its officers, or the executive officer of the agency.

(B) Appropriating, encumbering, expending, or otherwise obligating, any revenue of the agency beyond that provided in the current budget at the time the commission approves the dissolution or disincorporation.

(b) If the commission so conditions its approval, the commission may order that any further action pursuant to this division be continued and held in abeyance for the period of time designated by the commission, not to exceed six months from the date of that conditional approval.

(c) The commission order may also provide that any election called upon any change of organization or reorganization shall be called, held, and conducted before, upon the same date as, or after the date of any election to be called, held, and conducted upon any other change of organization or reorganization.

(d) The commission order may also provide that in any election at which the questions of annexation and district reorganization or, incorporation and district reorganization, or disincorporation and district reorganization are to be considered at the same time, there shall be a single question appearing on the ballot upon the issues of annexation and district reorganization or incorporation and district reorganization.

(Amended by Stats. 2015, Ch. 304, Sec. 10. (AB 851) Effective January 1, 2016.)

56886.

Any change of organization or reorganization may provide for, or be made subject to one or more of, the following terms and conditions. If a change of organization or reorganization is made subject to one or more of the following terms and conditions in the commission's resolution making determinations, the terms and conditions imposed shall prevail in the event of a conflict between a specific term and condition authorized pursuant to this section and any of the general provisions of Part 5 (commencing with Section 57300). However, none of the following terms and conditions shall directly regulate land use, property development, or subdivision requirements:

(a) The payment of a fixed or determinable amount of money, either as a lump sum or in installments, for the acquisition, transfer, use, or right of use of all or any part of the existing property, real or personal, of any city, county, or district.

(b) The levying or fixing and the collection of any of the following, for the purpose of providing for any payment required pursuant to subdivision (a):

(1) Special, extraordinary, or additional taxes or assessments.

(2) Special, extraordinary, or additional service charges, rentals, or rates.

(3) Both taxes or assessments and service charges, rentals, or rates.

(c) The imposition, exemption, transfer, division, or apportionment, as among any affected cities, affected counties, affected districts, and affected territory of liability for payment of all or any part of principal, interest, and any other amounts which shall become due on account of all or any part of any outstanding or then authorized but thereafter issued bonds, including revenue bonds, or other contracts or obligations of any city, county, district, or any improvement district within a local agency, and the levying or fixing and the collection of any (1) taxes or assessments, or (2) service charges, rentals, or rates, or (3) both taxes or assessments and service charges, rentals, or rates, in the same manner as provided in the original authorization of the bonds and in the amount necessary to provide for that payment.

(d) If, as a result of any term or condition made pursuant to subdivision (c), the liability of any affected city, affected county, or affected district for payment of the principal of any bonded indebtedness is increased or decreased, the term and condition may specify the amount, if any, of that increase or decrease which shall be included in, or excluded from, the outstanding bonded indebtedness of that entity for the purpose of the application of any statute or charter provision imposing a limitation upon the principal amount of outstanding bonded indebtedness of the entity.

(e) The formation of a new improvement district or districts or the annexation or detachment of territory to, or from, any existing improvement district or districts.

(f) The incurring of new indebtedness or liability by, or on behalf of, all or any part of any local agency, including territory being annexed to any local agency, or of any existing or proposed new improvement district within that local agency. The new indebtedness may be the obligation solely of territory to be annexed if the local agency has the authority to establish zones for incurring indebtedness. The indebtedness or liability shall be incurred substantially in accordance with the laws otherwise applicable to the local agency.

(g) The issuance and sale of any bonds, including authorized but unissued bonds of a local agency, either by that local agency or by a local agency designated as the successor to any local agency which is extinguished as a result of any change of organization or reorganization.

(h) The acquisition, improvement, disposition, sale, transfer, or division of any property, real or personal.

(i) The disposition, transfer, or division of any moneys or funds, including cash on hand and moneys due but uncollected, and any other obligations.

(j) The fixing and establishment of priorities of use, or right of use, of water, or capacity rights in any public improvements or facilities or any other property, real or personal. However, none of the terms and conditions ordered pursuant to this subdivision shall modify priorities of use, or right of use, to water, or capacity rights in any public improvements or facilities that have been fixed and established by a court or an order of the State Water Resources Control Board.

(k) The establishment, continuation, or termination of any office, department, or board, or the transfer, combining, consolidation, or separation of any offices, departments, or boards, or any of the functions of those offices, departments, or boards, if, and to the extent that, any of those matters is authorized by the principal act.

(l) The employment, transfer, or discharge of employees, the continuation, modification, or termination of existing employment contracts, civil service rights, seniority rights, retirement rights, and other employee benefits and rights.

(m) The designation of a city, county, or district, as the successor to any local agency that is extinguished as a result of any change of organization or reorganization, for the purpose of succeeding to all of the rights, duties, and obligations of the extinguished local agency with respect to enforcement, performance, or payment of any outstanding bonds, including revenue bonds, or other contracts and obligations of the extinguished local agency.

(n) The designation of (1) the method for the selection of members of the legislative body of a district or (2) the number of those members, or (3) both, where the proceedings are for a consolidation, or a reorganization providing for a consolidation or formation of a new district and the principal act provides for alternative methods of that selection or for varying numbers of those members, or both.

(o) The initiation, conduct, or completion of proceedings on a proposal made under, and pursuant to, this division.

(p) The fixing of the effective date or dates of any change of organization, subject to the limitations of Section 57202.

(q) Any terms and conditions authorized or required by the principal act with respect to any change of organization.

(r) The continuation or provision of any service provided at that time, or previously authorized to be provided by an official act of the local agency.

(s) The levying of either of the following:

(1) Assessments or fees, including the imposition of a fee pursuant to Section 50029 or 66484.3. For the purposes of this section, imposition of a fee as a condition of the issuance of a building permit does not constitute direct regulation of land use, property development, or subdivision requirements.

(2) General or special taxes subject to approval by the voters.

(t) The extension or continuation of any previously authorized charge, fee, assessment, or tax by the local agency or a successor local agency in the affected territory.

(u) The transfer of authority and responsibility among any affected cities, affected counties, and affected districts for the administration of special tax and special assessment districts, including, but not limited to, the levying and collecting of special taxes and special assessments, including the determination of the annual special tax rate within authorized limits; the management of redemption, reserve, special reserve, and construction funds; the issuance of bonds which are authorized but not yet issued at the time of the transfer, including not yet issued portions or phases of bonds which are authorized; supervision of construction paid for with bond or special tax or assessment proceeds; administration of agreements to acquire public facilities and reimburse advances made to the district; and all other rights and responsibilities with respect to the levies, bonds, funds, and use of proceeds that would have applied to the local agency that created the special tax or special assessment district.

(v) Any other matters necessary or incidental to any of the terms and conditions specified in this section. If a change of organization, reorganization, or special reorganization provides for, or is made subject to one or more of, the terms and conditions specified in this section, those terms and conditions shall be deemed to be the exclusive terms and conditions for the change of organization, reorganization, or special reorganization, and shall control over any general provisions of Part 5 (commencing with Section 57300).

(Amended by Stats. 2015, Ch. 304, Sec. 11. (AB 851) Effective January 1, 2016.)

56886.1.

When applicable, the terms and conditions of any change of organization or reorganization shall provide public utilities, as defined in Section 216 of the Public Utilities Code, 90 days following the recording of the certificate of completion to make the necessary changes to impacted utility customer accounts.

(Added by Stats. 2001, Ch. 388, Sec. 21. Effective January 1, 2002.)

56886.3.

If the terms and conditions of any change of organization provide for the formation of a new improvement district, or the annexation or detachment of territory to, or from, an existing improvement district, the commission shall do all of the following:

(a) Exclude any lands proposed to be formed into, or to be annexed to, the improvement district which the commission finds will not be benefited by becoming a part of the improvement district.

(b) Exclude any lands proposed to be detached from an improvement district which the commission finds will be benefited by remaining a part of the improvement district.

(Added by renumbering Section 57053 by Stats. 2000, Ch. 761, Sec. 226. Effective January 1, 2001.)

56886.5.

(a) If a proposal includes the formation of a district or the incorporation of a city, the commission shall determine whether existing agencies can feasibly provide the needed service or services in a more efficient and accountable manner. If a new single-purpose local agency is deemed necessary, the commission shall consider reorganization with other single-purpose local agencies that provide related services.

(b) If a proposal includes the consolidation of two or more special districts not formed pursuant to the same principal act, the commission shall determine whether any service provided at that time could be discontinued due to a lack of authority under the principal act of the successor. If a new single-purpose local agency is deemed necessary to provide the needed service or services, the commission shall consider the formation of a new district that is authorized to provide the service or services.

(Amended (as amended by Stats. 2004, Ch. 471, Sec. 4) by Stats. 2007, Ch. 98, Sec. 7. Effective January 1, 2008.)

56886.6.

The commission shall not impose a condition for the provision of services by the annexing city to an area which has not been placed within that city's adopted sphere of influence, as defined in Section 56076, unless that condition would mitigate effects which are a direct result of the annexation.

In the case of any annexation proposal for which a certificate of completion was not recorded prior to January 1, 1985, a condition imposed thereon which does not comply with the requirements of this section is null and void and shall not affect the validity of or terminate the annexation proceedings.

(Added by renumbering Section 56376 by Stats. 2011, Ch. 300, Sec. 66. (AB 1430) Effective January 1, 2012.)

56886.7.

(a) The commission shall not impose any condition on an annexing local agency with respect to the standards or frequency of maintenance of any existing street or road within the annexed territory.

(b) The commission shall not impose a condition which requires a local agency to improve an existing public facility which is not owned by the agency.

(c) This section shall not be construed as authorizing a commission to impose any conditions which it is not otherwise authorized to impose.

(Added by renumbering Section 56376.5 by Stats. 2011, Ch. 300, Sec. 67. (AB 1430) Effective January 1, 2012.)

56887.

Any change of organization or reorganization may be conditionally approved by a local agency formation commission subject to the certification by the California Coastal Commission of an amendment to the local coastal program of a city or a county.

(Added by Stats. 2000, Ch. 761, Sec. 211. Effective January 1, 2001.)

56887.5.

If any change of organization or reorganization pertains to city or district territory which is located, in whole or in part, within the boundaries of any city or county, any terms and conditions authorized by Section 56886 may be made applicable to that city or county. However, no indebtedness or liability which is subject to the requirement of an election, under the provisions of Section 18 of Article XVI of the California Constitution, shall be incurred or assumed by any city or county, except as provided in Section 18 of Article XVI of the California Constitution.

(Added by Stats. 2000, Ch. 761, Sec. 211. Effective January 1, 2001.)

56889.

If any commission order approving or conditionally approving a change of organization or reorganization would result in the annexation to a city of land that is subject to a contract executed pursuant to the Williamson Act (Chapter 7 (commencing with Section 51200) of Division 1), for which the commission has determined pursuant to Section 56754 that the city shall succeed to the contract, the commission shall impose a condition that requires the city to adopt the rules and procedures required by the Williamson Act, including but not limited to the rules and procedures required by Sections 51231, 51237, and 51237.5.

(Added by Stats. 2000, Ch. 761, Sec. 211. Effective January 1, 2001.)

56890.

Any of the terms and conditions authorized by Section 56886 may be made applicable to all or any part of any city or district or any improvement district within that local agency or any territory annexed to, or detached from, any city or district or improvement district within that local agency.

(Added by Stats. 2000, Ch. 761, Sec. 211. Effective January 1, 2001.)

Source: https://leginfo.legislature.ca.gov

Appendix C: Table of Figures

Figure 1: North Tahoe Fire Protection District Organizational Chart 7
Figure 2: Meeks Bay Fire Protection District Organizational Chart 9
Figure 3: Communications Team Meeting Schedule 12
Figure 4: Fire Station Condition Definitions 16
Figure 5: North Tahoe Fire Protection District Station #51—Administrative Headquarters and Fire Station 17
Figure 6: North Tahoe Fire Protection District Station #52 18
Figure 7: North Tahoe Fire Protection District Station #53—Homewood Station 19
Figure 8: North Tahoe Fire Protection District Station #54 20
Figure 9: North Tahoe Fire Protection District Station #55 21
Figure 10: North Tahoe Fire Protection District Station #56 and Annex 22
Figure 11: Meeks Bay Fire Protection District Station #61 23
Figure 12: Meeks Bay Fire Protection District Station #62—Storage Facility 24
Figure 13: North Tahoe Fire District Apparatus Inventory 26
Figure 14: Meeks Bay Fire Protection District Apparatus and Vehicle Inventory 28
Figure 15: Administrative and Support Staffing 31
Figure 16: Details the Emergency Response Staffing for the Combined Operation 33
Figure 17: Combined Emergency Response Positions 34
Figure 18: Daily Emergency Response Staffing by Station 35
Figure 19: NTFPD & MBFPD Historic Service Demand, 2008–2017 46
Figure 20: NTFPD & MBFPD Percentage Change, 2008–2017 47
Figure 21: NTFPD & MBFPD Incident Count 47
Figure 22: NTFPD & MBFPD Incidents by Month, 2016 & 2017 48
Figure 23: NTFPD & MBFPD Incidents by Day of Week, 2016 & 2017 48
Figure 24: NTFPD & MBFPD Incidents by Hour, 2016–2017 49
Figure 25: NTFPD & MBFPD 10-Year Projection of Calls 49
Figure 26: NTFPD & MBFPD Current Resource Distribution 50
Figure 27: NTFPD & MBFPD Tahoe Study Area Service Demand, 2016–2017 51
Figure 28: NTFPD & MBFPD Incident Address Geocoding Results, 2016 & 2017 52
Figure 29: NTFPD & MBFPD NFIRS Incident Types Summary, 2016–2017 52
Figure 30: NTFPD & MBFPD NFIRS Incident Type Summary, 2016–2017 53
Figure 31: NTFPD & MBFPD 9 Year Summary of NFIRS Incident Types 53
Figure 32: NTFPD & MBFPD NFIRS 300 Series—EMS Calls, 2016 & 2017 54
Figure 33: NTFPD & MBFPD NFIRS 100 Series—Fire Incidents, 2016 & 2017 55
Figure 34: Geographic Distribution of NTFPD & MBFPD NFIRS 100 Series—Fire Incidents, 2016 & 2017. 55
Figure 35: NTFPD & MBFPD NFIRS 111 & 112 Fire Incidents, 2016 & 2017 56
Figure 36: Tahoe Basin Population Density 57
Figure 37: Tahoe Basin Owner Occupied Housing (2012) 58

Figure 38: Tahoe Basin Annual growth rate by US Census Blocks (2012–2017) 59
Figure 39: NTFPD & MBFPD ISO 1.5-mile & 5-mile Travel Distance 60
Figure 40: NTFPD & MBFPD Station Travel Time 61
Figure 41: Effective Response Force Arrival Time 62
Figure 42: Effective Response Force—Firefighters 63
Figure 43: Effective Response Force—Firefighters, With Automatic Aid 64
Figure 44: Second Unit Arrival 65
Figure 45: Concurrent Calls North Tahoe FPD & Meeks FPD, 2017 65
Figure 46: NTFPD & MBFPD Unit Hour Utilization, 2017 66
Figure 47: NTFPD & MBFPD Station Response Zones 67
Figure 48: GVECC Dispatch Time Performance 70
Figure 49: Dispatch Time Performance by Hour of Day 71
Figure 50: Turnout Time Performance 71
Figure 51: Turnout Time by Hour of Day 72
Figure 52: Initial Unit Travel Time Capability 73
Figure 53: Travel Time Performance—First Arriving Unit 74
Figure 54: Overall Travel Time and Incidents by Hour of Day—First Arriving Unit 74
Figure 55: Travel Time Performance by Region 75
Figure 56: Response Time Performance—First Arriving Unit 76
Figure 57: Hourly Response Time Performance 76
Figure 58: Received to Arrival Time—First Arriving Unit 77
Figure 59: Hourly Received to Arrival Performance 78
Figure 60: Mutual Aid Resources 78
Figure 61: Tahoe Area Regional Fire Services 79
Figure 62:Budget and Finance District Survey 2017/18 Components 81
Figure 63: Property Valuation in NTFPD, FY 13/14–16/17 82
Figure 64: NTFPD Property Tax Revenues, FY 13/14–16/17 83
Figure 65: Graphic Presentation of Increase in NTFPD Property Tax Revenues, FY 13/14–16/17 83
Figure 66: NTFPD Recurring and Non-Recurring Revenues, FY 13/14–FY 16/17 84
Figure 67: Graphic Presentation of NTFPD Recurring and Non-Recurring Revenue, FY 13/14–16/17 85
Figure 68: Expenditures of the NTFPD General Fund and Debt Service Fund, FY 13/14–16/17 86
Figure 69: NTFPD Personnel Services Expenditures, FY 13/14–16/17 87
Figure 70: Graphic Presentation of the Adopted NTFPD FY 17/18 Budget 88
Figure 71: FY 17/18 Adopted NTFPD Budget 88
Figure 72: Budget and Finance District Survey Components 89
Figure 73: Graphic Presentation of Increase in MBFPD Property Tax Revenues, FY 14/15–16/17 90
Figure 74: MBFPD Recurring versus Non-Recurring Revenues, FY 14/15–16/17 91
Figure 75: Graphic Presentation of MBFPD Recurring and Non-Recurring Revenue, FY 14/15–16/17 92
Figure 76: Expenditures of the MBFPD General Fund, FY 14/15–16/17 92

Figure 77: MBFPD Personnel Services Expenditures, FY 14/15–16/17 93
Figure 78: Graphic Presentation of MBFPD FY 17/18 Budget 94
Figure 79: Survey Results—Residency 103
Figure 80: Survey Results—Rent/Own 104
Figure 81: Survey Results—Placer/El Dorado 104
Figure 82: Survey Results—Voter Status 105
Figure 83: Survey Results—EMS Awareness 105
Figure 84: Survey Results—Ambulance Service Awareness 106
Figure 85: Survey Results—Relative Members 106
Figure 86: Survey Results—Perceived Professionalism 107
Figure 87: Survey Results—Perceived Friendliness 107
Figure 88: Survey Results—Perceived Promptness 108
Figure 89: Survey Results—Retaining Separate Districts 108
Figure 90: Survey Results—Merging Districts 109
Figure 91: Survey Results—Services Provided 109
Figure 92: Forecast Impact on NTPFD property Tax Revenues of the Reallocations to ERAF and Redevelopment 117
Figure 93: Graphic Presentation of the Impact of Revenue Reallocation on District Property Tax Revenues 117
Figure 94: Forecast NTFPD Recurring versus Non-Recurring Revenues, FY 17/18–22/23 118
Figure 95: Recurring versus Non-Recurring Costs FY 17/18 Amended Budget and FY 22/23 119
Figure 96: Five Year Cash Flow Forecast for NTFPD, FY 17/18–FY 22/23 120
Figure 97: MBFPD Property Tax and Other Property Based Revenues 121
Figure 98: Forecast of MBFPD Non-Recurring Revenues 122
Figure 99: MBFPD Recurring and Non-recurring Expenditures, FY 17/18–22/23 123
Figure 100: Presentation of MBFPD Recurring versus Non-Recurring Expenditures, FY 17/18–22/23 123
Figure 101: Cash Flow Forecast for MBFPD, FY 17/18–22/23 124
Figure 102: Consolidated Adopted Budgets FY 17/18, With Consolidating District Revenues/Expenses Eliminated 125
Figure 103: Consolidated Forecast FY 18/19 through FY 22/23 126
Figure 104: Potential Annual Cost Savings from Consolidation 127
Figure 105: Process for Evaluating & Implementing Partnering Strategies 130

FINANCIAL ANALYSIS Update

Placer County
LOCAL AGENCY
FORMATION COMMISSION

July 2022

AP TRITON

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TABLE OF CONTENTS

Introduction **2**

SECTION I: FINANCIAL ANALYSIS **3**

Updated Financial Analysis **4**

North Tahoe Fire Protection District 4

Meeks Bay Fire Protection District 10

SECTION II: FINANCIAL PROJECTIONS **16**

Updated Financial Projections **17**

North Tahoe Fire Protection District 17

Meeks Bay Fire Protection District 19

Combined Revenues & Expenses 21

SECTION III: FISCAL RECOMMENDATIONS **25**

Recommendations **26**

SECTION IV: APPENDICES **28**

Appendix A: Table of figures **29**

Appendix B: Attachments **30**

INTRODUCTION

AP Triton, LLC was retained by the Placer County Local Agency Formation to research and update the contents of the financial analysis section of the previous (2018) *Performance Review and Examination of Alternative Governance Models* conducted on behalf of the North Tahoe and Meeks Bay Fire Protection Districts (NTFPD and MBFPD).

The purpose of the update is to provide the applicant with necessary and updated financial analyses and projections as required to complete all components of the MBPFD and NTFPD Application for Reorganization.

SECTION I:
Financial Analysis

UPDATED FINANCIAL ANALYSIS

As is common with municipal forms of government, both North Tahoe Fire Protection District (NTFPD) and Meeks Bay Fire Protection District (MBFPD) employ an accounting and budgeting system that utilizes the "fund accounting" concepts. Under this system, the financial reports provide a short-term view of the districts' operations, the cost of providing those services, and the source of revenues to pay for those costs. A "fund" segregates resources and expenditures for specific activities or objectives. This type of accounting system is not designed to identify a profit or loss, it is to track the sources and uses of cash. The General Fund typically provides for the operations of the core services provided by the government unit, such as law enforcement, fire protection, human resources, legal, finance, and the administrative side of the operation, such as the office of the Fire Chief or Board of Directors of the district. With regards to both agencies included in this study, the annual budget for each district is prepared in the General Fund. Both districts operate on a fiscal year beginning July 1 and ending June 30.

For analysis purposes, AP Triton classifies revenues as either recurring or non-recurring. Recurring revenues can be reasonably anticipated on an annual basis and are generally quantifiable. Non-recurring revenues are those that may not occur annually or are not easily quantifiable, such as debt proceeds, one-time grant awards, or proceeds from the disposal of assets. As an example, property tax revenue meets the definition of recurring revenues, while reimbursed strike team revenues would be less readily quantifiable and be classified as non-recurring. Similarly, salaries would be included in recurring expenses, while capital expenditures would typically be included in non-recurring expenses.

Both agencies participate in the CalPERS pension system. Costs associated with this benefit have grown significantly over the past several years and are projected to continue to grow as each district strives to eliminate its respective unfunded actuarial liability associated with the pension obligation.

North Tahoe Fire Protection District

As previously identified, both agencies utilize fund accounting to record and report their transactions. The North Tahoe Fire Protection District operates through one fund, the General Fund. This fund is used to account for all receipts and disbursements, treated as revenues and expenses for each fiscal year. NTFPD reviews capital expenditures against specific project appropriation accounts.

Revenues

Property Taxes

The collection of local property taxes is the single largest source of revenue pertaining to the NTFPD. Revenues generated from this source are affected by two primary components—the assessed value of the real properties taxed and the tax rate charged against that value. Market conditions affect the value of properties in the community, and, in California, values are subject to state legislation limiting the growth of real estate tax assessments. There are diverse types of properties that are components of the total valuation in the NTFPD. NTFPD's property tax revenues have increased by approximately 4.6% annually, resulting in an increase in property tax revenue from $5,460,000 in FY 17 to $6,526,416 (FY 20/21—without RDAs, Special Tax, Fire Supp Assessment, & CFD Mello Roos) in FY 21.

The district's registered voters passed a special tax in August 2005, providing $2,867,936 of revenue in FY 21. This revenue stream has increased annually by a rate of approximately 2.6%. Additionally, property owners within the district passed a special assessment in the fall of 2007, which provided $788,592 of revenue in FY 21. Annual growth of this special assessment is limited by the statute.

In 2019/2020, voters approved the Community Facilities District (CFD) No. 2012-1 (Ladder Truck O&M), which provided $15,813 of revenue in FY 21.

NTFPD has consistently received annual residual distributions (RDA dissolution) from the Placer County Successor Agency as well as pass-through funds.

Other Revenues

Ambulance revenues have increased by approximately 6% from FY 17 to FY 21 despite experiencing an annual reduction in revenues in FY 18 and FY 19. In addition to these receipts, NTFPD receives GEMT and IGT federal funds through the State of California for Medicare/Medi-Cal ambulance transports.

The district provides fire, EMS, and prevention services under contracts to other agencies, including Alpine Springs County Water District, Meeks Bay Fire District, North Tahoe Public Utilities District, El Dorado County, and the Nevada Fire Safe Council.

Other revenues attributable to the NTFPD include funds from grant funds, prevention fees, interest, and rental income. Other reimbursements and administrative billings provide other additional funds.

Ambulance service revenues contribute approximately 12% of the district's total annual recurring revenue.

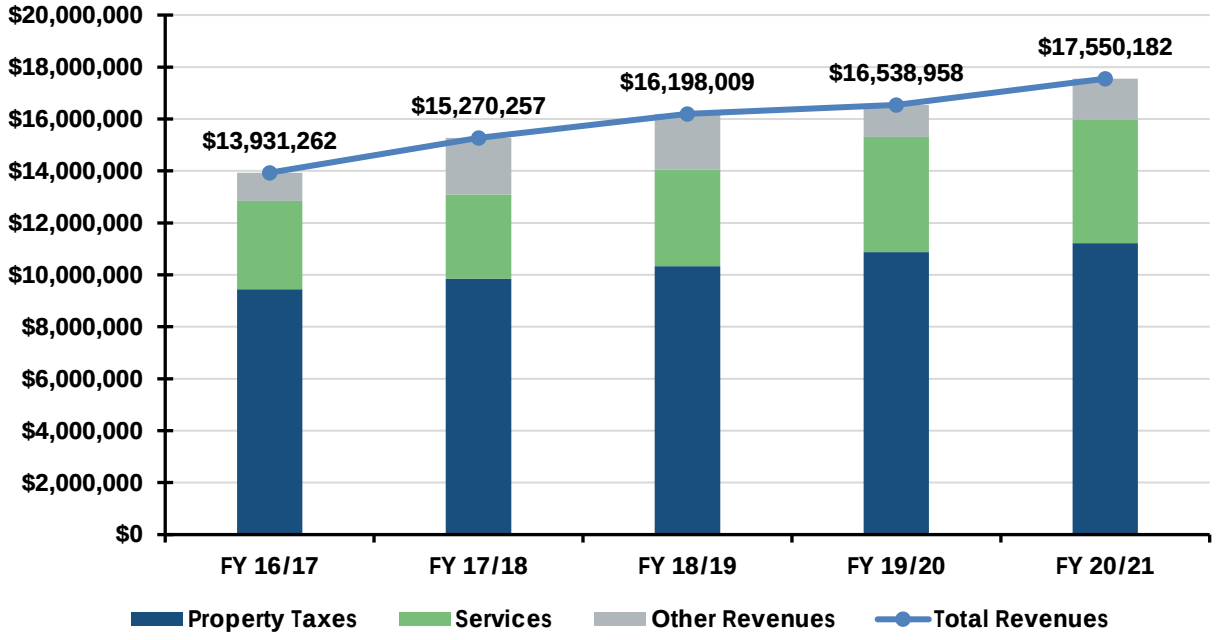
The following figure provides the General Fund's historical amounts for recurring and non-recurring revenue sources for NTFPD.

Figure 1: NTFPD Historical Revenues, FY 16/17–FY 20/21

Revenue	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual
Property Tax Revenue	5,459,566	5,662,125	5,955,405	6,233,717	6,542,229
Special Fire Tax	2,585,869	2,641,136	2,735,741	2,832,795	2,867,936
Fire Suppression Assessment	720,307	736,047	756,114	779,164	788,592
RDA Passthrough	221,412	249,456	284,926	328,158	356,610
RDA Dissolution	463,017	558,050	604,092	705,617	663,800
Other Tax Collections	—	—	—	—	—
Total Taxes Collected	***9,450,171***	***9,846,814***	***10,336,278***	***10,879,451***	***11,219,167***
Service Contracts	1,744,462	1,668,410	1,841,741	1,991,736	2,080,979
Ambulance Services	1,511,147	1,375,481	1,310,363	1,706,079	1,856,723
IGT	—	—	304,258	267,470	277,760
Mitigation Fees	76,874	120,262	132,589	76,156	97,202
Inspections/Plan Check Fees	59,312	83,561	131,574	387,398	432,401
Total Recurring	**12,841,966**	**13,094,528**	**14,056,803**	**15,308,290**	**15,964,232**
CalFire Lease	1,467	21,493	21,555	18,239	18,032
GEMT Ambulance Reimburse.	20,712	329,772	90,683	(43,955)	(37,661)
Grant Proceeds—SAFER	323,365	519,124	134,083	—	—
Grants—MDTS	90,604	—	—	143,901	—
Other Grants	—	420,376	447,323	596,778	501,700
Interest Income	78,388	92,087	108,898	93,325	20,744
Sale of Surplus Equip	78	14,484	28,939	1,241	203
Strike Team Reimbursements	484,290	685,664	1,089,440	277,517	908,786
Transfers from CFD Mello Roos	—	—	—	1,090	1,045
Meeks Bay Cost Share	—	82,039	169,631	133,581	154,780
Other	90,392	10,690	50,654	8,951	18,321
Non-Recurring	**1,089,296**	**2,175,729**	**2,141,206**	**1,230,668**	**1,585,950**
Total Revenue	**13,931,262**	**15,270,257**	**16,198,009**	**16,538,958**	**17,550,182**

The following figure displays historical property taxes and revenues from services.

Figure 2: NTFPD Historical Property Taxes, Services, & Other Revenues, FY 16/17–FY 20/21



The operating expenses of the NTFPD are like those of most emergency services departments and include salaries and related benefits, supplies, services, utilities, repairs, and maintenance costs. The district also makes payments annually on debt incurred to build fire stations and acquire apparatus, to make capital expenditures not requiring long-term financing, and to move funds to other accounts.

As expected, salaries and benefits comprise approximately 75% of the NTFPD's operating expenses annually. Wildland incidents affect salary and wage expenditures, which typically result in significant overtime costs. Authorized positions have remained within one or two positions over the past five years Triton analyzed. In FY 21, 49-line positions were authorized, with an additional administrative and support staff for a total of 62 authorized positions. As previously discussed, costs related to CalPERS pension liability have risen significantly, outpacing the increase in compensation over the past few years to extinguish the previously unfunded pension liability.

Recurring operating expenses, other than salaries and benefits, of NTFPD have increased and decreased during the historical period based on the needs of the organization and economic conditions affecting costs such as energy. The following figure provides a historical review of the operating costs, debt service, and capital expenditures of NTFPD.

Figure 3: NTFPD Historical Expenses, FY 16/17–FY 20/21

Expenses	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual
Salaries	6,377,412	6,685,625	6,716,959	7,315,489	7,558,097
Benefits	4,154,163	4,322,411	4,886,791	4,683,388	5,006,600
Total Salaries & Benefits	***10,531,575***	***11,008,036***	***11,603,750***	***11,998,877***	***12,564,697***
Supplies	1,016,562	1,104,632	1,406,038	962,606	1,401,129
Services	944,262	967,319	1,151,552	1,206,481	1,177,103
Energy	134,836	102,899	120,639	141,035	152,409
Maintenance	347,897	465,217	366,098	314,914	337,010
Recurring Expenses	**12,975,132**	**13,648,103**	**14,648,077**	**14,623,913**	**15,632,348**
Debt Service	755,489	802,029	868,952	869,650	890,163
Capital	220,323	300,119	603,399	405,749	71,237
Non-Recurring Expenditures	**975,812**	**1,102,148**	**1,472,351**	**1,275,399**	**961,400**
Total Expenditures	**13,950,944**	**14,750,251**	**16,120,428**	**15,899,312**	**16,593,748**

Government agencies are unlike for-profit enterprises in that they cannot easily create new sources of revenue. To that end, changes in economic conditions negatively affecting revenues cannot be overcome without reducing services or using pre-established reserve balances. At the end of FY 21, Reserve balances were at approximately 55% of total annual expenditures or a little more than six months of expenditures.

Figure 4: NTFPD Summary of Revenues, Expenses, & Reserve Balances, FY 16/17–FY 20/21

Revenues/Expenses	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual
Recurring Revenues	12,841,966	13,094,528	14,056,803	15,308,290	15,964,236
Non-Recurring Revenues	1,169,296	2,285,729	2,266,206	1,330,668	1,685,950
Total Revenues	**14,011,262**	**15,380,257**	**16,323,009**	**16,638,958**	**17,650,186**
Recurring Expenses	13,730,621	14,450,132	15,517,029	15,493,563	16,522,511
Non-Recurring Expenditures	298,180	421,826	738,312	499,586	184,654
Total Expenditures	**14,028,801**	**14,871,958**	**16,255,341**	**15,993,149**	**16,707,165**
Net Cash Flow (Deficit)	**(17,539)**	**508,299**	**67,668**	**645,809**	**943,021**
Beginning Reserve Balance	6,955,331	6,937,792	7,446,091	7,513,759	8,159,568
Ending Reserve Balance	**6,937,792**	**7,446,091**	**7,513,759**	**8,159,568**	**9,102,589**

Findings:

- NTFPD has experienced significant growth in property tax, special fire tax, and fire suppression tax revenue streams.
- Total revenues have historically met the financial needs of the NTFPD.
- A portion of total revenues ($900,000) is from grants.
- NTFPD participates in the CalPERS pension system and has accrued a significant unfunded actuarial liability (UAL), and this UAL is being reduced on an annual basis without significant impact on operations.
- The district maintains sufficient operating reserves to provide for unanticipated expenditures or unanticipated economic downturns.

Meeks Bay Fire Protection District

MBFPD also employs an accounting and budgeting system that is like most forms of government entities. This system utilizes "funds," more easily described as separate operating divisions of a parent company, to track expenditures made by and revenues attributable to the operation of each type of division. The General Fund typically reflects the operations of the performance of the core services provided by the municipality such as law enforcement, fire protection, human resources, legal, finance, and the administrative side of the operation such as the Office of the Fire Chief or Board of Directors of the district. Within the General Fund, the annual budget for the district is prepared.

Additional funds may be created to manage specific projects, programs, debt service, special or specific income streams, or to account for an allocation of revenue from an assessment of taxes. As a small fire protection district, MBFPD employs the use of a single fund to manage its activities that are funded by an assessment of several types of property taxes and special assessments.

AP Triton has analyzed the historical revenues and expenses from FY 16/17 through FY 20/21 for the district to develop relevant financial trends, strengths, and weaknesses which, in conjunction with the annual budget information for FY 21/22, will assist in the completion of the financial forecasts presented later in this report. MBFPD is funded from revenues consisting primarily of property tax assessments, special assessments, and fees for services provided to the communities. The district operates on a fiscal year beginning July 1 and ending June 30.

The district's annual budget includes expenses for all operations. It also includes the contribution to or withdrawal from its fund balance.

MBFPD has incurred a significant deferred liability on its portion of pension obligations for employee retirements. The district has been making payments that will amortize these liabilities within the maximum 30-year period required by CalPERS. The amortization of these pension and OPEB costs creates a significant drain on the cash flow of the district and may have an impact on the future of service delivery by committing scarce resources to meet its pension obligations.

Revenues

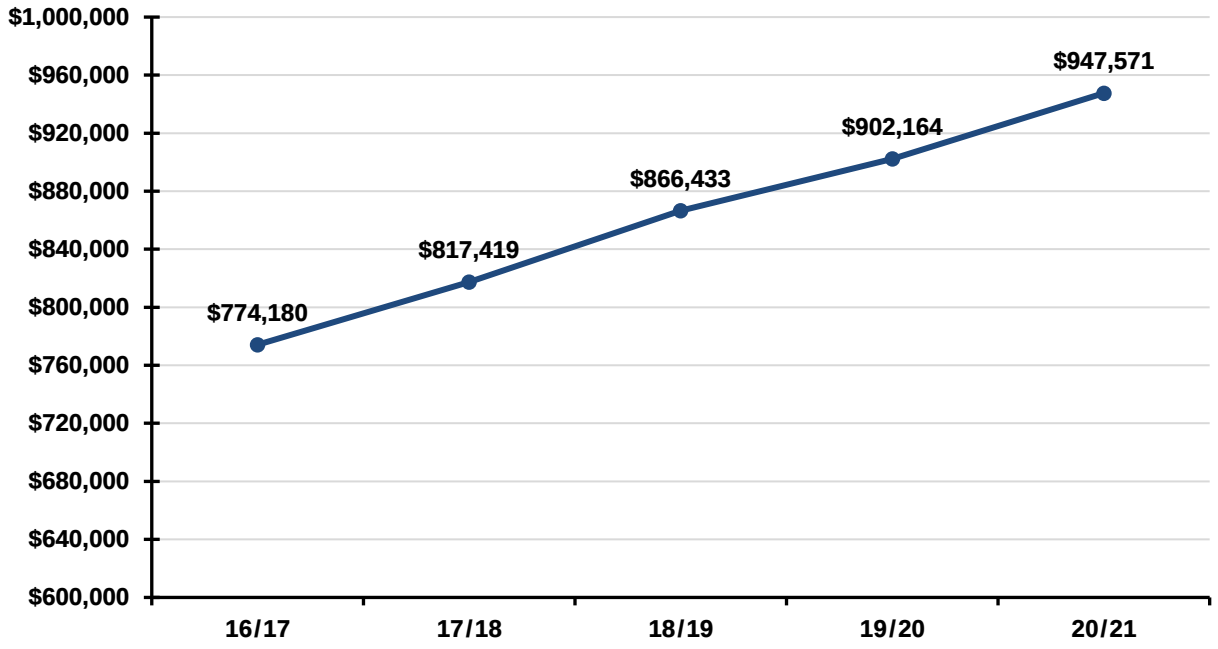
Property Taxes

The collection of local property taxes is the single largest source of revenue for the district. Revenues generated from this source are affected by two primary components, the assessed value of the real properties taxed, and the tax rate charged against that value. Property value is affected by the market conditions in the community and, in California, is subject to state legislation limiting the growth of real estate tax assessments. Several types of properties are components of the total valuation in the district.

Like NTFPD, a tax rate is applied to the assessed valuations to determine the district's revenue benefit. In certain economic situations, assessed taxes are reallocated to specified programs such as the Educational Revenue Augmentation Fund (ERAF), resulting in a reduction of the revenue to the district.

As shown in the next figure, property tax revenues from FY 16/17 through FY 20/21 have increased by approximately 22%. The following figure provides a more visible representation of the impact on the district's revenues resulting from the amount of growth in assessed values as well as the reallocation of tax revenues into other programs. The figure indicates the consistent increase in property tax revenue over the past five years.

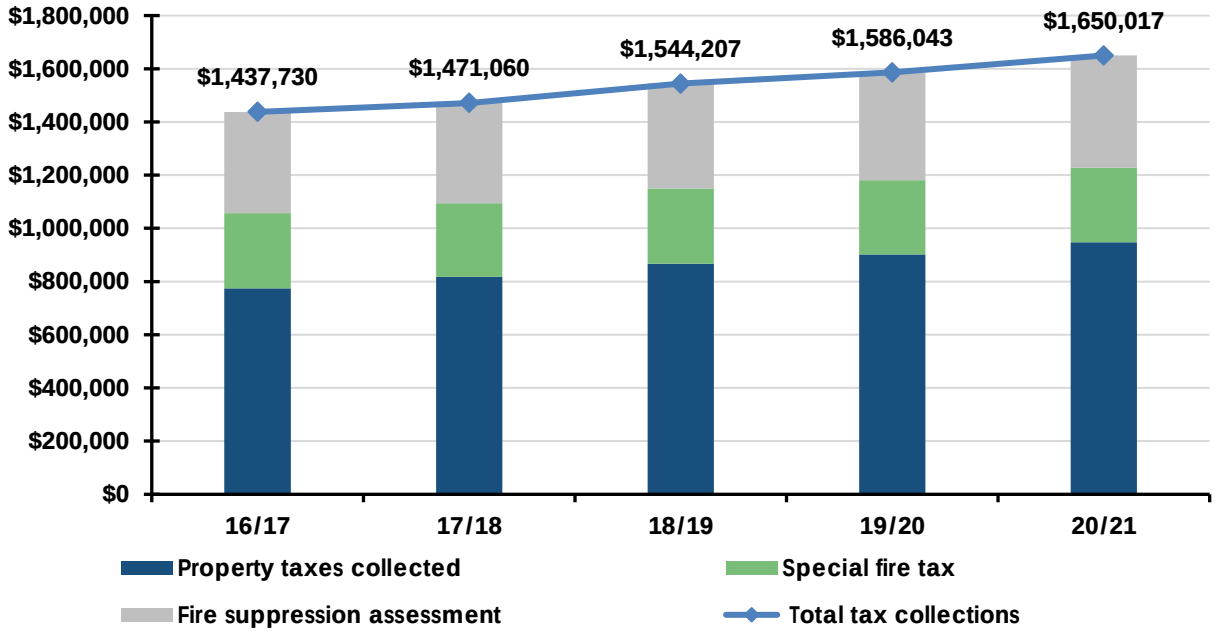
Figure 5: MBFPD Property Tax Revenues, FY 16/17–FY 20/21



Other Tax Revenues

Additionally, a voter-approved Special Tax, based on 2,180 billable parcels, and a voter-approved Special Assessment, based on $219.24 per single-family equivalent, are the other significant sources of funds for the district's operations. The Special Tax, implemented in FY 05/06, has allowed the district to rebuild reserves while, at the same time, maintaining staffing levels, training, and equipment. The Special Assessment was increased by an approved 2% COLA for the FY 21/22 budget. The funds collected are deposited in various accounts of the General Fund of MBFPD. The following figure indicates the growth of the tax revenues from the three assessments over the past five years.

Figure 6: MBFPD Total Tax Revenues, FY 16/17–FY 20/21



MBFPD has two categories of revenues—recurring and non-recurring. Recurring revenues can be reasonably anticipated on an annual basis and are generally quantifiable, such as property taxes, special assessments, and contracts for service. Non-recurring revenues are those that may not occur annually or are not easily quantifiable, such as sales of assets, grant revenues, loan proceeds, and insurance proceeds.

Figure 7: MBFPD Recurring vs. Non-Recurring Revenues, FY 16/17–FY 20/21

Revenue	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual
Property Tax Revenue	774,180	817,419	866,433	902,164	947,571
Special Fire Tax	282,864	277,212	283,714	278,316	280,852
Fire Suppression Assessment	380,686	376,429	394,060	405,563	421,594
Total Taxes Collected	***1,437,730***	***1,471,060***	***1,544,207***	***1,586,043***	***1,650,017***
Service Contracts	16,903	19,870	13,375	5,425	46,225
Total Recurring	**1,454,633**	**1,490,930**	**1,557,582**	**1,591,468**	**1,696,242**
Grant Proceeds	33,858	2,190	28,588	1,551	800
Interest Income	10,496	16,362	28,559	25,691	7,606
Other	27,240	11,044	46,760	219,873	50,469
Total Non-Recurring	**71,594**	**29,596**	**103,907**	**247,115**	**58,875**
Total Revenue	**1,526,227**	**1,520,526**	**1,661,489**	**1,838,583**	**1,755,117**

Expenses

The district's budget is prepared according to California law and is based on accounting for certain transactions on a modified accrual basis of accounting. The funds are appropriated by the nature of the expenditure. Funds are also appropriated to provide for retiree pension and health insurance benefits. The district operates using one fund to record all transactions. The District Board approves the budget.

The MBFPD is authorized at one full-time administrative personnel, having transferred by agreement, the suppression personnel to the North Tahoe Fire Protection District. MBFPD continues to provide funding for the staffing of its station through a contract payment to NTFPD. The district's station is staffed with NTFPD personnel and provides fire suppression, fire investigation, inspections, plan review services, emergency medical response, hazardous materials spill/release response, fire prevention, life safety education, and community risk reduction.

Employee benefit costs to the agency, most significantly, in the form of payments for unfunded pension liabilities and retiree health insurance, amount to almost $300,000 annually. The amortization of these pension and OPEB costs are managed through cash flow and reserve balances and are included in the Benefits section of the figures in the report. MBFPD firefighter positions, current pension costs, and other current benefit costs are paid through a contract to the North Tahoe Fire Protection District. Other costs such as uniforms, personal protective gear, radios and related, technology costs, maintenance costs, fleet maintenance, training, district expenses such as legal and audit, dispatch services, and other costs continue to be funded directly by the district in support of the service delivery system.

The following figure identifies the historical allocation of costs by major category for the district for the fiscal years ending June 30, 2017, through 2021.

Figure 8: MBFPD Recurring Non-Recurring Expenses, FY 16/17–FY 20/21

Expenses	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual
Salaries & Benefits	743,708	225,140	242,893	284,364	336,686
Supplies	114,984	138,312	165,751	155,762	176,554
Services	1,035,704	1,018,649	1,155,354	1,228,701	1,258,176
Maintenance	75,113	16,227	38,112	32,682	22,356
Insurance	21,524	21,735	16,029	16,565	14,949
Total Recurring Expenses:	**1,991,033**	**1,420,063**	**1,618,139**	**1,718,074**	**1,808,721**
Capital	558,456	22,319	44,605	23,071	57,349
Total Non-Recurring Expenses:	**558,456**	**22,319**	**44,605**	**23,071**	**57,349**
Total Expenditures:	**2,549,489**	**1,442,382**	**1,662,744**	**1,741,145**	**1,866,070**

Fund Balance

Maintaining a reasonable cash position or fund balance is especially important for government agencies relying on property taxes or revenue streams that only occur at certain times of the budget cycle. Funds must be available to provide timely payment of current obligations and operating expenses of the district. The June 30, 2017, cash reserves available to fund these obligations were indicated at approximately $1,294,000 or approximately ten months of operations. In FY 17/18, FY 18/19, and FY 19/20, the district experienced positive or nearly positive cash flow and increased reserve balances. However, in FY 20/21, expense growth outpaced revenue growth, and the district experienced negative cash flow and a reduction in reserves of $110,000.

The following figure summarizes MBFPD revenues and expenses and reflects the impact on the reserve balance from FY 16/17 to FY 20/21.

Figure 9: MBFPD Summarized Revenues and Expenses, FY 16/17–FY 20/21

Revenues/Expenses	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual
Recurring Revenues	1,454,633	1,490,930	1,557,582	1,591,468	1,696,242
Non-Recurring Revenues	71,594	29,596	103,907	247,115	58,875
Total Revenues:	**1,526,227**	**1,520,526**	**1,661,489**	**1,838,583**	**1,755,117**
Recurring Expenses	1,991,033	1,420,063	1,618,139	1,718,074	1,808,721
Non-Recurring Expenditures	558,456	22,319	44,605	23,071	57,349
Total Expenditures:	**2,549,489**	**1,442,382**	**1,662,744**	**1,741,145**	**1,866,070**
Net Cash Flow (Deficit)	(1,023,262)	78,144	(1,255)	97,438	(110,953)
Beginning Reserve Balance	**2,317,598**	**1,294,336**	**1,421,633**	**1,420,378**	**1,517,816**
Prior Period Adjustment	—	49,153	—	—	—
Ending Reserve Balance	**1,294,336**	**1,421,633**	**1,420,378**	**1,517,816**	**1,406,863**

Findings:

- MBFPD has experienced an approximately 3% annual revenue growth between FY 17 and FY 21.
- MBFPD is staffed only with an administrative person.
- The service contract with NTFPD represents 80% of the annual revenues of the district.
- MBFPD has accrued a substantial unfunded actuarial liability for pension costs for prior employees that consumes a sizable portion (13%) of its annual operating revenue.

SECTION II:
Financial Projections

UPDATED FINANCIAL PROJECTIONS

North Tahoe Fire Protection District

Revenues

Property tax revenues have historically increased at an annual rate of 4.75% over the past five years. While there is no reason to indicate the growth trend will not continue, this projection will use a 4% property tax growth factor to remain conservative in its presentation. This philosophy will remain throughout the revenue projections. A 2% growth factor will be utilized in projecting the special fire tax and the fire suppression assessment. RDA pass-through and dissolution receipts are extremely difficult to project, and for that reason, the projected revenue from that source will use 80% of the FY 22 budgeted amount with no projected growth in those revenues.

Service contract revenue is projected to grow at a 3% annual rate, as is ambulance services revenue. Mitigation and inspection fee revenue are projected at $110,000 and $360,000 annually. Recurring revenues are projected to grow at an annual average rate of 2.7% through FY 26/27.

Non-recurring revenues, consisting of grants, strike team reimbursements, and other receipts, including the Meeks Bay 17% cost-sharing, are projected at $2,000,000 annually.

Expenses

Salaries and benefits are projected to increase 3% annually considering the cost of living (COLA) adjustments contained in the current Memorandum of Understanding between the labor association and the district. The total cost of the salaries and wages portion is anticipated to be reduced by grant funds and strike team wages totaling $750,000 annually. Benefits are expected to increase by 3% annually.

Supplies and services costs are expected to increase 2% annually using the FY 21/22 budget as a base year. The cost of utilities and fuels are expected to increase dramatically in FY 22 and FY 23 as the energy markets will be affected by the Russian invasion of Ukraine and the strain on world supplies caused by the canceling of export agreements between Europe and Russia. After establishing a new “base year” in FY 23, energy growth rates are expected to be 3% annually. Maintenance costs are projected to grow at an annual rate of 2%.

Debt service expenditures will continue to be reduced annually as final payments are made on four of the district’s long-term obligations during the projection period. Capital expenditures are projected at $100,000 annually.

The following figure projects the revenues, expenditures, and impact on reserves from the FY 21/22 budget through FY 26/27, assuming the Meeks Bay cost-sharing arrangement remains in place.

Figure 10: NTFPD Status Quo Revenue & Expense Projections, Budgeted FY 21/22–FY 26/27

Revenues/Expenses	FY 2022 Budget	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Property Tax Revenue	6,883,597	7,158,941	7,445,299	7,743,110	8,052,835	8,374,948
Special Fire Tax	2,962,084	3,021,326	3,081,752	3,143,387	3,206,255	3,270,380
Fire Suppression Assess	811,678	827,912	844,470	861,359	878,586	896,158
RDA Passthrough	348,655	278,924	278,924	278,924	278,924	278,924
RDA Dissolution	655,845	524,676	524,676	524,676	524,676	524,676
Total Taxes Collected	***11,661,859***	***11,811,778***	***12,175,121***	***12,551,457***	***12,941,276***	***13,345,086***
Service Contracts	2,152,857	2,217,443	2,283,966	2,352,485	2,423,060	2,495,751
Ambulance Services	1,500,000	1,545,000	1,591,350	1,639,091	1,688,263	1,738,911
IGT	65,838	131,676	131,676	131,676	131,676	131,676
Inspects/Plan-Check Fees	358,600	360,000	360,000	360,000	360,000	360,000
Recurring Revenue	**15,739,154**	**16,065,897**	**16,542,112**	**17,034,708**	**17,544,275**	**18,071,425**
Non-Recurring Revenue	**2,330,818**	**2,000,000**	**2,000,000**	**2,000,000**	**2,000,000**	**2,000,000**
Total Revenue	**18,179,972**	**18,065,897**	**18,542,112**	**19,034,708**	**19,544,275**	**20,071,425**
Salaries & Wages	7,577,728	7,887,454	8,143,878	8,407,994	8,680,034	8,960,235
Benefits	5,313,996	5,531,196	5,711,017	5,896,232	6,087,005	6,283,500
Total Salaries & Benefits	***12,891,724***	***13,418,650***	***13,854,895***	***14,304,226***	***14,767,038***	***15,243,734***
Supplies	1,504,362	1,534,449	1,565,138	1,596,441	1,628,370	1,660,937
Services	2,027,892	2,068,450	2,109,819	2,152,015	2,195,056	2,238,957
Energy	167,209	200,000	206,000	212,180	218,545	225,102
Maintenance	404,604	412,696	420,950	429,369	437,956	446,716
Debt Service	853,931	740,872	642,820	608,508	607,912	607,912
Recurring Expenses	**17,849,722**	**18,427,476**	**18,853,028**	**19,357,214**	**19,910,441**	**20,480,033**
Capital	120,250	100,000	100,000	100,000	100,000	100,000
Transfers to Other Funds	210,000	—	—	—	—	—
Non-Recurring Expenses	**330,250**	**100,000**	**100,000**	**100,000**	**100,000**	**100,000**
Total Expenses	**18,179,972**	**18,527,476**	**18,953,028**	**19,457,214**	**20,010,441**	**20,580,033**
Net Cash Flows (Deficit)	**—**	**(461,579)**	**(410,916)**	**(422,506)**	**(466,166)**	**(508,608)**
Beginning Fund Balance	9,102,589	9,102,589	8,641,010	8,230,094	7,807,588	7,341,422
Ending Fund Balance	**9,102,589**	**8,641,010**	**8,230,094**	**7,807,588**	**7,341,422**	**6,832,814**

Findings:

- The existing revenue stream is strained to provide for the anticipated future costs of the existing NTFPD operations.
- Growth in expenses continues to outpace growth in revenues.

Meeks Bay Fire Protection District

The FY 21/22 budget of MBFPD projects a deficit of $350,000 or almost 25% of the district's total current fund balance and approximately 87% of the district's Unassigned Fund Balance.

Property tax revenues are projected to grow at a 4% rate annually, while the Special Fire Tax and Fire Suppression Assessment are projected to grow at 0.9% and 2% annually, respectively. Service contracts are projected to be at $25,000 annually through FY 27.

Salaries are expected to escalate at 3% annually, while benefits are anticipated to grow at an annual 5% rate. Other expenses are projected to increase by 2% annually; however, the NTFPD contract is projected to increase 3% annually. No provision for capital expenditures has been forecast.

The net cash flows on an annual basis are a consistent drain on the reserve balances of MBFPD until the reserve balance is ultimately reduced to a negative number.

The following figure provides the revenue, expense, and impact on reserve balance projections for MBFPD.

Figure 11: MBFPD Revenue, Expense, & Reserve Impact Projections, Budgeted FY 22–FY 27

Revenues/Expenses	FY 2022 Budget	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Property Tax Revenue	985,039	1,024,441	1,065,418	1,108,035	1,152,356	1,198,451
Special Fire Tax	283,400	285,951	288,524	291,121	293,741	296,385
Fire Suppression Assess	430,350	438,957	447,736	456,691	465,825	475,141
Total Taxes Collected	***1,698,789***	***1,749,349***	***1,801,678***	***1,855,847***	***1,911,922***	***1,969,977***
Service Contracts	25,000	25,000	25,000	25,000	25,000	25,000
Recurring Revenue	**1,723,789**	**1,774,348**	**1,826,678**	**1,880,847**	**1,936,922**	**1,994,976**
CERBT Payment	55,963	55,963	55,963	55,963	55,963	55,963
Grant Proceeds	1,000	1,000	1,000	1,000	1,000	1,000
Interest Income	4,400	4,400	4,400	4,400	4,400	4,400
Plan Checks & Dev. Fees	7,000	7,000	7,000	7,000	7,000	7,000
VHR Inspections	70,000	70,000	70,000	70,000	70,000	70,000
Non-Recurring Revenue	**138,363**	**138,363**	**138,363**	**138,363**	**138,363**	**138,363**
Total Revenue	**1,862,152**	**1,912,711**	**1,965,041**	**2,019,210**	**2,075,285**	**2,133,339**
Salaries & Wages	113,392	116,794	120,298	123,906	127,624	131,452
Benefits	286,284	300,598	315,628	331,410	347,980	365,379
Total Salaries & Benefits	***399,676***	***417,392***	***435,926***	***455,316***	***475,604***	***496,831***
Supplies	255,376	260,484	265,693	271,007	276,427	281,956
Services	1,457,233	1,445,330	1,488,690	1,533,351	1,579,351	1,626,732
Maintenance	62,037	63,278	64,543	65,834	67,151	68,494
Insurance	12,569	12,820	13,077	13,338	13,605	13,877
Recurring Expenses:	**2,186,891**	**2,199,304**	**2,267,929**	**2,338,846**	**2,412,138**	**2,487,890**
Capital	—	—	—	—	—	—
Non-Recurring Expenses:	**—**	**—**	**—**	**—**	**—**	**—**
Total Expenses:	**2,186,891**	**2,199,304**	**2,267,929**	**2,338,846**	**2,412,138**	**2,487,890**
Net Cash Flow (Deficit)	**(324,739)**	**(286,592)**	**(302,887)**	**(319,636)**	**(336,853)**	**(354,550)**
Beginning Fund Balance	1,406,863	1,082,124	795,532	492,644	173,008	(163,845)
Ending Fund Balance	**1,082,124**	**795,532**	**492,644**	**173,008**	**(163,845)**	**(518,396)**

Findings:

- MBFPD revenues do not provide sufficient funding to pay for the delivery of fire protection services to the residents.
- Growth in expenses outpaces growth in revenues.

Combined Revenues & Expenses

The following figure combines the revenues and expenses of both organizations and indicates the elimination of the revenues and expenses associated with the service contract between NTFPD and MBFPD. As indicated in the following figure, cash flow of the combined districts is significantly negative, forcing a drawdown of combined reserves on an annual basis.

Figure 12: Cash Flows of the Combined Districts (Status Quo), Adopted Budgets FY 21/22–Projected FY 26/27

Rev/Exp	FY 2022 Budget	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Recurring Revenues	17,572,943	17,950,245	18,478,791	19,025,555	19,591,198	20,176,402
Less MBFPD Contract	(1,557,113)	(1,603,826)	(1,651,941)	(1,701,499)	(1,752,544)	(1,805,121)
Less MBFPD Special Assessment	—	(285,951)	(288,524)	(291,121)	(293,741)	(296,385)
Less MBFPD Fire Assessment	—	(438,957)	(447,736)	(456,691)	(465,825)	(475,141)
Add NTFPD Spl Fire Tax - MB Parcels	—	551,111	562,133	573,376	584,843	596,540
Add NTFPD Fire Assessments - MB Parcels	—	160,099	163,301	166,567	169,898	173,296
Adjusted Recurring Revenues	16,015,830	16,332,721	16,816,024	17,316,187	17,833,829	18,369,591
Non-Recurring Rev.	2,359,181	2,138,363	2,138,363	2,138,363	2,138,363	2,138,363
Total Revenues	**18,375,011**	**18,471,084**	**18,954,387**	**19,454,550**	**19,972,192**	**20,451,954**
Recurring Expenses	20,036,613	20,515,141	20,991,107	21,547,464	22,154,685	22,780,162
Less MBFPD Contract	(1,557,113)	(1,603,826)	(1,651,941)	(1,701,499)	(1,752,544)	(1,805,121)
Non-Recurring Exp.	330,250	100,000	100,000	100,000	100,000	100,000
Total Expenses	**18,809,750**	**19,011,314**	**19,439,166**	**19,945,965**	**20,502,141**	**21,075,041**
Net Cash Flow (Deficit)	(434,739)	(540,230)	(484,779)	(491,415)	(529,949)	(567,087)
Beginning Reserves	10,509,452	10,074,713	9,534,483	9,049,704	8,558,289	8,028,340
Ending Reserves	**10,074,713**	**9,534,483**	**9,049,704**	**8,558,289**	**8,028,340**	**7,461,253**

Opportunities for Expense Reduction

The consolidation of the districts provides opportunities to eliminate replicated costs for most, if not all, items currently included in the Meeks Bay Fire Protection District budget and projections. Meeks Bay has been compensating NTFPD through a cost-share arrangement by paying 17% of the operating costs of NTFPD. Therefore, these expenses offset other income on the NTFPD records, the net effect of these reductions is minimal. The MBFPD administrative position salary and related costs could be eliminated with the responsibilities allocated to current NTFPD administrative employees. The one cost that cannot be eliminated is the $200,000 plus annual payment of the unfunded pension liability for retired employees. Apparatus maintenance charges would still exist, but there would be an opportunity to examine the fleet to determine if there are surplus vehicles that may be sold. Insurance program costs for property and general liability would remain but in reduced amounts due to the purchasing power of a larger organization.

The consolidated projections with anticipated cost reductions and reduction in other revenues eliminate the originally budgeted transfers to reserves. Additionally, the revised projections do not project a continuance of grant revenues at the budgeted FY 21/22 levels as these programs are not “guaranteed” revenues. Offsetting the reduced grant revenue, salaries and benefits are reduced by a similar amount. The results of the projections are displayed in the following figure, based on the revised consolidated revenue, and expense amounts produce a marginally viable consolidated operation.

Revenues will be reduced as the Meeks Bay special tax is $35 per parcel above the North Tahoe amount. The North Tahoe special tax will survive the combination and be assessed against the Meeks Bay parcels resulting in a reduction of approximately $76,300 annually ($35 multiplied by 2,180 Meeks Bay parcels). The additional $50 per parcel ambulance fee currently charged to Meeks Bay property owners, but paid directly to NTFPD, by El Dorado County would remain.

Expenses will be increased in the first and second year of the combination as the Board of Directors is expected to increase to seven members from five members. It is expected the Board will return to the original five-member configuration in year three. The operating costs currently reported in the Meeks Bay financial information will be drastically reduced in the consolidation as the 17% cost-sharing will be eliminated. Certain expense items such as vehicle maintenance will remain in place at the full amount, while other items such as liability insurance will be reduced due to the economies of scale purchasing power of the larger combined organization. The following figure projects the annual net cash flow deficit from the combined operations. While this amount does indicate a deficit, it appears to be a manageable amount that may be further reduced or eliminated by additional efficiencies or economies of scale opportunities.

Figure 13: Consolidated Projections with Anticipated Cost Savings, Budgeted FY 21/22–Projected FY 26/27

Revenue/Expense	FY 2022 Budget	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Recurring Revenues	17,572,943	17,950,245	18,478,791	19,025,555	19,591,198	20,176,402
Less MBFPD Contract	(1,557,113)	(1,603,826)	(1,651,941)	(1,701,499)	(1,752,544)	(1,805,121)
Less MBFPD Special Assessment		(285,951)	(288,524)	(291,121)	(293,741)	(296,385)
Less MBFPD Fire Assessment		(438,957)	(447,736)	(456,691)	(465,825)	(475,141)
Add NTFPD Spl Fire Tax - MB Parcels		551,111	562,133	573,376	584,843	596,540
Add NTFPD Fire Assessments - MB Parcels		160,099	163,301	166,567	169,898	173,296
Adjusted Recurring Revenues	16,015,830	16,332,721	16,816,024	17,316,187	17,833,829	18,369,591
Non-Recurring Revenues	2,359,181	2,138,363	2,138,363	2,138,363	2,138,363	2,138,363
Total Revenues	**18,375,011**	**18,471,084**	**18,954,387**	**19,454,550**	**19,972,192**	**20,451,954**
Recurring Expenses	20,036,613	20,626,780	21,120,957	21,696,060	22,322,579	22,967,922
Add Funding for Two Additional Board Members	—	52,359	53,406	—	—	—
Less MBFPD Contract	(1,557,113)	(1,603,826)	(1,651,941)	(1,701,499)	(1,752,544)	(1,805,121)
Less VHR Inspection Expense	—	(70,000)	(70,000)	(70,000)	(70,000)	(70,000)
Less MBFPD Personnel Costs	—	(116,794)	(120,298)	(123,906)	(127,624)	(131,452)
Less MBFPD Personnel-Related Costs	—	(11,134)	(11,691)	(12,275)	(12,889)	(13,534)
Less Clothing Costs	—	(20,977)	(21,397)	(21,825)	(22,261)	(22,707)
Less Communications Costs	—	(10,400)	(10,608)	(10,820)	(11,036)	(11,257)
Less Technology Costs	—	(47,964)	(48,924)	(49,902)	(50,900)	(51,918)
Less Other Fleet Costs	—	(4,684)	(4,778)	(4,873)	(4,971)	(5,070)
Less EMS Program Costs	—	(16,206)	(16,530)	(16,860)	(17,198)	(17,542)
Less Office-Related Costs	—	(55,682)	(56,795)	(57,931)	(59,090)	(60,272)
Less Other FF Supplies	—	(8,142)	(8,304)	(8,471)	(8,640)	(8,813)
Less Prev. & Training Costs	—	(43,682)	(44,555)	(45,446)	(46,355)	(47,282)
Adj. Recurring Expenses	***18,479,500***	***18,669,648***	***19,108,542***	***19,572,252***	***20,139,071***	***20,722,954***
Non-Recurring Expenses	—	—	—	—	—	—
Total Expenses	**18,479,500**	***18,669,648***	***19,108,542***	***19,572,252***	***20,139,071***	***20,722,954***
Net Cash Flow (Deficit)	5,511	(198,564)	(154,155)	(117,702)	(166,879)	(215,000)
Beginning Reserves	10,509,452	10,514,963	10,316,399	10,162,244	10,044,542	9,877,663
Ending Reserves	**10,514,963**	**10,316,399**	**10,162,244**	**10,044,542**	**9,877,633**	**9,662,663**

SECTION III:
Fiscal Recommendations

RECOMMENDATIONS

Recommendation 1: Consider an increase in the NTFPD Special Fire Tax.

Description: The Special Fire Tax was approved by voters in August 2006 and has increased by approximately 2.6% annually. However, increases in recurring expenses have outpaced the growth in the combined property tax and Special Fire Tax.

Outcomes: The district currently receives approximately $900,000 in grant funds annually. As these funds may or may not continue indefinitely, a more stable source of revenue should be sought.

Estimated Financial Cost/Savings: Staff time and legal counsel to develop the formal application and ballot for approval by the voters.

Recommendation 2: Consider an increase in the MBFPD Special Tax or Special Assessment.

Description: The district's revenue stream cannot support the cost of providing services to its residents. The Special Tax was implemented in FY 15/16 and has shown little to no growth, statistically from FY 17 to FY 21. The Special Assessment, a charge based on a single-family equivalent, has increased by approximately 2.7% annually. Property taxes have increased by 22% between FY 17 and FY 21, or approximately 5.5% annually. However, increases in recurring expenses have outpaced the growth in the combined property tax, Special Tax, and the Special Assessment, growing at an annual rate of just over 9%.

Outcomes: An increase in the Special Tax and/or the Special Assessment would provide the funds necessary to provide a reasonable level of fire response services to the community.

Estimated Financial Cost/Savings: Staff time and legal counsel to develop the formal application and ballot for approval by the voters.

Recommendation 3: Review the Ambulance Fee Revenue for opportunities to increase the fees, increase the collection rate, or otherwise improve the revenue from that source.

Description: Ambulance revenue has increased by 35% between FY 19 and FY 21, or by approximately 11.7% annually. These schedules should be reviewed annually to determine opportunities for fee/cost recovery increases.

Outcomes: The NTFPD could potentially see an increase in revenue from that source.

Estimated Financial Cost/Savings: Staff time and legal counsel to develop the formal application for submittal to the Board for approval.

Recommendation 4: Explore the development of First Responder Fees to recover the costs associated with sending a fire apparatus on an EMS response.

Description: Medical responses are a significant portion of the workload of the NTFPD.

Outcomes: The NTFPD could potentially generate a significant amount of revenue from the implementation of a First Responder Fee.

Estimated Financial Cost/Savings: Staff and possibly consultant time and legal counsel to develop the proposed fee structure and develop the formal ordinance proposal for submittal to the Board for approval.

Recommendation 5: Explore the implementation of a separate $50 ambulance fee per parcel throughout the combined district.

Description: Medical responses are a significant portion of the workload of the NTFPD.

Outcomes: The NTFPD could potentially generate a significant amount of revenue from implementing a First Responder Fee.

Estimated Financial Cost/Savings: Staff and possibly consultant time and legal counsel to develop the proposed fee structure and develop the formal ordinance proposal for submittal to the Board for approval.

SECTION IV:
Appendices

APPENDIX A: TABLE OF FIGURES

Figure 1: NTFPD Historical Revenues, FY 16/17–FY 20/21 6
Figure 2: NTFPD Historical Property Taxes, Services, & Other Revenues, FY 16/17–FY 20/21..... 7
Figure 3: NTFPD Historical Expenses, FY 16/17–FY 20/21 8
Figure 4: NTFPD Summary of Revenues, Expenses, & Reserve Balances, FY 16/17–FY 20/21... 9
Figure 5: MBFPD Property Tax Revenues, FY 16/17–FY 20/21 11
Figure 6: MBFPD Total Tax Revenues, FY 16/17–FY 20/21 12
Figure 7: MBFPD Recurring vs. Non-Recurring Revenues, FY 16/17–FY 20/21 13
Figure 8: MBFPD Recurring Non-Recurring Expenses, FY 16/17–FY 20/21..... 14
Figure 9: MBFPD Summarized Revenues and Expenses, FY 16/17–FY 20/21..... 15
Figure 10: NTFPD Status Quo Revenue & Expense Projections, Budgeted FY 21/22–FY 26/2718
Figure 11: MBFPD Revenue, Expense, & Reserve Impact Projections, Budgeted FY 22–FY 27 20
Figure 12: Cash Flows of the Combined Districts (Status Quo), Adopted Budgets FY 21/22–Projected FY 26/27..... 21
Figure 13: Consolidated Projections with Anticipated Cost Savings, Budgeted FY 21/22–Projected FY 26/27..... 24

APPENDIX B: ATTACHMENTS

Meeks Bay FPD

- Measure R
- Measure Z
- CalPERS Latest Actuarial Reports

North Tahoe FPD

- NTFPD Resolution 2021-06: 74600, 74601, 74603 Property Tax Rolls
- Special Assessments & Special Taxes

EDC CSA No. 3

- EDC BOS Resolution for $50/parcel Ambulance Services

LAFCO Law

- Reorganization Definition
- Effects of an Annexation
- Effects of Dissolution
- California Government Code Section 56886 Conditions of Approval

Court Decisions

- Sunset Beach
- Upland

Maps

- North Tahoe
- Meeks Bay
- Proposed Reorganization NTFPD + MBFPD + MBFPD SOI

Meeks Bay Fire Protection District

RESOLUTION
of the Board of Directors

No: 92-4 ***Whereas,***

The Board of Directors of the Meeks Bay Fire Protection District is the governing body for the aforementioned special district...

WHEREAS, the aforementioned Special District is responsible for fire prevention, fire suppression and emergency medical services.

WHEREAS, the Board of Directors has determined that the current direct assessment of **$54.00** for an improved parcel and **$16.00** for an unimproved parcel, passed in **1987** is no longer sufficient to:

1. Maintain and/or improve the current level of services.
2. Supplement existing paid staff with additional paid, professional firefighters/paramedics.
3. Purchase/replace equipment.
4. Allow for inflation and the decreased property tax base due to government buyouts of land within the District.
4. Upgrade services as mandated by other governmental agencies.

THEREFORE, the Board of Directors of the Meeks Bay Fire Protection District concludes that the assessment be raised to **$85.00** per parcel.

Resolution 92-4

The mechanism for approving this increase in the current assessment shall be a special election, said election shall be administered by the Elections Department of the County of El Dorado in accordance with the applicable government codes, and shall require a two-thirds (2/3) majority of the ballots cast to pass. The balloting shall be done by mail. The question shall be known as **"Measure Z"**.

THE QUESTION SHALL BE:

> Shall the direct assessment for fire protection and emergency medical services be increased to $85.00 per parcel (annually) in the Meeks Bay Fire Protection District?

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE MEEKS BAY FIRE PROTECTION DISTRICT OF THE COUNTY OF EL DORADO AT A REGULAR (SPECIAL) BOARD MEETING OF SAID BOARD, HELD ON THE 6th DAY OF May, 19 92 BY THE FOLLOWING VOTE OF SAID BOARD:

AYES: Three (3)
NOES: None (0)
ABSENT: Two (2)

CHAIRMAN, BOARD OF DIRECTORS
BY Edward I. Miller

I CERTIFY THAT THE FOREGOING IS A CORRECT COPY OF A RESOLUTION DULY ADOPTED BY SAID BOARD OF DIRECTORS ON THE DATE THEREIN SET FORTH.

SECRETARY, BOARD OF DIRECTORS
BY Nicholas J. Kromydas

CERTIFICATE OF REGISTRAR OF VOTERS
RESULT OF THE OFFICIAL CANVASS

STATE OF CALIFORNIA)
) ss.
COUNTY OF EL DORADO)

I, MICHELE MAC INTYRE, Registrar of Voters of said County, do hereby certify that, in pursuance of the provisions of Elections Code Section 17080, et seq., I did canvass the returns of the votes cast in the Mailed Ballot Election held August 4, 1992 for the Meeks Bay Fire Protection District and find the results to be as follows:

468	registered voters
216	votes cast
167	in favor
48	against
1	rejected (blank)

The results show that said Measure Z did pass with the required two-thirds majority.

Witness my hand and Official Seal

this 5th day of August, 1992

Michele Mac Intyre

MICHELE MAC INTYRE
Registar of Voters

WITH PEN OR PENCIL

OVE NUMBER
ITTED LINE

OFFICIAL BALLOT

MEASURE "I"

EL DORADO COUNTY CALIFORNIA
ALL MAIL BALLOT ELECTION

MEEKS BAY FIRE PROTECTION DISTRICT

AUGUST 4, 1992

INSTRUCTIONS TO VOTERS:

To vote on the measure, mark an X in the square after the word "Yes" or after the word "No". All distinguishing marks are forbidden and make the ballot void. If you wrongly mark, tear or deface this ballot, return it to the Elections Dept. and obtain another.

MEASURE SUBMITTED TO VOTE OF VOTERS		
"Shall the direct assessment for fire protection and emergency medical services be increased to $85.00 per parcel (annually) in the Meeks Bay Fire Protection District?"	YES	
	NO	

Meeks Bay Fire Protection District

RESOLUTION
of the Board of Directors

No: 2003-13

WHEREAS, the Board of Directors of the Meeks Bay Fire Protection District, hereinafter referred to as District, conducted a hearing concerning the Direct Charge tax for the District; and

WHEREAS, the El Dorado County Elections Department did certify that Measures Z received the necessary two-thirds majority vote to establish the benefit assessment on the fourth of August, 1992; and

WHEREAS, it is the intent of the Board of Directors of the District to authorize the continued collection of the voter-approved benefit assessment of $85.00 for the purposes of fire protection and emergency medical services; and

WHEREAS, the El Dorado County Elections Department did certify that Measures R received the necessary two-thirds majority vote to establish the special tax on the fourth of August, 1998; and

WHEREAS, it is the intent of the Board of Directors of the District to authorize the continued collection of the voter-approved special tax of $45.00 for the purposes of maintaining/improving the delivery of fire prevention, fire suppression and first responder medical services; and

WHEREAS, in accordance with State law, the district may provide for the collection of the special taxes in the same manner and subject to the same penalty as, or with, other charges and taxes fixed and collected by the local agency, or by the county via the secured tax roll on behalf of the local agency. If such special taxes are collected by the county on behalf of the local agency, the county may deduct its reasonable costs incurred for such service before remittal of the balance to the local agency; and

WHEREAS, pursuant to Government Code §26911, whenever a special district has elected to have its assessments collected by the County on the property tax roll, the district shall transmit to the County Auditor, no later than August 10 of each year, a statement of the rates fixed for assessments.

NOW THEREFORE, BE IT RESOLVED, by the Board of Directors of the District that the District will direct the Auditor-Controller of the County of El Dorado to place on the Secured Property Tax Roll for FY 2003/04, and for each and every year thereafter until rescinded by this Board, the special parcel tax for the purposes of maintaining/improving the delivery of fire prevention, fire suppression and first responder medical services per the standing agreement between the District and the County of El Dorado based on the information delivered to the Auditor-Controller by the District by the statutory deadline of August 10 of each year.

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE MEEKS BAY FIRE PROTECTION DISTRICT OF THE COUNTY OF EL DORADO AT A REGULAR BOARD MEETING OF SAID BOARD, HELD ON THE 3rd DAY OF September, 2003 BY THE FOLLOWING VOTE OF SAID BOARD:

AYES:	4
NOES:	0
ABSTENTIONS:	0
ABSENT:	1 (Thomas)

PRESIDENT, BOARD OF DIRECTORS
BY: Edward I Miller

I CERTIFY THAT THE FOREGOING IS A CORRECT COPY OF A RESOLUTION DULY ADOPTED BY SAID BOARD OF DIRECTORS ON THE DATE THEREIN SET FORTH.

CLERK OF THE BOARD OF DIRECTORS
BY: Shawn R. Crawford

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BALLOTS MAY BE MARKED WITH PEN OR PENCIL

No.

VOTER MAY REMOVE NUMBER
CUT ALONG DOTTED LINE

OFFICIAL BALLOT

MEEKS BAY
FIRE PROTECTION DISTRICT

EL DORADO COUNTY CALIFORNIA
ALL MAIL BALLOT ELECTION

AUGUST 4, 1998

MEASURE R

INSTRUCTIONS TO VOTERS:

To vote on the measure, mark an X in the square after the word "Yes" or after the word "No". All distinguishing marks are forbidden and make the ballot void. If you wrongly mark, tear or deface this ballot, return it to the Elections Dept. and obtain another.

MEASURE SUBMITTED TO VOTE OF VOTERS		
"Shall the district impose a tax of $45.00 to augment the shortfall in revenue in order to maintain/improve the delivery of fire prevention, fire suppression and first responder medical services?"	YES	
	NO	

CERTIFICATE OF REGISTRAR OF VOTERS
RESULT OF THE OFFICIAL CANVASS

STATE OF CALIFORNIA)
) ss.
COUNTY OF EL DORADO)

I, **MICHELE MAC INTYRE**, Registrar of Voters of said County, do hereby certify that, in pursuance of the provisions of Elections Code Section 15300, et seq., I did canvass the returns of the votes cast in the Mailed Ballot Election held AUGUST 4, 1998, for the **MEEKS BAY FIRE PROTECTION DISTRICT--MEASURE R** and find the results to be as follows:

599 registered voters
264 ballots counted
-0- ballot(s) not counted
206 in favor of
58 against

MEASURE R DID receive the required two-thirds majority of votes cast, therefore it did pass.

Witness my hand and Official Seal

this 5th day of August, 1998

Michele Mac Intyre

MICHELE MAC INTYRE
Registrar of Voters
El Dorado County

certelec.895

Meeks Bay Fire Protection District

RESOLUTION

of the Board of Directors

No: 98-06

The Board of Directors of the Meeks Bay Fire Protection District is the governing body for the aforementioned special district...

WHEREAS, the aforementioned Special District is responsible for fire prevention, fire suppression and first responder emergency medical services;

WHEREAS, the Board of Directors has determined that the current direct assessment of $85.00 for all parcels, passed in 1992, is no longer sufficient to:

1. Maintain and/or improve the current level of services.
2. Supplement existing paid staff with additional paid, part-time firefighters.
3. Fund the ten year asset replacement program (to replace old infrastructure and equipment).
4. Allow for inflation and the decreased property tax base due to government buyouts of land within the District.
5. Upgrade services as mandated by other governmental agencies.
6. Attend the necessary training in order to stay current with the job requirements.
7. Stay current with the increased levels of documentation, required of a California Special District, by regulating agencies of the State and Federal governments.

WHEREAS, due to Proposition 218, merely raising the assessment is neither practical nor cost effective.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Meeks Bay Fire Protection District concludes that an additional tax of $ 45.00 is needed above the existing $85.00 assessment to continue to operate this District in a fiscally responsible, efficient manner that will provide the level of service that the property owners want to see continue.

The mechanism for approving this increase in the current assessment shall be a special election, said election shall be administered by the Elections Department of the County of El Dorado in accordance with the applicable government codes, and shall require a two-thirds (⅔) majority of the ballots cast to pass. The balloting shall be done by mail. The question shall be known as "**Measure R**".

The Question Shall Be:

> *Shall the District impose a tax of $ 45.00 to augment the shortfall in revenues in order to maintain improve the delivery of fire prevention, fire suppression and first responder emergency medical services?*

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE MEEKS BAY FIRE PROTECTION DISTRICT OF THE COUNTY OF EL DORADO AT A REGULAR BOARD MEETING OF SAID BOARD, HELD ON THE 27th DAY OF May, 19 98 BY THE FOLLOWING VOTE OF SAID BOARD:

AYES:	5
NOES:	0
ABSTENTIONS:	0
ABSENT:	0

PRESIDENT, BOARD OF DIRECTORS

BY: Edward L. Miller

I CERTIFY THAT THE FOREGOING IS A CORRECT COPY OF A RESOLUTION DULY ADOPTED BY SAID BOARD OF DIRECTORS ON THE DATE THEREIN SET FORTH.

SECRETARY, BOARD OF DIRECTORS

BY: Nicholas J. Kounydas

C:\OFFICE\BOARD RSLTNS 98.06

Meeks Bay Fire Protection District

RESOLUTION
of the Board of Directors

No: 2003-13

WHEREAS, the Board of Directors of the Meeks Bay Fire Protection District, hereinafter referred to as District, conducted a hearing concerning the Direct Charge tax for the District; and

WHEREAS, the El Dorado County Elections Department did certify that Measures Z received the necessary two-thirds majority vote to establish the benefit assessment on the fourth of August, 1992; and

WHEREAS, it is the intent of the Board of Directors of the District to authorize the continued collection of the voter-approved benefit assessment of $85.00 for the purposes of fire protection and emergency medical services; and

WHEREAS, the El Dorado County Elections Department did certify that Measures R received the necessary two-thirds majority vote to establish the special tax on the fourth of August, 1998; and

WHEREAS, it is the intent of the Board of Directors of the District to authorize the continued collection of the voter-approved special tax of $45.00 for the purposes of maintaining/improving the delivery of fire prevention, fire suppression and first responder medical services; and

WHEREAS, in accordance with State law, the district may provide for the collection of the special taxes in the same manner and subject to the same penalty as, or with, other charges and taxes fixed and collected by the local agency, or by the county via the secured tax roll on behalf of the local agency. If such special taxes are collected by the county on behalf of the local agency, the county may deduct its reasonable costs incurred for such service before remittal of the balance to the local agency; and

WHEREAS, pursuant to Government Code §26911, whenever a special district has elected to have its assessments collected by the County on the property tax roll, the district shall transmit to the County Auditor, no later than August 10 of each year, a statement of the rates fixed for assessments.

NOW THEREFORE, BE IT RESOLVED, by the Board of Directors of the District that the District will direct the Auditor-Controller of the County of El Dorado to place on the Secured Property Tax Roll for FY 2003/04, and for each and every year thereafter until rescinded by this Board, the special parcel tax for the purposes of maintaining/improving the delivery of fire prevention, fire suppression and first responder medical services per the standing agreement between the District and the County of El Dorado based on the information delivered to the Auditor-Controller by the District by the statutory deadline of August 10 of each year.

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE MEEKS BAY FIRE PROTECTION DISTRICT OF THE COUNTY OF EL DORADO AT A REGULAR BOARD MEETING OF SAID BOARD, HELD ON THE 3rd DAY OF September, 2003 BY THE FOLLOWING VOTE OF SAID BOARD:

AYES:	4
NOES:	0
ABSTENTIONS:	0
ABSENT:	1 (Thomas)

PRESIDENT, BOARD OF DIRECTORS
BY: Edward I Miller

I CERTIFY THAT THE FOREGOING IS A CORRECT COPY OF A RESOLUTION DULY ADOPTED BY SAID BOARD OF DIRECTORS ON THE DATE THEREIN SET FORTH.

CLERK OF THE BOARD OF DIRECTORS
BY: Shawn R. Crawford

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MEEKS BAY FIRE PROTECTION DISTRICT

FIRE PROTECTION AND EMERGENCY RESPONSE SERVICES ASSESSMENT

ENGINEER'S REPORT

MAY 2009

PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 50078 ET SEQ. AND ARTICLE XIIID OF THE CALIFORNIA CONSTITUTION

ENGINEER OF WORK:
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MEEKS BAY FIRE PROTECTION DISTRICT

BOARD OF DIRECTORS

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Nicholas J. Kromydas, Vice President
Jane L. Warmack, Secretary/Treasurer
Bruce C. Massie, Director
Stephen W. Hyde, Director

MEEKS BAY FIRE CHIEF

John Pang

ENGINEER OF WORK

SCI Consulting Group
Lead Assessment Engineer John Bliss, M.Eng., P.E

TABLE OF CONTENTS

INTRODUCTION 1

OVERVIEW 1
FUNDING CHALLENGES 1
ENGINEER'S REPORT 2
ASSESSMENT PROCESS 2
PROPOSITION 218 3
SILICON VALLEY TAXPAYERS ASSOCIATION, INC. V SANTA CLARA COUNTY OPEN SPACE AUTHORITY 3

CERTIFICATES 5

DESCRIPTION OF SERVICES 6

COST AND BUDGET 7

METHOD OF APPORTIONMENT 9

METHOD OF APPORTIONMENT 9
DISCUSSION OF BENEFIT 9
BENEFIT FACTORS 10
BENEFIT FINDING 12
GENERAL VERSUS SPECIAL BENEFIT 13
CALCULATING GENERAL BENEFIT 14

Benefit to Property Outside the Assessment District 14
Benefit to Property Inside the District that is Indirect and Derivative 15
Benefit To The Public At Large 16
Summary of General Benefits 16

BENEFIT FINDING 17
ZONES OF BENEFIT 17
ASSESSMENT APPORTIONMENT 18
METHOD OF ASSESSMENT 18

Fire Risk Factors 19
Replacement Cost Factors 20
An Example of Benefit Calculation 21
Summary of Benefits for Each Property Type 22
Residential Properties 23
Commercial/Industrial & Office Properties 23
Vacant and Undeveloped Properties 23
Rangeland & Open Space and Duck Club Properties 24

Agricultural Properties 24
Other Properties 24
CRITERIA AND POLICIES 25
Duration of Assessment 25
Appeals of Assessments Levied to Property 25
Assessment Funds Must Be Expended Within the District Area 26
Assessment Funds Cannot Be Used to Fund Salary Increases 26
ASSESSMENT **27**
ASSESSMENT DIAGRAM **29**
APPENDICES **30**
APPENDIX A – ASSESSMENT ROLL, FISCAL YEAR 2009-10 30
END NOTES **31**

LIST OF TABLES

TABLE 1 - COST AND BUDGET 7
TABLE 2 – FIRE RISK FACTORS 20
TABLE 3 – REPLACEMENT COST FACTORS 21
TABLE 4 – BENEFIT SUMMARY PER PROPERTY TYPE 23
TABLE 5 – SUMMARY COST ESTIMATE 27

INTRODUCTION

OVERVIEW

The Meeks Bay Fire Protection District (the "District") was formed in 1961, primarily as a volunteer fire department. Over the years the District has grown to over a dozen volunteers and has augmented its staff with paid professional firefighters and support employees. The District maintains and operates two fire stations, and currently has 6 full time firefighters and support staff, several part-time firefighters and 10 volunteer firefighters.

The District provides fire suppression and prevention, emergency response and emergency services, as well as basic hazardous materials response, and other services relating to the protection of lives and property.

The District is located on the western shore of Lake Tahoe in northern El Dorado County, and its service area encompasses approximately 14 square miles. The District includes the town of Meeks Bay as well as the communities of Tahoma, Rubicon, Glenridge, Gold Coast and Tahoe Hills. The District also responds to 911 calls up to Tahoe Ski Bowl Way (Homewood) and down to Eagle Falls in Emerald Bay.

The District is governed by a five member Board of Directors. Directors are elected by the general population within the District boundaries and serve four-year terms.

FUNDING CHALLENGES

At the current revenue sources and revenue levels, the District is operating well below the desired firefighter staffing levels, and well below standards recommended by the California Fire Chiefs Association and the National Fire Protection Association ("NFPA"). The NFPA recommends at least 3 firefighters per engine whereas the Meeks Bay Fire Protection District can currently only afford to provide one paid firefighter per shift during the majority of the year.

In order to fund the cost of hiring additional staff and improving fire protection and fire prevention services, the District is proposing a new benefit assessment. This Engineer's Report has been prepared to quantify a new benefit assessment that would provide funding for improved fire prevention and fire protection services for property in the District.

ENGINEER'S REPORT

This Engineer's Report (the "Report") was prepared to:

- Describe the fire suppression, safety and emergency response services and equipment that would be funded by the assessments (the "Services")
- Establish a budget for the Services that would be funded by the proposed 2009-10 assessments
- Determine the benefits received from the Services by property within the Meeks Bay Fire Protection District Fire Protection and Emergency Response Services Assessment (the "Assessment District") and
- Determine and assign a method of assessment apportionment to lots and parcels within the Assessment District.

This Report and the proposed assessments have been made pursuant to the California Government Code Section 50078 et seq. (the "Code") and Article XIIID of the California Constitution (the "Article").

The Assessment District is narrowly drawn to include only properties that will directly receive the additional fire protection services that are provided by the assessment funds and will specially benefit from such Services. The Assessment Diagram included in this report shows the boundaries of the Assessment District.

ASSESSMENT PROCESS

Following submittal of this Report to the District for preliminary approval, the Meeks Bay Fire Protection District Board of Directors (the "Board") may, by Resolution, call for an assessment ballot proceeding and public hearing on the proposed establishment of a Fire Protection and Emergency Response Services Assessment.

If the Board approves such a Resolution, a notice of assessment and assessment ballot shall be mailed to each property owner within the proposed Assessment District boundaries who will be subject to the proposed assessment. Such notice will include a description of the Services to be funded by the proposed assessments, the total amount of the proposed assessment chargeable to the Assessment District and the amount chargeable to the owner's parcel, the reasons for the proposed assessments and the basis upon which they were calculated, and an explanation of the process for submitting a ballot. Each notice would also include a postage prepaid return envelope and a ballot on which the property owner may mark his or her approval or disapproval of the proposed assessments as well as affix his or her signature.

After the ballots are mailed to property owners in the Assessment District, a minimum 45 day time period must be provided for the return of the assessment ballots. Following this balloting time period, a public hearing must be held for the purpose of allowing public testimony regarding the proposed assessments. At the public hearing, the public will have the opportunity to speak on the issue. The Public Hearing is scheduled for August 10, 2009.

If it is determined that the assessment ballots submitted in opposition to the proposed assessments do not exceed the assessment ballots submitted in favor of the assessments (weighted by the proportional financial obligation of the property for which ballots are submitted), the Board may take action to approve the imposition of assessments for fiscal year 2009-10 and each fiscal year thereafter. If the assessments are so confirmed and approved, the Board will order the levy of the assessment to be submitted to the El Dorado County Auditor/Controller for inclusion on the property tax roll for Fiscal Year 2009-10. The levy and collection of the assessments would continue year-to-year until terminated by the District Board of Directors.

PROPOSITION 218

This assessment is being proposed consistent with Proposition 218, The Right to Vote on Taxes Act, which was approved by the voters of California on November 6, 1996, and is now Article XIIIC and XIIID of the California Constitution. Proposition 218 provides for benefit assessments to be levied to fund the cost of providing services, improvements, as well as maintenance and operation expenses to a public improvement which specially benefits the assessed property.

Proposition 218 describes a number of important requirements, including property-owner balloting, for the formation and continuation of assessments, and these requirements are satisfied by the process used to establish this assessment.

SILICON VALLEY TAXPAYERS ASSOCIATION, INC. V SANTA CLARA COUNTY OPEN SPACE AUTHORITY

In July of 2008, the California Supreme Court issued its ruling on the Silicon Valley Taxpayers Association, Inc. v. Santa Clara County Open Space Authority ("SVTA vs. SCCOSA"). This ruling is the most significant legal document in further legally clarifying Proposition 218. Several of the most important elements of the ruling included further emphasis that:

- Benefit assessments are for special, not general benefit

- The services and/or improvements funded by assessments must be clearly defined
- Special benefits are directly received by and provide a direct advantage to property in the Assessment District

This Engineer's Report is consistent with the SVTA vs. SCCOSA decision and with the requirements of Article XIIIC and XIIID of the California Constitution because the Services to be funded are clearly defined; the Services are available to all benefiting property in the Assessment District, the benefiting property in the Assessment District will directly and tangibly benefit from improved protection from fire damage, increased safety of property and other special benefits and such special benefits provide a direct advantage to property in the Assessment District that is not enjoyed by the public at large or other property.

CERTIFICATES

1. The undersigned respectfully submits the enclosed Engineer's Report to the Meeks Bay Fire Protection District Board of Directors.

_____
Engineer of Work, License No. C052019

2. I, the Secretary of the Meeks Bay Fire Protection District, El Dorado County, California, hereby certify that the enclosed Engineer's Report, together with the Assessment and Assessment Diagram thereto attached, was filed and recorded with me on _____.

_____
Secretary of the Board

3. I, the Secretary of the Meeks Bay Fire Protection District, El Dorado County, California, hereby certify that the Assessment in this Engineer's Report was approved and confirmed by the Board on _____, by Resolution No. _____.

_____
Secretary of the Board

4. I, the Secretary of the Meeks Bay Fire Protection District, El Dorado County, California, hereby certify that a copy of the Assessment and Assessment Diagram was filed in the office of the County Auditor of El Dorado County, California, on _____.

_____
Secretary of the Board

5. I, the County Auditor of El Dorado County, California, hereby certify that a copy of the Assessment Roll and Assessment Diagram for fiscal year 2009-10 was filed with me on _____.

_____
County Auditor, El Dorado County

DESCRIPTION OF SERVICES

The Meeks Bay Fire Protection District provides a range of fire suppression protection, prevention, and other fire and emergency related services to properties within its boundaries. The Services proposed to be undertaken by the District and the cost thereof paid from the levy of the annual assessment provide special benefit to Assessor Parcels within the Assessment District as defined in the Method of Assessment herein.

Following is a description of the Services that are provided for the special benefit of property in the Assessment District. Due to inadequate and limited funding the level of fire protection and fire prevention services in the Assessment District is below the desired level of service. This current level of service is the baseline level of service. If the Assessment is approved, it will fund improved and enhanced services over and above the baseline level of service.

The formula below describes the relationship between the final level of services, the baseline level of service if the assessment is not instituted, and the enhanced level of services to be funded by the assessment.

Final Level of Service = Baseline level of Service (Current)
+
Enhanced Level of Service (If assessment is approved)

In addition to the definitions provided by the Code, the Services to be funded by the Assessment District are generally described as follows: obtaining, furnishing, operating, and maintaining fire suppression, protection and emergency services equipment and apparatus; payment of salaries, benefits and other compensation to fire fighting and fire prevention personnel; training and administration of volunteer personnel performing fire suppression, protection and emergency services; hazardous material response; disaster preparedness; community fire prevention education and fire inspection.

The Assessment District would also contribute to cover the general costs of administering the District, its facilities and operations, as well as the salaries and benefits of firefighting personnel who provide fire suppression, protection and emergency services to parcels, improvements or property in the Assessment District.

COST AND BUDGET

The following budget lists the proposed expenditures funded by the Assessment District in Fiscal Year 2009-10, if the proposed assessments are approved by property owners in the ballot proceeding.

TABLE 1 - COST AND BUDGET

MEEKS BAY FIRE PROTECTION DISTRICT Improved Fire Protection and Emergency Response Assessment Estimate of Costs Fiscal Year 2009-10	*Total Budget*
Beginning Fund Balance	$0
Services Costs	
Staffing, Salaries and Benefits	$1,113,373
Equipment Purchase and Maintenance	$23,724
Supplies and Small Items	$200,839
Totals for Servicing	$1,337,936
Less: District Contribution for General Benefits	($1,009,686)
Net Cost of Servicing to Assessment District	$328,250
Incidental Costs:	
District Management, Project Management and County Collection	$33,693
Allowance for Contingencies and Uncollectables	$7,387
Subtotals - Incidentals	$41,080
Total Fire Suppression and Protection Services Budget (Net Amount to be Assessed)	$369,330
Assessment District Budget Allocation to Parcels	
Total Assessment Budget	$369,330
Single Family Equivalent Benefit Units in District	1,894
Assessment per Single Family Equivalent Unit (SFE)	$195.00

Notes to Cost and Budget:

1. As determined in the following section, at least 5% of the cost of the Services must be funded from sources other than the assessments to cover any general benefits from the Services. Therefore, out of the total cost of Services of $1,337,936, the District must contribute at least $66,896 from sources other than the assessments. The actual amount of contribution to offset any general benefits far exceeds the measure of general benefits from the Services.
2. Incidental expenses includes cost of balloting for the first year, annual administration of the assessment and County fees for collection.

METHOD OF APPORTIONMENT

METHOD OF APPORTIONMENT

This section includes an explanation of the special benefits to be derived from the Services, the criteria for the expenditure of assessment funds and the methodology used to apportion the total assessments to properties within the Assessment District.

The Assessment District area consists of all Assessor Parcels within the Meeks Bay Fire Protection District. The method used for apportioning the assessment is based upon the proportional special benefits from the Services to be derived by the properties in the assessment area over and above general benefits conferred on real property or to the public at large. Special benefit is calculated for each parcel in the Assessment District using the following process:

1.) Identification of all benefit factors derived from the Improvements
2.) Calculation of the proportion of these benefits that are general
3.) Determination of the relative special benefit within different areas within the Assessment District
4.) Determination of the relative special benefit per property type
5.) Calculation of the specific assessment for each individual parcel based upon special vs. general benefit; location, property type, property characteristics, improvements on property and other supporting attributes

DISCUSSION OF BENEFIT

California Government Code Section 50078 et. seq. allows agencies which provide fire suppression services, such as the Meeks Bay Fire Protection District, to levy assessments for fire suppression services. Section 50078 states the following:

> *"Any local agency which provides fire suppression services directly or by contract with the state or a local agency may, by ordinance or by resolution adopted after notice and hearing, determine and levy an assessment for fire suppression services pursuant to this article."*

In addition, California Government Code Section 50078.1 defines the term "fire suppression" as follows:

> *"(c) "Fire suppression" includes firefighting and fire prevention, including, but not limited to, vegetation removal or management undertaken, in whole or in part, for the reduction of a fire hazard."*

Therefore, the Services to be provided by the Assessment District fall within the scope of services that may be funded by assessments under the Code.

The assessments can only be levied based on the special benefit to property. Special benefit means a particular and distinct benefit received by property over and above any general benefits conferred on real property located in the Assessment District or the public at large. With reference to the requirements for assessments, Section 50078.5 of the California Government Code states:

> *"(b) The benefit assessment shall be levied on a parcel, class of improvement to property, or use of property basis, or a combination thereof, within the boundaries of the local agency, zone, or area of benefit."*
>
> *"The assessment may be levied against any parcel, improvement, or use of property to which such services may be made available whether or not the service is actually used."*

Proposition 218, as codified in Article XIIID of the California Constitution, has confirmed that assessments must be based on the special benefit to property:

> *"No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."*

Since assessments are levied on the basis of special benefit, they are not a tax and are not governed by Article XIIIA of the California Constitution.

The following section describes how and why the Services specially benefit properties. This special benefit is particular and distinct from its effect on other property and that other real property and the public at large do not share.

BENEFIT FACTORS

In order to allocate the assessments, the Engineer identified the types of special benefit arising from the Services that will be provided to property in the Assessment District. These benefit factors must confer a direct advantage to the assessed properties; otherwise they would be general benefit.

The following benefit categories have been established that represent the types of special benefit conferred to residential, commercial, industrial, institutional and other lots and

parcels resulting from the improved fire protection and emergency response services that will be provided in the Assessment District. These types of special benefit are summarized as follows:

- ***Increased safety and protection of real property assets for all property owners within the Assessment District.***

  The Assessments will fund improved fire protection and emergency response services, and thereby will reduce the risk of property damage associated with fires for property in the Assessment District. Among other Services, the Assessments will be used to hire and retain additional professional firefighters who will be ready and available to respond to fires within the Assessment District.

  The Services funded by the Assessments will be directly provided for and received by property in the Assessment District. These Services will result in an improved and more effective response to fires and other emergencies, thereby enhancing the protection of property and reducing the risk of property damage associated with fires. Such improved fire protection services are a tangible and direct advantage that will be received by both improved properties and vacant properties in the Assessment District.

  > *"Fire is the largest single cause of property loss in the United States. In the last decade, fires have caused direct losses of more than $120 billion and countless billions more in related cost."*[1]
  >
  > *"Over 140,000 wildfires occurred on average each year, burning a total of almost 14.5 million acres. And since 1990, over 900 homes have been destroyed each year by wildfires."*[2]
  >
  > *"A reasonably disaster-resistant America will not be achieved until there is greater acknowledgment of the importance of the fire service and a willingness at all levels of government to adequately fund the needs and responsibilities of the fire service."*[3]
  >
  > *"The strategies and techniques to address fire risks in structures are known. When implemented, these means have proven effective in the reduction of losses."*[4]
  >
  > *"Statistical data on insurance losses bears out the relationship between excellent fire protection…and low fire losses."*[5]

- ***Protection of views, scenery and other resource values for property in the Assessment District.***

  The Assessment District will provide funding for improved fire protection and emergency response services to protect public and private resources in the Assessment District. This benefits even those properties that are not directly damaged by fire by maintaining and improving the aesthetics and attractiveness of public and private resources in the Assessment District, as well as ensuring that such resources remain safe and well maintained.

  > *"Smoke affects people…for example, in producing haze that degrades the visual quality of a sunny day…The other visual quality effect is that of the fire on the landscape. To many people, burned landscapes are not attractive and detract from the aesthetic values of an area."*[6]
  >
  > *"A visually preferred landscape can be the natural outcome of fuels treatments."*[7]

- ***Enhanced access to properties in the Assessment District, and utility and desirability of such properties.***

  As noted, the Assessments will fund improved fire protection and emergency response services in the Assessment District. In addition to preventing damage to property from fires, the Assessments will also protect access to property, because fires can impede or prevent access to property. In addition, the Services will enhance the utility and desirability of the properties in the Assessment District because safer properties are more desirable. These are additional direct benefits to property in the Assessment District that are not received by other properties or the public at large because the Services will only be provided for properties in the Assessment District.

  > *"A community committed to saving lives and property needs trained firefighters, proper equipment, and adequate supplies of water. Insurance companies consider it good public policy –and good business– to promote and encourage the efforts of individual communities to improve their fire-protection services."* [8]

BENEFIT FINDING

In summary, real property located within the boundaries of the Assessment District distinctly and directly benefits from increased safety and protection of real property,

increased protection of scenery and views, and enhanced access and utility of properties in the Assessment District. These are special benefits to property in much the same way that sewer and water facilities, sidewalks and paved streets enhance the utility and desirability of property and make them more functional to use, safer and easier to access.

GENERAL VERSUS SPECIAL BENEFIT

Article XIIIC of the California Constitution requires any local agency proposing to increase or impose a benefit assessment to "separate the general benefits from the special benefits conferred on a parcel." The rationale for separating special and general benefits is to ensure that property owners subject to the benefit assessment are not paying for general benefits. The assessment can fund special benefits but cannot fund general benefits. Accordingly, a separate estimate of the special and general benefit is given in this section.

In other words:

Total Benefit = Total General Benefit + Total Special Benefit

There is no widely-accepted or statutory formula for general benefit. General benefits are benefits from improvements or services that are not special in nature, are not "particular and distinct" and are not "over and above" benefits received by other properties. SVTA vs. SCCOSA provides some clarification by indicating that general benefits provide "an indirect, derivative advantage" and are not necessarily proximate to the improvements.

In this report, the general benefit is conservatively estimated and described, and then budgeted so that it is funded by sources other than the assessment.

The starting point for evaluating general and special benefits is the baseline level of services provided by the District. The assessment will fund Services "over and above" this general, baseline level of services. The general benefits estimated in this section are over and above the baseline.

A formula to estimate the general benefit is listed below:

General Benefit =
- Benefit to Real Property Outside the Assessment District +
- Benefit to Real Property Inside the Assessment District that is Indirect and Derivative +
- Benefit to the Public at Large

Special benefit, on the other hand, is defined in the state constitution as "a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large." The SVTA v. SCCOSA decision indicates that a special benefit is conferred to a property if it "receives a direct advantage from the improvement (e.g., proximity to a park)." In this assessment, as noted, the improved Services are available when needed to all properties in the Assessment District, so the overwhelming proportion of the benefits conferred to property is special, and are only minimally received by property outside the Assessment District or the public at large.

Proposition 218 twice uses the phrase "over and above" general benefits in describing special benefit. (Art. XIIID, sections 2(i) & 4(f).) Arguably, all of the Services being funded by the assessment would be a special benefit because the Services would particularly and distinctly benefit the properties in the Assessment District over and above the baseline benefits.

Nevertheless, arguably some of the Services would benefit the public at large and properties outside the Assessment District. In this report, the general benefit is conservatively estimated and described, and then budgeted so that it is funded by sources other than the assessment.

CALCULATING GENERAL BENEFIT

This section provides a measure of the general benefits from the assessments

BENEFIT TO PROPERTY OUTSIDE THE ASSESSMENT DISTRICT

Properties within the Assessment District receive almost all of the special benefits from the Services because the Services will be provided solely in the Assessment District boundaries. (It should be noted that this Services may, at times, be used outside the District boundaries. However, this use is part of a mutual aid agreement and would be offset by the provision of Services by other agencies within the Assessment District boundaries.)

Properties proximate to, but outside of, the boundaries of the Assessment District receive some benefit from the proposed Services due to some degree of indirectly reduced fire risk to their property. These parcels that are proximate to the boundaries of the Assessment District are estimated to receive less than 50% of the benefits relative to parcels within the Assessment District because they do not directly receive the improved fire protection resulting from the Services funded by the Assessments.

At the time the Assessment was proposed, the Assessment Engineer, using the Geographic Information System parcel map from El Dorado and Placer Counties, counted the number of parcels proximate to the Assessment District boundary but outside the Assessment District, and thereby determined that there were approximately 127 of these "proximate" properties.

CRITERIA:

127 PARCELS OUTSIDE THE DISTRICT BUT PROXIMATE TO THE DISTRICT BOUNDARIES

2,820 PARCELS IN THE ASSESSMENT DISTRICT

50% RELATIVE BENEFIT COMPARED TO PROPERTY WITHIN THE ASSESSMENT DISTRICT

CALCULATION

GENERAL BENEFIT TO PROPERTY OUTSIDE THE ASSESSMENT DISTRICT = 127/2,820*.5 =2.25%

Although it can reasonably be argued that properties protected inside, but near the Assessment District boundaries are offset by similar fire protection provided outside, but near the Assessment District's boundaries, we use the more conservative approach of finding that 2.25% of the Services may be of general benefit to property outside the Assessment District.

BENEFIT TO PROPERTY *INSIDE* THE DISTRICT THAT IS *INDIRECT AND DERIVATIVE*

The "indirect and derivative" benefit to property within the Assessment District is particularly difficult to calculate. A solid argument can be presented that all benefit within the Assessment District is special, because the Services are clearly "over and above" and "particular and distinct" when compared with the baseline level of fire suppression and fire protection services in the Assessment District.

In determining the proposed Assessment District area, the District has been careful to limit it to an area of parcels that will directly receive the benefit of the improved Services. All parcels will directly benefit from the use of the improved Services throughout the Assessment District in order to maintain the same improved level of fire suppression and protection throughout the area. Fire protection and suppression will be provided as needed throughout the area. The shared special benefit - reduced severity and number of fires - would be received on an equivalent basis by all parcels in the Assessment District. Furthermore, all parcels in the Assessment District would directly benefit from the ability to request service from the District and to have a District firefighter promptly respond directly to the parcel and address the owner's or resident's service need.

The SVTA vs. SCCOSA decision indicates that the fact that a benefit is conferred throughout the Assessment District area does not make the benefit general rather than special, so long as the Assessment District is narrowly drawn and limited to the parcels directly receiving shared special benefits from the service. This concept is particularly applicable in situations involving a landowner-approved assessment-funded extension or improvement of a local government service to benefit lands. The District therefore concludes that, other than the small general benefit to properties outside the Assessment District (discussed above) and to the public at large (discussed below), all of the benefits of the Services to the parcels within the Assessment District are special benefits and it is not possible or appropriate to separate any general benefits from the benefits conferred on parcels in the Assessment District.

BENEFIT TO THE PUBLIC AT LARGE

With the type and scope of Services to be provided to the Assessment District, it is very difficult to calculate and quantify the scope of the general benefit conferred on the public at large. Because the Services directly serve and benefit all of the property in the Assessment District, any general benefit conferred on the public at large would be small. Nevertheless, there would be some indirect general benefit to the public at large.

The public at large uses the public highways, and when traveling in and through the Assessment District and they may benefit from the services without contributing to the assessment. Although the protection of this critical infrastructure is certainly a benefit to all the property within the district, it is arguably "indirect and derivative" and possibly benefits people rather than property. A fair and appropriate measure of the general benefit to the public at large therefore is the amount of highway and street area within the Assessment District relative to the overall land area. An analysis of maps of the Assessment District shows that approximately 1.1% of the land area in the Assessment District is covered by highways and streets. This 1.1% therefore is a fair and appropriate measure of the general benefit to the public at large within the Assessment District.

SUMMARY OF GENERAL BENEFITS

Using a sum of the measures of general benefit for the public at large and land outside the Assessment Area, we find that approximately 3.35% of the benefits conferred by the proposed Fire Protection and Emergency Response Assessment may be general in nature and should be funded by sources other than the assessment.

GENERAL BENEFIT =

2.25 % (OUTSIDE THE DISTRICT)
+ 0.0 % (INSIDE THE DISTRICT - INDIRECT AND DERIVATIVE)
+ 1.1 % (PUBLIC AT LARGE)

=3.35 % (TOTAL GENERAL BENEFIT)

Although this analysis supports the findings that 3.35% of the assessment may provide general benefits, this measure is increased by the Assessment Engineer to 5% to conservatively ensure that no assessment revenue is used to support general benefit. This additional amount allocated to general benefit also covers general benefit to parcels in the Assessment Area if it is later determined that there is some general benefit conferred on those parcels.

The Assessment District's total budget for 2009-10 is $1,337,936. Of this total budget amount, the District will contribute at least $1,009,686 which is more than 75.5% of the total budget from sources other than this assessment. This contribution constitutes significantly more than the 5% general benefits estimated by the Assessment Engineer.

BENEFIT FINDING

As noted, the assessment funds will be used to improve fire protection and emergency response services throughout the Assessment District. This Engineer's Report finds that the Services are a significant, tangible benefit that should reasonably and rationally confer more special benefit to properties in the Assessment District than the assessment rate of $195.00 per benefit unit.

ZONES OF BENEFIT

In SVTA v. SCCOSA, the court noted that a local agency-wide assessment district is appropriate under the right conditions: "Thus, if an assessment district is narrowly drawn, the fact that a benefit is conferred throughout the district does not make it general rather than special. In that circumstance, the characterization of a benefit may depend on whether the parcel receives a direct advantage from the improvement (e.g., proximity to a park) or receives an indirect, derivative advantage resulting from the overall public benefits of the improvement (e.g., general enhancement of the district's property values)." The court therefore acknowledged the appropriateness of a District-wide assessment so long as each parcel receives a direct advantage from the assessment-funded improvement or service.

As demonstrated in this engineer's report, the assessments will fund improved fire suppression and protection services relatively uniformly throughout the Assessment District, and the Assessment District boundaries have been narrowly drawn to only include the parcels that directly receive the Services. It therefore is appropriate to provide a District-wide Assessment District without zones of benefit because all parcels of similar type and features benefit similarly and will receive a direct advantage from the Services.

ASSESSMENT APPORTIONMENT

In the process of determining the appropriate method of assessment, the Assessment Engineer considered various alternatives. For example, an assessment only for all residential improved property was considered but was determined to be inappropriate because vacant, commercial, industrial and other properties also receive special benefits from the assessments.

Moreover, a fixed or flat assessment for all properties of similar type was deemed to be inappropriate because larger commercial/industrial properties and residential properties with multiple dwelling units receive a higher degree of benefit than other similarly used properties that are significantly smaller. For two properties used for commercial purposes, there clearly is a higher benefit provided to the larger property in comparison to a smaller commercial property because the larger property generally supports a larger building and has higher numbers of employees, customers and guests that would benefit from improved fire protection and emergency response services. This benefit ultimately flows to the property. Larger parcels, therefore, receive an increased benefit from the assessments.

The Assessment Engineer determined that the appropriate method of assessment should be based on the type of property, the relative risk of fire by type of property, the relative size of the property, and the relative damage value (replacement cost) of fires by property type. This method is further described below.

METHOD OF ASSESSMENT

The next step in apportioning assessments is to determine the relative special benefit for each property. This process involves determining the relative benefit received by each property in relation to a "benchmark" property, a single family detached dwelling on one parcel (one "Single Family Equivalent Benefit Unit" or "SFE"). This SFE methodology is commonly used to distribute assessments in proportion to estimated special benefits and is generally recognized as providing the basis for a fair and appropriate distribution of

assessments. In this Engineer's Report, all properties are assigned an SFE value, which is each property's relative benefit in relation to a single family home on one parcel.

The relative benefit to properties from fire related services is:

EQUATION 1 – RELATIVE BENEFIT TO PROPERTIES

Benefit	**≈**	**Σ (Fire Risk Factors)**	*****	**Σ (Replacement Cost Factors)**

That is, the benefit conferred to property is the "sum" of the risk factors multiplied by the "sum" of the replacement cost factors.

FIRE RISK FACTORS

Typical fire assessments are evaluated based upon the fire risk of a certain property type. These evaluations consider factors such as use of structure (e.g. used for cooking), type of structure (centralized heating), etc.

In 2003, the National Fire Protection Association ("NFPA"), one of the pre-eminent authorities on fire protection in the United States, published the 2003 US Fire Problem Overview Report. This report comprehensively tabulates the number of fires for each property type within the United States in the year 1999, and serves as a reasonable and rational basis to determine fire risk.

The number of fires for each property is then divided by the total number of that property type to determine un-normalized fire risk factor. Finally, the risk factors are normalized based upon a factor of 1.00 for a single family property. Table 2 below tabulates the Fire Risk Factors for each property type.

TABLE 2 – FIRE RISK FACTORS

Property Type	Normalized Fire Risk Factors
Single Family	1.0000
Multi-Family	1.8081
Commercial/Industrial	3.4403
Office	2.4102
Institutional	6.9004
Storage	20.4131
Agriculture - Orchards & Vineyards	0.4130
Agriculture - Rice & Flood Irrigation	0.4130
Agriculture - Pasture & Row Crops	0.3754
Agriculture - Dairy, Livestock, Animals	0.3379
Range Land & Open Space	0.0650
~~Vacant~~	~~0.2416~~

Analysis based upon:

2003 US Fire Problem Overview Report, NFPA

REPLACEMENT COST FACTORS

The relative value of different property types was evaluated within the District area to determine the Replacement Cost Factor according to the following formula:

EQUATION 2 – REPLACEMENT COST FACTORS

$$\Sigma\,(\text{Structure Replacement Cost Factors}) \approx (\text{Structure Weighting Factor} * \text{Average Structure Replacement Cost}) + (\text{Land Weighting Factor} * \text{Average Total Cost}) * (\text{Unity Density Factor})$$

Where:

- "Structure Weighting Factor" = 10 to "weight" relative importance of structure over land.
- "Average Structure Replacement Cost" is the estimated average replacement and repair cost of all improvements (e.g. structures), per property type.
- Land Weighting Factor = 1
- (land weighting factor*average total cost) is the estimated weighted cost of fire damage to land and other improvements tied to land + improvements (e.g. structures), per property type.
- Unit Density Factor corresponds to values with units (i.e. "per residential unit" or "per acre") based upon effective density of structures on parcels. It is used to correlate relative sizes of lots for different property uses.

Table 3 below is a tabulation of the normalized replacement factors for each property type as defined by Equation 2, above.

TABLE 3 – REPLACEMENT COST FACTORS

Property Type	Normalized Replacement Cost Factor	Unit
Single Family	1.0000	each
Multi-Family	0.3545	res unit
Commercial/Industrial	0.9315	acre
Office	1.1643	acre
Institutional	0.2984	each
Vacant	0.5171	each
Storage	0.0614	acre
Agriculture - Orchards & Vineyards	0.0069	acre
Agriculture - Rice & Flood Irrigation	0.0063	acre
Agriculture - Pasture & Row Crops	0.0063	acre
Agriculture - Dairy, Livestock, Animals	0.0076	acre
Range Land & Open Space	0.0084	acre

AN EXAMPLE OF BENEFIT CALCULATION

Below is an example of the benefit calculation per Formula 1 for Commercial/Industrial parcels to illustrate the methodology. (A summary of the results of all calculations is given in Table 4):

Commercial/Industrial Example

The benefit is the fire risk times the replacement cost.

Benefit = (Fire Risk) * (Replacement cost)

The fire risk of commercial/industrial parcels is determined by taking the percentage of all fires in commercial/industrial parcels, and dividing it by the percentage of parcels that are commercial/industrial. The fire percentages are taken from the NFPA 2003 US Fire Problem Overview Report. The resulting figure is normalized relative to the risk of a single family home by taking the percentage of fires in single family homes over the percentage of parcels that are single family homes, and dividing that figure into the commercial/industrial fire risk figure.

Fire Risk = ((% of all fires) / (% of parcels)) / (normalization factor versus Single Family Homes)

% of all fires = 9.147% for commercial/industrial, and 67.617% for single family homes

% of parcels = 3.366% for commercial/industrial, and 53.408% for single family homes

Fire Risk = ((9.147% of all fires) / (3.366% of all parcels)) / ((67.617% of all fires) / (53.408% of all parcels))

Fire Risk = 3.4403

The replacement cost is determined by analyzing the County Assessor's data and other property and construction cost data and adding the weighted average replacement cost to the weighted average total cost and normalizing the result in relation to a single family home. The weighted average replacement cost per acre is determined by taking the total improved value for all commercial/industrial parcels in the benefit area, and dividing that number by the total acres for all commercial/industrial parcels in that area to determine the average improved replacement cost per acre, and weighting the result by multiplying it by 10. Similarly, the weighted average land replacement/repair cost per acre is determined by taking the total estimated land cost for all commercial/industrial parcels in the benefit area, and dividing that number by the total acres for all commercial/industrial parcels in that area, and weighting the result by multiplying it by 1. The weighted average replacement cost is added to the weighted average land cost, and the resulting figure is normalized relative to the replacement cost factor for a single family home by dividing it by the weighted average replacement/land cost per acre for single family homes.

Replacement cost = ((Avg. Replacement cost *10)+(Avg. Land Cost * 1)) /(normalization factor versus Single Family Homes) *(Avg. Unit Density (to convert to acreage))

Average Replacement cost for commercial/industrial = $1,015,467/acre

Average Land Cost for commercial/industrial = $423,572/acre

Weighted Average Replacement/Land Cost for Single Family Homes = $2,270,581

Average Unit Density = 0.37 acres

Replacement cost = ((($1,015,467 *10) + ($423,572 * 1)) / ($2,270,581)) *(0.37)

Replacement cost = 1.7238/acre

Since the Benefit is the Fire Risk times the Replacement cost, the Commercial/Industrial single family equivalent benefit factor is 5.930:

Benefit = (3.4403) * (1.7238) = 5.930/acre

SUMMARY OF BENEFITS FOR EACH PROPERTY TYPE

Per Equation 1, the relative special benefit for each property type (the "SFE" or "Single Family Equivalent" Benefit Units) is determined as the product of the normalized Fire Risk Factors and the normalized Replacement cost Factors. Table 4 below, summarizes the benefit for each property type.

TABLE 4 – BENEFIT SUMMARY PER PROPERTY TYPE

Property Type	Fire Risk Factors	Replacement Cost Factors	SFE Factors	Unit
Single Family	1.0000	1.0000	1.0000	each
Multi-Family	1.8081	0.3545	0.6410	res unit
Commercial/Industrial	3.4403	0.9315	3.2045	acre
Office	2.4102	1.1643	2.8063	acre
Institutional	6.9004	0.2984	2.0589	each
Storage	20.4131	0.0614	1.2524	acre
Vacant			0.2500	each
Agriculture - Orchards & Vineyards	0.4130	0.0069	0.0029	acre
Agriculture - Rice & Flood Irrigation	0.4130	0.0063	0.0026	acre
Agriculture - Pasture & Row Crops	0.3754	0.0063	0.0024	acre
Agriculture - Dairy, Livestock, Animals	0.3379	0.0076	0.0026	acre
Range Land & Open Space	0.0650	0.0084	0.0005	acre

*SFE factor has been converted from "Per Acre" to "Per Each Parcel" by multiplying by effective average area.

RESIDENTIAL PROPERTIES

All improved residential properties with a single residential dwelling unit are assigned one Single Family Equivalent or 1.0 SFE. Residential properties on parcels that are larger than one acre receive additional benefit and are assigned additional SFEs on an "Agricultural/Rangeland" basis. Detached or attached houses, zero-lot line houses and town homes are included in this category.

Properties with more than one residential unit are designated as multi-family residential properties. These properties benefit from the Services in proportion to the number of dwelling units that occupy each property. The relative benefit for multi-family properties was determined per Equation 1 to be 0.1327 SFEs per residential unit. This rate applies to condominiums as well.

COMMERCIAL/INDUSTRIAL & OFFICE PROPERTIES

Commercial and industrial properties are assigned benefit units per acre, since there is a relationship between parcel size, structure size and relative benefits. The relative benefit for commercial and industrial properties was determined per Equation 1 to be 5.9302 SFEs per acre. The relative benefit for office properties was determined per Equation 1 to be 4.8458 SFEs per acre.

VACANT AND UNDEVELOPED PROPERTIES

The relative benefit for vacant properties was determined per Equation 1 to be 0.2500 SFEs per parcel.

RANGELAND & OPEN SPACE AND DUCK CLUB PROPERTIES

The relative benefit for range land & open space properties was determined per Equation 1 to be 0.0005 SFEs per acre.

AGRICULTURAL PROPERTIES

The relative benefit for agricultural properties requires additional analysis, as required by Government Code 50078 and the unique agricultural properties within the boundaries. This analysis considered how agricultural operations may mitigate risk, onsite or proximate water availability, response time, capability of the fire suppression service, and any other factors which reflect the benefit to the land resulting from the fire suppression service provided. Agricultural properties have been categorized as Agriculture - Orchards & Vineyards, Agriculture - Rice & Flood Irrigation, Agriculture - Pasture & Row Crops, Agriculture - Dairy, Livestock, Animals according to use and other attributes, and have been analyzed for fire risk and replacement cost per Equation 1. The relative benefit for agricultural properties was determined per Equation 1 to be 0.0029 SFEs per parcel for Agriculture - Orchards & Vineyards, 0.0026 SFEs per parcel for Agriculture - Rice & Flood Irrigation, 0.0024 SFEs per parcel for Agriculture - Pasture & Row Crops, and 0.0026 SFEs per parcel for Agriculture - Dairy, Livestock, Animals.

OTHER PROPERTIES

Institutional properties such as publicly owned properties (and are used as such), for example, churches, are assessed at 2.5900 SFEs per parcel. The relative benefit for storage properties was determined per Equation 1 to be 2.7115 SFEs per acre.

Article XIIID, Section 4 of the California Constitution states that publicly owned properties shall not be exempt from assessment unless there is clear and convincing evidence that those properties receive no special benefit.

All public properties that are specially benefited are assessed. Publicly owned property that is used for purposes similar to private residential, commercial, industrial or institutional uses is benefited and assessed at the same rate as such privately owned property.

Miscellaneous, small and other parcels such as roads, right-of-way parcels typically do not have significant risk of fire damage. Moreover, for common area parcels, the fire benefits are assigned to the other improved parcels in the project that share common ownership of the common area. These miscellaneous parcels receive minimal benefit from the Services and are assessed an SFE benefit factor of 0.

CRITERIA AND POLICIES

This sub-section describes the criteria that shall govern the expenditure of assessment funds and ensures equal levels of benefit for properties of similar type. The criteria established in this Report, as finally confirmed, cannot be substantially modified; however, the Board may adopt additional criteria to further clarify certain criteria or policies established in this Report or to establish additional criteria or policies that do not conflict with this Report.

DURATION OF ASSESSMENT

It is proposed that the Assessment be levied for fiscal year 2009-10 and every year thereafter, so long as the risk of fire on property in the Assessment District remains in existence and the Meeks Bay Fire Protection District requires funding from the Assessment for improved fire protection and suppression services. As noted previously, if the Assessment and the duration of the Assessment are approved by property owners in an assessment ballot proceeding, the Assessment can be imposed and levied annually after the Meeks Bay Fire Protection District Board of Directors approves an annually updated Engineer's Report, budget for the Assessment, Services to be provided, and other specifics of the Assessment. In addition, the District Board of Directors must hold an annual public hearing to continue the Assessment.

APPEALS OF ASSESSMENTS LEVIED TO PROPERTY

Any property owner who feels that the assessment levied on the subject property is in error as a result of incorrect information being used to apply the foregoing method of assessment or for any other reason may file a written appeal with the Fire Chief of the Meeks Bay Fire Protection District or his or her designee. Any such appeal is limited to correction of an assessment during the then current fiscal year. Upon the filing of any such appeal, the Chief or his or her designee will promptly review the appeal and any information provided by the property owner. If the Chief or his or her designee finds that the assessment should be modified, the appropriate changes shall be made to the assessment roll. If any such changes are approved after the assessment roll has been filed with the County for collection, the Chief or his or her designee is authorized to refund to the property owner the amount of any approved reduction. Any dispute over the decision of the Chief or his or her designee shall be referred to the Meeks Bay Fire Protection District Board of Directors and the decision of the Board shall be final.

ASSESSMENT FUNDS MUST BE EXPENDED WITHIN THE DISTRICT AREA

The net available assessment funds, after incidental, administrative, financing and other costs, shall be expended exclusively for Services within the boundaries of the Assessment District, namely, the District area.

ASSESSMENT FUNDS CANNOT BE USED TO FUND SALARY INCREASES

The net available assessment funds, after incidental, administrative, financing and other costs, shall not be used to fund increases in wages, salaries or other compensation for the staff of the District that provides the current Baseline Level of Services, as defined in this Engineer's Report.

ASSESSMENT

WHEREAS, the Board of Directors of the Meeks Bay Fire Protection District formed the Fire Protection and Emergency Response Services Assessment District and is proceeding with the proposed levy of assessments under California Government Code sections 50078 et seq. (the "Code") and Article XIIID of the California Constitution (the "Article");

WHEREAS, the undersigned Engineer of Work has prepared and filed a report presenting an estimate of costs, a diagram for the Assessment District and an assessment of the estimated costs of the Services upon all assessable parcels within the Assessment District;

NOW, THEREFORE, the undersigned, by virtue of the power vested in me under said Code and Article and the order of the Board of said District, hereby make the following assessment to cover the portion of the estimated cost of said Services, and the costs and expenses incidental thereto to be paid by the Assessment District.

The amount to be paid for said Services and the expense incidental thereto, to be paid by the Assessment District for the fiscal year 2009-10 is generally as follows:

TABLE 5 – SUMMARY COST ESTIMATE

FISCAL YEAR 2009-10 BUDGET	
Total for Servicing	$1,337,936
Less: Contribution for General Benefits	($1,009,686)
Incidental Costs:	
Administration and Project Management	$33,693
Allowance for Contingencies and Uncollectables	$7,387
Subtotal – Incidentals	$41,080
Total Fire Suppression & Protection Services Budget	$369,330

An Assessment Diagram is hereto attached and made a part hereof showing the exterior boundaries of said Assessment district. The distinctive number of each parcel or lot of land in said Assessment district is its Assessor Parcel Number appearing on the Assessment Roll.

I do hereby assess and apportion said net amount of the cost and expenses of said Services, including the costs and expenses incident thereto, upon the parcels and

lots of land within said Assessment District, in accordance with the special benefits to be received by each parcel or lot, from the Services, and more particularly set forth in the Cost Estimate and Method of Assessment hereto attached and by reference made a part hereof.

The assessment is subject to an annual adjustment tied to the Consumer Price Index-U for the San Francisco Bay Area as of December of each succeeding year (the "CPI"), with a maximum annual adjustment not to exceed 4%. Any change in the CPI in excess of 4% shall be cumulatively reserved as the "Unused CPI" and shall be used to increase the maximum authorized assessment rate in years in which the CPI is less than 4%. The maximum authorized assessment rate is equal to the maximum assessment rate in the first fiscal year the assessment was levied adjusted annually by the minimum of 1) 4% or 2) the change in the CPI plus any Unused CPI as described above.

Each parcel or lot of land is described in the Assessment Roll by reference to its parcel number as shown on the Assessor's Maps of El Dorado County for the fiscal year 2009-10. For a more particular description of said property, reference is hereby made to the deeds and maps on file and of record in the office of the County Recorder of El Dorado County.

I hereby place opposite the Assessor Parcel Number for each parcel or lot within the Assessment Roll, the amount of the assessment for the fiscal year 2009-10 for each parcel or lot of land within the said Assessment District.

Dated:_____

Engineer of Work

By _____
John W. Bliss, License No. C052019

ASSESSMENT DIAGRAM

The Assessment District includes all properties within the boundaries of the Fire Protection and Emergency Response Services District. The boundaries of the Assessment District are displayed on the following Assessment Diagram. The lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions as shown on the maps of the Assessor of El Dorado County, and are incorporated herein by reference, and made a part of this Diagram and this Report.

APPENDICES

APPENDIX A – ASSESSMENT ROLL, FISCAL YEAR 2009-10

The Assessment Roll is made part of this report and is available for public inspection during normal office hours. Each lot or parcel listed on the Assessment Roll is shown and illustrated on the latest County Assessor records and these records are, by reference, made part of this report. These records shall govern for all details concerning the description of the lots of parcels.

END NOTES

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[1] Insurance Services Offices Inc.
http://www.rockwall.com/FireDepartment/Insurance%20Services%20Office%20Rating%20Information.pdf

[2] Institute for Business & Home Safety, "Protect Your Home Against Wildfire Damage," http://www.ibhs.org/publications/view.asp?id=125

[3] U.S. Fire Administration, Department of Homeland Security, "America Burning, Recommissioned: Principal Findings and Recommendations," p.1, http://www.usfa.fema.gov/downloads/pdf/abr-rep.PDF

[4] U.S. Fire Administration, Department of Homeland Security, "America Burning, Recommissioned: Principal Findings and Recommendations," p.2, http://www.usfa.fema.gov/downloads/pdf/abr-rep.PDF

[5] Insurance Services Offices Inc., p. 1,
http://www.rockwall.com/FireDepartment/Insurance%20Services%20Office%20Rating%20Information.pdf

[6] Weldon, Leslie A. C., "Dealing with Public Concerns in Restoring Fire to the Forest," General Technical Report INT-GTR-341 The Use of Fire in Forest Restoration, U.S. Forest Service, June 1996, p. 3

[7] U.S. Forest Service, Department of Agriculture, "Social Science to Improve Fuels Management: A Synthesis of Research on Aesthetics and Fuels Management," p. 1, http://ncrs.fs.fed.us/pubs/gtr/gtr_nc261.pdf

[8] Insurance Services Offices Inc., p. 1,
http://www.rockwall.com/FireDepartment/Insurance%20Services%20Office%20Rating%20Information.pdf

Meeks Bay Fire Protection District

RESOLUTION

of the Board of Directors

No: 2009-06

A RESOLUTION OF THE BOARD OF DIRECTORS OF MEEKS BAY FIRE PROTECTION DISTRICT DECLARING ITS INTENTION TO ORDER INCREASED FIRE PROTECTION AND EMERGENCY RESPONSE SERVICES; DECLARING THE WORK TO BE OF MORE THAN GENERAL OR ORDINARY BENEFIT AND DESCRIBING THE DISTRICT TO BE ASSESSED TO PAY THE COSTS AND EXPENSES THEREOF; APPROVING ENGINEER'S REPORT, CONFIRMING DIAGRAM AND ASSESSMENT, AND ORDERING LEVY OF THE FIRE PROTECTION AND EMERGENCY RESPONSE ASSESSMENT DISTRICT FOR FISCAL YEAR 2009-10

WHEREAS, The District desires to complete the proceedings for the formation of a Fire Protection and Emergency Response Assessment District intended to provide for the financing of fire protection and emergency services as described in the Engineer's Report (the "Report") for the Fire Protection and Emergency Response Assessment District; and

WHEREAS, Proposition 218 was adopted on November 6, 1996, adding Articles XIIIC and XIIID to the California Constitution; and

WHEREAS, Articles XIIIC and XIIID of the California Constitution impose certain procedural and substantive requirements relating to assessments (as defined); and

WHEREAS, the Report has been prepared by SCI Consulting Group, (the "Assessment Engineer") and submitted to the Meeks Bay Fire Protection District, in which a new assessment is proposed to fund the cost of providing the fire protection and emergency response services in the Meeks Bay Fire Protection District. This proposed assessment shall be described as the "Fire Protection and Emergency Response Assessment District" (hereinafter the "Assessment District") of the Meeks Bay Fire Protection District.

WHEREAS, the Board took action on June 10, 2009, regarding intention to Levy Assessments for Fiscal Year 2009-10, Preliminarily Approving Engineer's Report and Providing Notice of Hearing which sets forth the services to be financed with assessment proceeds, a diagram for the Assessment District, an estimate of the annual cost of the services described in the Engineer's Report; providing Notice of a Public Hearing and the Mailing of Assessment Ballots within the boundaries of the Assessment District; and

WHEREAS, the annual assessment rates for various types of real property within the Assessment District, the parcels to be assessed and the total amount of annual assessment revenue is contained within the Engineer's Report; and

WHEREAS, the Board has provided a 45-day written mailed notice and ballot to each record owner of assessable parcels of real property located within the boundaries of the Fire Protection and Emergency Response Assessment District, as set forth on the Assessment Diagram, of a public hearing which was held at a special meeting of the Board of Directors on Monday, August 10, 2009 at the Meeks Bay Fire Protection District, located at 8041 Emerald Bay Road (Hwy 89), Tahoma, CA 96142, on the issue of whether the Fire Protection and Emergency Response Assessment District should be formed and assessments levied and collected as proposed in the Engineer's Report for fiscal year 2009-10; and

WHEREAS, the form of written mailed public notice of the public meeting contained the following information: (a) the total amount of assessments proposed to be levied within the Assessment District for fiscal year 2009-10; (b) the assessment chargeable to each owner's parcel; (c) the duration of the proposed assessment; (d) the reason for the assessment; (e) the basis upon which the amount of the proposed assessment was calculated; (f) the date, time, place of the public hearing and hearing procedures as specified in this resolution; and (g) a summary of the voting procedures, requirements for protest and the effect of a majority protest. The form of the written mailed public notice also included an assessment ballot by which each property owner could express their support or opposition to the proposed assessment. The ballot indicated that it must be returned before the conclusion of the public input portion of the public hearing on August 10, 2009, in order to be valid and counted, and that all assessment ballots received by the Clerk of the Board (serving as the "Tabulator"), would be tabulated after the conclusion of the public input portion of the public hearing on August 10, 2009, by the Tabulator; and

WHEREAS, pursuant to the provisions of California Constitution Article XIII-D, an opportunity for protest has been afforded, and the assessment ballots mailed to owners of assessable real property within the proposed boundaries of the Fire Protection and Emergency Response Assessment District have been received and tabulated, with assessment ballots weighted according to the proportional financial obligation of each affected parcel.

NOW, THEREFORE, BE IT RESOLVED that the Meeks Bay Fire Protection District finds, determines, and orders that:
Section One: The above recitals are true and correct.

Section Two: The tabulation of the assessment ballots submitted by property owners is complete and certified by the Clerk of the Board, and the votes cast are as follows:
Total Number of Valid Ballots Processed: 889
Total Assessment Amount of Valid Ballots: 179,177.90

Total Number of "Yes" Votes Processed: 605
Total Assessment Amount of "Yes" Votes Processed: 122,264
Total Percentage of "Yes" Assessment Amount: 68.24%

Total Number of "No" Votes Processed: 284
Total Assessment Amount of "No" Votes Processed: 56,914
Total Percentage of "No" Assessment Amount: 32%
Total Number of "Invalid" Ballots Processed: 17
Total Assessment Amount of "Invalid" Ballots: 4,147.07

Section Three: 889 assessment ballots were returned, received and not withdrawn prior to the close of the public input portion of the public hearing on August 10, 2009. Of the assessment ballots returned, 17 assessment ballots were declared invalid in that they were either not marked with a "Yes" or "No", were marked with both a "Yes" and a "No", were not signed, or the property ownership and barcode information was illegible.

Section Four: As determined by ballots cast, as weighted according to the proportional financial obligation for each parcel, 68.24 % of the property owners cast ballots in support of the Fire Protection and Emergency Response Assessment District. Since a majority protest, as defined by Article XIII-D of the California Constitution, did not exist, this Board thereby acquired jurisdiction to order the levy of assessment prepared by and made a part of the Engineer's Report to pay the costs and expenses thereof.

BE IT FURTHER RESOLVED that the Meeks Bay Fire Protection District Board of Directors hereby orders as follows:

1. The Final Engineer's Report for the Fire Protection and Emergency Response Assessment District, together with the diagram of the Assessment District contained therein, and the proposed assessment roll for fiscal year 2009-10 are hereby confirmed and approved; and

2. That based on the oral and documentary evidence, including the Engineer's Report, offered and received at the public hearing, the Board expressly finds and determines that: (a) each of the several assessed lots and parcels of land within the Assessment District will be specially benefited by the services (as described in the Engineer's Report) in at least the amount of the Assessment apportioned

against such lots and parcels of land, respectively; and (b) that there is substantial evidence to support, and the weight of the evidence preponderates in favor of, said finding and determination as to special benefit to property with the Assessment from the services to be financed with assessment proceeds; and

3. That the Fire Protection and Emergency Response Assessment District is hereby formed, and assessments consistent with the Engineer's Report are hereby levied, pursuant to the Title 3, Division 1, Part 1, Article 3.6 of the California Government Code, "Fire Suppression Assessments", beginning with Section 50078; and

4. That assessments for fiscal year 2009-10 shall be levied at the rate of $ 85.00 per single family equivalent benefit unit as specified in the Engineer's Report for fiscal year 2009-10 with estimated total annual assessment revenues as set forth in the Engineer's Report; and

5. That Fire Protection and Emergency Response Assessment District services to be financed with assessment proceeds described in the Engineer's Report are hereby ordered; and

6. The authorized maximum assessment to be levied in future fiscal years shall be adjusted annually based on the San Francisco Bay Area Consumer Price Index, not to exceed 4% per year, provided that any change in the CPI in excess of 4% shall be cumulatively reserved as the "Unused CPI" and shall be used to increase the maximum authorized assessment to be adjusted by 4% for the CPI increase in any year in which the CPI is less than 4%; and

7. Immediately upon the adoption of this resolution, but in no event later than the second Monday in August following such adoption, the Board shall file a certified copy of the Diagram and Assessment and a certified copy of this resolution with the Auditor/Tax Collector of the County of El Dorado ("County Auditor/Tax Collector"). Upon such filing, the County Auditor/Tax Collector shall enter on the County tax roll opposite each lot or parcel of land the amount of assessment thereupon as shown in the Assessment. The assessments shall be collected at the same time and in the same manner as County taxes are collected and all laws providing for the collection and enforcement of County taxes shall apply to the collection and enforcement of the assessments. After collection by the County Tax Collector, the net amount of the assessments, after deduction of any compensation due the County for collection, shall be paid to the Fire Protection and Emergency Response Assessment District; and

8. The monies representing assessments collected shall be deposited in a separate fund established under the distinctive designation of the Fire Protection and Emergency Response Assessment District. Funds collected from Fire Protection and Emergency Response Assessment District shall be expended only for the special benefit of parcels within the Fire Protection and Emergency Response Assessment District for the purposes of fire suppression services as provided in Government Code §§58078 et seq; and

9. The Fire Protection and Emergency Response Assessment District, as it applies to any parcel, may be corrected, cancelled or a refund granted as appropriate, by order of the Board of Directors of the Meeks Bay Fire Protection District or by order of the Fire Chief of the Meeks Bay Fire Protection District. Any such corrections, cancellations or refunds shall be limited to the current fiscal year.

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE MEEKS BAY FIRE PROTECTION DISTRICT OF THE COUNTY OF EL DORADO AT A SPECIAL BOARD MEETING OF SAID BOARD, HELD ON THE 10th DAY OF August, 2009 BY THE FOLLOWING VOTE OF SAID BOARD:

AYES:	4
NOES:	0
ABSTENTIONS:	0
ABSENT:	1 (Warmack)

PRESIDENT, BOARD OF DIRECTORS
BY: Edward I Miller

I CERTIFY THAT THE FOREGOING IS A CORRECT COPY OF A RESOLUTION DULY ADOPTED BY SAID BOARD OF DIRECTORS ON THE DATE THEREIN SET FORTH.

CLERK OF THE BOARD OF DIRECTORS
BY: Shawn R. Crawford

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Meeks Bay Fire Protection District

RESOLUTION

of the Board of Directors

No: 2014-08

A RESOLUTION OF THE BOARD OF DIRECTORS OF MEEKS BAY FIRE PROTECTION DISTRICT CLARIFYING PROCEDURES TO APPROVE ANNUAL IMPLEMENTATION AND LEVY OF SPECIAL FIRE ASSESSMENT AND ASSURE COMPLIANCE WITH CALIFORNIA CONSTITUTION ARTICLE XIII.D (PROPOSITION 218)

WHEREAS, in 2009 the Property Owners of Meeks Bay Fire Protection District voted to enact a Special Assessment pursuant to the provisions of Government Code 50087 et seq. and the California Constitution, Article XIII.D, which was enacted with the passage of Proposition 218 in 1996; and

WHEREAS, by Resolution 2009-06 dated August 10, 2009, the Board of Directors adopted procedures for the implementation of the Special Assessment; and

WHEREAS, California Constitution, Article XIII.D, Section 4 provides in applicable part:

> "(b) All assessments shall be supported by a detailed engineer's report prepared by a registered professional engineer certified by the State of California.
>
> (c) The amount of the proposed assessment for each identified parcel shall be calculated and the record owner of each parcel shall be given written notice by mail of the proposed assessment, the total amount thereof chargeable to the entire district, the amount chargeable to the owner's particular parcel, the duration of the payments..."

WHEREAS, the Engineer's Report commissioned by the Board of Directors in connection with the Special Assessment, provided certain Criteria and Policies, including:

"The criteria established in this Report, as finally confirmed, cannot be substantially modified; however, the Board may adopt additional criteria to further clarify certain criteria . . ."

And further providing, as to Duration of Assessment:

"As noted previously, if the Assessment and the duration of the Assessment are approved by property owners in an assessment ballot proceeding, the Assessment can be imposed and levied annually after the Meeks Bay Fire Protection District Board of Directors approves an annually updated Engineer's Report, budget for the Assessment, Services to be provided, and other specifics of the Assessment. In addition, the District Board of Directors must hold an annual public hearing to continue the Assessment..."; and

WHEREAS, the Board has determined, after consultation with Legal Counsel, that the requirement for an annual update to the Engineer's Report may be satisfied, consistent with the requirements of Article XIII.D, by an update using knowledgeable staff and outside consultants, but does not mandate an update limited to a report of a licensed engineer.

NOW, THEREFORE, BE IT RESOLVED:
The procedures for implementation of the Special Assessment authorized by Resolution 2009-06 be and they hereby are amended to provide that the Assessment can be imposed and levied annually after the Meeks Bay Fire Protection District Board of Directors approves an annual update to the Engineer's Report prepared by staff and such consultants as the Board shall deem appropriate, budget for the Assessment, Services to be provided, and other specifics of the Assessment. In addition, the District Board of Directors must hold an annual public hearing to continue the Assessment.

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE MEEKS BAY FIRE PROTECTION DISTRICT OF THE COUNTY OF EL DORADO AT A REGULAR BOARD MEETING OF SAID BOARD, HELD ON THE 24th DAY OF October, 2014 BY THE FOLLOWING VOTE OF SAID BOARD:

AYES:	4 (Hyde, Massie, Miller, Warmack)
NOES:	0
ABSTENTIONS:	0
ABSENT:	1 (Kromydas)

PRESIDENT, BOARD OF DIRECTORS
BY: Edward I Miller

I CERTIFY THAT THE FOREGOING IS A CORRECT COPY OF A RESOLUTION DULY ADOPTED BY SAID BOARD OF DIRECTORS ON THE DATE THEREIN SET FORTH.

CLERK OF THE BOARD OF DIRECTORS
BY: Shawn R. Crawford

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California Public Employees' Retirement System
Actuarial Office
400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744
888 CalPERS (or **888**-225-7377) | TTY: (877) 249-7442 | **www.calpers.ca.gov**

July 2021

Miscellaneous Plan of the Meeks Bay Fire Protection District
(CalPERS ID: 4197922266)
Annual Valuation Report as of June 30, 2020

Dear Employer,

Attached to this letter, you will find the June 30, 2020 actuarial valuation report of your CalPERS pension plan. Provided in this report is the determination of the minimum required employer contributions for fiscal year 2022-23. In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2020.

Section 2 can be found on the CalPERS website (calpers.ca.gov). From the home page, go to "*Forms & Publications*" and select "*View All*". In the search box, enter "*Risk Pool*" and from the results list download the Miscellaneous Risk Pool Actuarial Valuation Report for June 30, 2020.

Your June 30, 2020 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your assigned CalPERS staff actuary, whose signature appears in the Actuarial Certification section on page 1, is available to discuss the report with you.

Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth, eligibility for the types of benefits provided, and longevity among retirees. The CalPERS Board of Administration adopts these assumptions after considering the advice of CalPERS actuarial and investment teams and other professionals. Each actuarial valuation reflects all prior differences between actual and assumed experience and adjusts the contribution rates as needed. This valuation is based on an investment return assumption of 7.0% which was adopted by the board in December 2016. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017.

Required Contribution

The exhibit below displays the minimum employer contributions for fiscal year 2022-23 along with estimates of the required contributions for fiscal year 2023-24. Member contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. The employer contributions in this report do not reflect any cost sharing arrangements you may have with your employees.

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability
2022-23	10.32%	$10,902
Projected Results		
2023-24	*10.3%*	*$12,000*

The actual investment return for fiscal year 2020-21 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 7.00%. *To the extent the actual investment return for fiscal year 2020-21 differs from 7.00%, the actual contribution requirements for fiscal year 2023-24 will differ from those shown above.* For additional details regarding the assumptions and methods used for these projections please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section. This section also contains projected required contributions through fiscal year 2027-28.

Changes from Previous **Year's Valuation**

There are no significant changes in actuarial assumptions or policies in your 2020 actuarial valuation. Your annual valuation report is an important tool for monitoring the health of your CalPERS pension plan. Your report contains useful information about future required contributions and ways to control your plan's funding progress. In addition to your annual actuarial report my office has developed tools for employers to plan, project and protect the retirement benefits of your employees. Pension Outlook is a tool to help plan and budget pension costs into the future with easy to understand results and charts.

You will be able to view the projected funded status and required employer contributions for pension plans in different potential scenarios for up to 30 years into the future — which will make budgeting more predictable. While Pension Outlook can't predict the future, it can provide valuable planning information based on a variety of future scenarios that you select.

Pension Outlook can help you answer specific questions about your plans, including:

- When is my plan's funded status expected to increase?
- What happens to my required contributions in a down market?
- How does the discount rate assumption affect my contributions?
- What is the impact of making an additional discretionary payment to my plan?

To get started, visit our Pension Outlook page at www.calpers.ca.gov/page/employers/actuarial-resources/pension-outlook-overview and take the steps to register online.

CalPERS will be completing an Asset Liability Management (ALM) review process in November 2021 that will review the capital market assumptions and the strategic asset allocation and ascertain whether a change in the discount rate and other economic assumptions is warranted. In addition, the Actuarial Office will be completing its Experience Study to review the demographic experience within the pension system and make recommendations to modify future assumptions where appropriate.

Furthermore, this valuation does not reflect any impacts from the COVID-19 pandemic on your pension plan. The impact of COVID-19 on retirement plans is not yet known and CalPERS actuaries will continue to monitor the effects and where necessary make future adjustments to actuarial assumptions.

Further descriptions of general changes are included in the "Highlights and Executive Summary" section and in Appendix A of the Section 2 report, "Actuarial Methods and Assumptions."

Questions

We understand that you might have questions about these results, and your assigned CalPERS actuary whose signature is on the valuation report is available to discuss. If you have other questions, you may call the Customer Contact Center at (888)-CalPERS or (888-225-7377).

Sincerely,

SCOTT TERANDO, ASA, EA, MAAA, FCA, CFA
Chief Actuary

Actuarial Valuation
as of June 30, 2020

for the
Miscellaneous Plan
of the
Meeks Bay Fire Protection District
(CalPERS ID: 4197922266)

Required Contributions
for Fiscal Year
July 1, 2022 - June 30, 2023

Table of Contents

Section 1 – Plan Specific Information

Section 2 – Risk Pool Actuarial Valuation Information

Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Specific Information for the Miscellaneous Plan of the Meeks Bay Fire Protection District

(CalPERS ID: 4197922266)
(Rate Plan ID: 3074)

Table of Contents

Actuarial Certification 1

Highlights and Executive Summary

- Introduction 3
- Purpose of Section 1 3
- Required Employer Contributions 4
- Additional Discretionary Employer Contributions 5
- Plan's Funded Status 6
- Projected Employer Contributions 6
- Other Pooled Miscellaneous Risk Pool Rate Plans 7
- Cost 8
- Changes Since the Prior Year's Valuation 9
- Subsequent Events 9

Assets and Liabilities

- Breakdown of Entry Age Accrued Liability 11
- Allocation of Plan's Share of Pool's Experience/Assumption Change 11
- Development of Plan's Share of Pool's Market Value of Assets 11
- Schedule of Plan's Amortization Bases 12
- Amortization Schedule and Alternatives 14
- Employer Contribution History 16
- Funding History 16

Risk Analysis

- Future Investment Return Scenarios 18
- Discount Rate Sensitivity 19
- Mortality Rate Sensitivity 19
- Maturity Measures 20
- Maturity Measures History 21
- Hypothetical Termination Liability 22

Participant Data 23

List of Class 1 Benefit Provisions 23

Plan's Major Benefit Options 24

Actuarial Certification

Section 1 of this report is based on the member and financial data contained in our records as of June 30, 2020 which was provided by your agency and the benefit provisions under your contract with CalPERS. Section 2 of this report is based on the member and financial data as of June 30, 2020 provided by employers participating in the Miscellaneous Risk Pool to which the plan belongs and benefit provisions under the CalPERS contracts for those agencies.

As set forth in Section 2 of this report, the pool actuaries have certified that, in their opinion, the valuation of the risk pool containing your Miscellaneous Plan has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the plan, it is my opinion as the plan actuary that the Unfunded Accrued Liability amortization bases as of June 30, 2020 and employer contribution as of July 1, 2022 have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary who satisfies the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States with regard to pensions.

PAUL TSCHIDA, FSA, EA, MAAA
Senior Pension Actuary, CalPERS

Highlights and Executive Summary

- Introduction
- Purpose of Section 1
- Required Employer Contributions
- Additional Discretionary Employer Contributions
- **Plan's Funded S**tatus
- Projected Employer Contributions
- Other Pooled Miscellaneous Risk Pool Rate Plans
- Cost
- Changes Since the Prior Year**'s V**aluation
- Subsequent Events

Introduction

This report presents the results of the June 30, 2020 actuarial valuation of the Miscellaneous Plan of the Meeks Bay Fire Protection District of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the required employer contributions for fiscal year 2022-23.

Purpose of Section 1

This Section 1 report for the Miscellaneous Plan of the Meeks Bay Fire Protection District of CalPERS was prepared by the plan actuary in order to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2020;
- Determine the minimum required employer contribution for this plan for the fiscal year July 1, 2022 through June 30, 2023; and
- Provide actuarial information as of June 30, 2020 to the CalPERS Board of Administration and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website.

The measurements shown in this actuarial valuation may not be applicable for other purposes. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; and changes in plan provisions or applicable law.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the recommendations of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 6.0% and 8.0%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post- retirement mortality assumptions adopted in 2017.
- Pension Plan maturity measures quantifying the risks the employer bears.

Required Employer Contributions

	Fiscal Year
Required Employer Contributions	2022-23
Employer Normal Cost Rate	10.32%
Plus	
Required Payment on Amortization Bases[1]	$10,902
Paid either as	
1) Monthly Payment	$908.50
Or	
2) Annual Prepayment Option*	$10,539

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).

** Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).*

	Fiscal Year 2021-22	Fiscal Year 2022-23
Development of Normal Cost as a Percentage of Payroll		
Base Total Normal Cost for Formula	17.25%	17.24%
Surcharge for Class 1 Benefits[2]		
None	0.00%	0.00%
Phase out of Normal Cost Difference[3]	0.00%	0.00%
Plan's Total Normal Cost	17.25%	17.24%
Formula's Expected Employee Contribution Rate	6.91%	6.92%
Employer Normal Cost Rate	10.34%	10.32%

[1] The required payment on amortization bases does not take into account any additional discretionary payment made after April 30, 2021.

[2] Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

[3] The normal cost change is phased out over a five-year period in accordance with the CalPERS contribution allocation policy.

Additional Discretionary Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for the 2022-23 fiscal year is $10,902. CalPERS allows employers to make additional discretionary payments (ADPs) at any time and in any amount. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Employers can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during fiscal year 2022-23 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see the "Amortization Schedule and Alternatives" section of the report.

If you are considering making an ADP, please contact your actuary for additional information.

Minimum Required Employer Contribution for Fiscal Year 2022-23

Estimated Normal Cost	Minimum UAL Payment	ADP	Total UAL Contribution	Estimated Total Contribution
$10,283	$10,902	$0	$10,902	$21,185

Alternative Fiscal Year 2022-23 Employer Contributions for Greater UAL Reduction

Funding Target	Estimated Normal Cost	Minimum UAL Payment	ADP[1]	Total UAL Contribution	Estimated Total Contribution
20 years	$10,283	$10,902	$2,313	$13,215	$23,498
15 years	$10,283	$10,902	$4,469	$15,371	$25,654
10 years	$10,283	$10,902	$9,030	$19,932	$30,215
5 years	$10,283	$10,902	$23,242	$34,144	$44,427

[1] The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

Note that the calculations above are based on the projected Unfunded Accrued Liability as of June 30, 2022 as determined in the June 30, 2020 actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Plan's Funded Status

	June 30, 2019	June 30, 2020
1. Present Value of Projected Benefits (PVB)	$674,385	$725,783
2. Entry Age Accrued Liability (AL)	612,605	667,660
3. Plan's Market Value of Assets (MVA)	485,038	525,748
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	127,567	141,912
5. Funded Ratio [(3) / (2)]	79.2%	78.7%

This measure of funded status is an assessment of the need for future employer contributions based on the selected actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. For a measure of funded status that is appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. Actual contribution rates during this projection period could be significantly higher or lower than the projection shown below.

	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2020-21)				
Fiscal Year	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	Rate Plan 3074 Results					
Normal Cost %	10.32%	10.3%	10.3%	10.3%	10.3%	10.3%
UAL Payment	$10,902	$12,000	$13,000	$14,000	$14,000	$15,000

For some sources of UAL, the change in UAL is amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large increase in UAL, the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section.

Our online pension plan modeling and projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook is a tool to help plan and budget pension costs into the future with results and charts that are easy to understand.

Other Pooled Miscellaneous Risk Pool Rate Plans

All of the results presented in this Section 1 report, except those shown below, correspond to rate plan 3074. In many cases, employers have additional rate plans within the same risk pool. For cost analysis and budgeting it is useful to consider contributions for these rate plans as a whole rather than individually. The estimated contribution amounts and rates for all of the employer's rate plans in the Miscellaneous Risk Pool are shown below and assume that the payroll for each rate plan will grow according to the overall payroll growth assumption of 2.75% per year for three years.

	Fiscal Year 2021-22	Fiscal Year 2022-23
Estimated Combined Employer Contributions for all Pooled Miscellaneous Rate Plans		
Projected Payroll for the Contribution Year	$96,277	$99,640
Estimated Employer Normal Cost	$9,955	$10,283
Required Payment on Amortization Bases	$9,169	$10,903
Estimated Total Employer Contributions	$19,124	$21,186
Estimated Total Employer Contribution Rate (illustrative only)	19.86%	21.26%

Cost

Actuarial Determination of Pension Plan Cost

Contributions to fund the pension plan are comprised of two components:

- Normal Cost, expressed as a percentage of total active payroll
- Amortization of the Unfunded Accrued Liability (UAL), expressed as a dollar amount

For fiscal years prior to 2016-17, the Amortization of UAL component was expressed as a percentage of total active payroll. Starting with fiscal year 2016-17, the Amortization of UAL component was expressed as a dollar amount and invoiced on a monthly basis. There continues to be an option to prepay this amount during July of each fiscal year.

The Normal Cost component is expressed as a percentage of active payroll with employer and employee contributions payable as part of the regular payroll reporting process.

The determination of both components requires complex actuarial calculations. The calculations are based on a set of actuarial assumptions which can be divided into two categories:

- Demographic assumptions (e.g., mortality rates, retirement rates, employment termination rates, disability rates)
- Economic assumptions (e.g., future investment earnings, inflation, salary growth rates)

These assumptions reflect CalPERS' best estimate of future experience of the plan and are long term in nature. We recognize that all assumptions will not be realized in any given year. For example, the investment earnings at CalPERS have averaged 5.5% over the 20 years ending June 30, 2020, yet individual fiscal year returns have ranged from -23.6% to +20.7%. In addition, CalPERS reviews all actuarial assumptions by conducting in-depth experience studies every four years, with the most recent experience study completed in 2017.

Changes Since the Prior **Year's** Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by plan amendment are generally included in the first valuation that is prepared after the amendment becomes effective, even if the valuation date is prior to the effective date of the amendment.

This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to the "Plan's Major Benefit Options" and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

The are no significant changes to the actuarial methods or assumptions for the 2020 actuarial valuation.

Subsequent Events

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of June 30, 2020. Changes in the value of assets subsequent to that date are not reflected. Investment returns below the assumed rate of return will increase future required contributions while investment returns above the assumed rate of return will decrease future required contributions.

CalPERS will be completing an Asset Liability Management (ALM) process in November 2021 that will review the capital market assumptions and the strategic asset allocation and ascertain whether a change in the discount rate and other economic assumptions is warranted. As part of the ALM process the Actuarial Office will be completing an Experience Study to review the demographic experience of the retirement system and make recommendations to modify future assumptions where appropriate.

Furthermore, this valuation does not reflect any impacts from the COVID-19 pandemic on your pension plan. The impact of COVID-19 on retirement plans is not yet known and CalPERS actuaries will continue to monitor the effects and where necessary make future adjustments to actuarial assumptions.

The projected employer contributions on Page 6 are calculated under the assumption that the discount rate remains at 7.0% going forward and that the realized rate of return on assets for fiscal year 2020-21 is 7.0%.

This actuarial valuation report reflects statutory changes, regulatory changes and CalPERS Board actions through January 2021. Any subsequent changes or actions are not reflected.

Assets and Liabilities

- Breakdown of Entry Age Accrued Liability
- **Allocation of Plan's Share of Pool's Experience/Assumption Change**
- **Development of Plan's Share of Pool's** Market Value of Assets
- Schedule of **Plan's** Amortization Bases
- Amortization Schedule and Alternatives
- Employer Contribution History
- Funding History

Breakdown of Entry Age Accrued Liability

Active Members	$636,881
Transferred Members	29,174
Terminated Members	1,605
Members and Beneficiaries Receiving Payments	0
Total	$667,660

Allocation of Plan's Share of Pool's

Experience/Assumption Change

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The Pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1.	Plan's Accrued Liability	$667,660
2.	Projected UAL balance at 6/30/2020	127,405
3.	Pool's Accrued Liability[1]	19,314,480,060
4.	Sum of Pool's Individual Plan UAL Balances at 6/30/2020[1]	4,306,566,797
5.	Pool's 2019/20 Investment (Gain)/Loss[1]	344,968,792
6.	Pool's 2019/20 Non-Investment (Gain)/Loss[1]	60,428,629
7.	Plan's Share of Pool's Investment (Gain)/Loss: [(1) - (2)] ÷ [(3) - (4)] × (5)	12,418
8.	Plan's Share of Pool's Non-Investment (Gain)/Loss: (1) ÷ (3) × (6)	2,089
9.	Plan's New (Gain)/Loss as of 6/30/2020: (7) + (8)	14,507

[1] Does not include plans that transferred to Pool on the valuation date.

Development of the Plan's Share of Pool's Market

Value of Assets

10.	Plan's UAL: (2) + (9)	$141,912
11.	Plan's Share of Pool's MVA: (1) - (10)	$525,748

Schedule of **Plan's** Amortization Bases

Note that there is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2020.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: fiscal year 2022-23.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment for the first fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Reason for Base	Date Est.	Ramp Level 2022-23	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/20	Expected Payment 2020-21	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Minimum Required Payment 2022-23
Share of Pre-2013 Pool UAL	6/30/13	No Ramp		2.75%	15	21,708	1,791	21,375	1,841	20,967	1,891
Non-Investment (Gain)/Loss	6/30/13	100%	Up/Down	2.75%	23	(417)	(28)	(417)	(29)	(416)	(30)
Investment (Gain)/Loss	6/30/13	100%	Up/Down	2.75%	23	41,161	2,792	41,154	2,869	41,067	2,948
Non-Investment (Gain)/Loss	6/30/14	100%	Up/Down	2.75%	0	40	3	40	41	0	0
Investment (Gain)/Loss	6/30/14	100%	Up/Down	2.75%	24	(34,617)	(2,289)	(34,672)	(2,352)	(34,666)	(2,417)
Side Fund	2013 or Prior	No Ramp		2.75%	0	(22)	(23)	0	0	0	0
Assumption Change	6/30/14	100%	Up/Down	2.75%	14	21,753	2,069	21,136	2,125	20,417	2,184
Non-Investment (Gain)/Loss	6/30/15	100%	Up/Down	2.75%	25	(1,888)	(99)	(1,918)	(127)	(1,921)	(130)
Investment (Gain)/Loss	6/30/15	100%	Up/Down	2.75%	25	23,681	1,239	24,057	1,591	24,095	1,635
Non-Investment (Gain)/Loss	6/30/16	100%	Up/Down	2.75%	26	(3,703)	(146)	(3,811)	(199)	(3,872)	(256)
Investment (Gain)/Loss	6/30/16	100%	Up/Down	2.75%	26	31,061	1,221	31,972	1,672	32,481	2,148
Assumption Change	6/30/16	100%	Up/Down	2.75%	16	9,460	515	9,589	706	9,530	906
Non-Investment (Gain)/Loss	6/30/17	80%	Up/Down	2.75%	27	(806)	(21)	(841)	(33)	(866)	(45)
Investment (Gain)/Loss	6/30/17	80%	Up/Down	2.75%	27	(16,368)	(435)	(17,064)	(671)	(17,564)	(919)
Assumption Change	6/30/17	80%	Up/Down	2.75%	17	11,231	410	11,593	631	11,752	865
Non-Investment (Gain)/Loss	6/30/18	60%	Up/Down	2.75%	28	2,431	33	2,567	68	2,676	105
Investment (Gain)/Loss	6/30/18	60%	Up/Down	2.75%	28	(5,157)	(70)	(5,446)	(145)	(5,677)	(223)
Assumption Change	6/30/18	60%	Up/Down	2.75%	18	17,961	335	18,872	688	19,481	1,061
Method Change	6/30/18	60%	Up/Down	2.75%	18	4,818	90	5,062	185	5,225	284

Schedule of Plan's Amortization Bases (continued)

Reason for Base	Date Est.	Ramp Level 2022-23	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/20	Expected Payment 2020-21	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Minimum Required Payment 2022-23
Non-Investment (Gain)/Loss	6/30/19	No Ramp		0.00%	19	2,529	0	2,706	247	2,640	247
Investment (Gain)/Loss	6/30/19	40%	Up Only	0.00%	19	2,549	0	2,727	60	2,856	119
Non-Investment (Gain)/Loss	6/30/20	No Ramp		0.00%	20	2,089	0	2,235	0	2,391	218
Investment (Gain)/Loss	6/30/20	20%	Up Only	0.00%	20	12,418	0	13,287	0	14,217	311
Total						141,912	7,387	144,203	9,168	144,813	10,902

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in "Allocation of Plan's Share of Pool's Experience/Assumption Change" earlier in this section. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed a desire for a more stable pattern of payments or have indicated interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a Fresh Start, please consult with your plan actuary.

The Current Amortization Schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over a reasonable period.

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy.

Amortization Schedule and Alternatives (continued)

	Current Amortization Schedule		Alternate Schedules			
			15 Year Amortization		10 Year Amortization	
Date	Balance	Payment	Balance	Payment	Balance	Payment
6/30/2022	144,813	10,902	144,813	15,371	144,813	19,932
6/30/2023	143,673	11,942	139,050	15,371	134,332	19,932
6/30/2024	141,376	13,039	132,884	15,371	123,117	19,932
6/30/2025	137,784	13,721	126,286	15,371	111,117	19,932
6/30/2026	133,237	14,355	119,226	15,371	98,277	19,932
6/30/2027	127,716	14,687	111,672	15,371	84,539	19,932
6/30/2028	121,463	15,025	103,589	15,371	69,839	19,933
6/30/2029	114,424	15,373	94,940	15,371	54,109	19,932
6/30/2030	106,531	15,733	85,686	15,370	37,279	19,933
6/30/2031	97,714	16,103	75,785	15,371	19,270	19,933
6/30/2032	87,897	15,912	65,190	15,370		
6/30/2033	77,592	15,697	53,854	15,370		
6/30/2034	66,785	15,207	41,725	15,371		
6/30/2035	55,732	14,377	28,746	15,370		
6/30/2036	44,761	12,833	14,859	15,370		
6/30/2037	34,619	9,010				
6/30/2038	27,723	7,889				
6/30/2039	21,504	6,984				
6/30/2040	15,786	6,386				
6/30/2041	10,285	4,974				
6/30/2042	5,860	3,119				
6/30/2043	3,044	2,493				
6/30/2044	678	701				
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
6/30/2050						
6/30/2051						
Total		256,462		230,560		199,323
Interest Paid		111,649		85,747		54,510
Estimated Savings				25,902		57,139

Employer Contribution History

The table below provides a recent history of the required employer contributions for the plan. The amounts are based on the actuarial valuation from two years prior and does not account for prepayments or benefit changes made during a fiscal year. Additional discretionary payments before July 1, 2019 or after June 30, 2020 are not included.

Fiscal Year	Employer Normal Cost	Unfunded Liability Payment ($)	Additional Discretionary Payments
2016 - 17	8.377%	$5,633	N/A
2017 - 18	8.418%	6,552	N/A
2018 - 19	8.892%	7,961	N/A
2019 - 20	9.680%	9,453	0
2020 - 21	10.484%	7,385	
2021 - 22	10.34%	9,168	
2022 - 23	10.32%	10,902	

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's market value of assets, unfunded accrued liability, funded ratio, and annual covered payroll.

Valuation Date	Accrued Liability (AL)	**Share of Pool's** Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2011	$260,224	$197,290	$62,934	75.8%	$111,951
06/30/2012	291,806	211,386	80,420	72.4%	110,179
06/30/2013	316,245	243,645	72,600	77.0%	117,774
06/30/2014	365,409	302,912	62,497	82.9%	119,536
06/30/2015	408,322	331,180	77,142	81.1%	122,559
06/30/2016	453,193	346,346	106,847	76.4%	80,904
06/30/2017	497,361	394,132	103,229	79.2%	83,207
06/30/2018	558,180	436,933	121,247	78.3%	85,744
06/30/2019	612,605	485,038	127,567	79.2%	88,752
06/30/2020	667,660	525,748	141,912	78.7%	91,852

Risk Analysis

- Future Investment Return Scenarios
- Discount Rate Sensitivity
- Mortality Rate Sensitivity
- Maturity Measures
- Maturity Measures History
- Hypothetical Termination Liability

Future Investment Return Scenarios

Analysis was performed to determine the effects of various future investment returns on required employer contributions. The projections below provide a range of results based on five investment return scenarios assumed to occur during the next four fiscal years (2020-21, 2021-22, 2022-23 and 2023-24). The projections also assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

For fiscal years 2020-21, 2021-22, 2022-23, and 2023-24, each scenario assumes an alternate fixed annual return. The fixed return assumptions for the five scenarios are 1.0%, 4.0%, 7.0%, 9.0% and 12.0%.

These alternate investment returns were chosen based on stochastic analysis of possible future investment returns over the four-year period ending June 30, 2024. Using the expected returns and volatility of the asset classes in which the funds are invested, we produced five thousand stochastic outcomes for this period based on the most recently completed Asset Liability Management process. We then selected annual returns that approximate the 5th, 25th, 50th, 75th, and 95th percentiles for these outcomes. For example, of all the 4-year outcomes generated in the stochastic analysis, approximately 25% had an average annual return of 4.0% or less.

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 1.0% or greater than 12.0% over this four-year period, the likelihood of a single investment return less than 1.0% or greater than 12.0% in any given year is much greater.

Assumed Annual Return From 2020-21 through 2023-24	Projected Employer Contributions			
	2023-24	2024-25	2025-26	2026-27
1.0%				
Normal Cost	10.3%	10.3%	10.3%	10.3%
UAL Contribution	$13,000	$15,000	$18,000	$22,000
4.0%				
Normal Cost	10.3%	10.3%	10.3%	10.3%
UAL Contribution	$12,000	$14,000	$16,000	$18,000
7.0%				
Normal Cost	10.3%	10.3%	10.3%	10.3%
UAL Contribution	$12,000	$13,000	$14,000	$14,000
9.0%				
Normal Cost	10.5%	10.8%	11.0%	11.2%
UAL Contribution	$12,000	$12,000	$13,000	$12,000
12.0%				
Normal Cost	10.5%	10.8%	11.0%	11.2%
UAL Contribution	$11,000	$11,000	$10,000	$8,000

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.50% and 2.50%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2020 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 7.0% as well as alternate discount rates of 6.0% and 8.0%. The rates of 6.0% and 8.0% were selected since they illustrate the impact of a 1.0% increase or decrease to the 7.0% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2020	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	6.0%	7.0%	8.0%
Inflation	2.5%	2.5%	2.5%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	21.50%	17.24%	13.98%
b) Accrued Liability	$762,885	$667,660	$588,010
c) Market Value of Assets	$525,748	$525,748	$525,748
d) Unfunded Liability/(Surplus) [(b) - (c)]	$237,137	$141,912	$62,262
e) Funded Status	68.9%	78.7%	89.4%

Sensitivity to the Price Inflation Assumption

As of June 30, 2020	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	6.0%	7.0%	8.0%
Inflation	1.5%	2.5%	3.5%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	18.38%	17.24%	15.88%
b) Accrued Liability	$709,975	$667,660	$613,998
c) Market Value of Assets	$525,748	$525,748	$525,748
d) Unfunded Liability/(Surplus) [(b) - (c)]	$184,227	$141,912	$88,250
e) Funded Status	74.1%	78.7%	85.6%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2020 plan costs and funded status under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2017. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.

As of June 30, 2020	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	17.54%	17.24%	16.96%
b) Accrued Liability	$680,226	$667,660	$656,031
c) Market Value of Assets	$525,748	$525,748	$525,748
d) Unfunded Liability/(Surplus) [(b) - (c)]	$154,478	$141,912	$130,283
e) Funded Status	77.3%	78.7%	80.1%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures are for one rate plan only.

One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio starts increasing. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2019	June 30, 2020
1. Retired Accrued Liability	0	0
2. Total Accrued Liability	612,605	667,660
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.00	0.00

Another measure of maturity level of CalPERS and its plans is to look at the ratio of actives to retirees, also called the Support Ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures, and members retire, the ratio starts declining. A mature plan will often have a ratio near or below one. The average support ratio for CalPERS public agency plans is 1.25.

Support Ratio	June 30, 2019	June 30, 2020
1. Number of Actives	1	1
2. Number of Retirees	0	0
3. Support Ratio [(1) / (2)]	N/A	N/A

Maturity Measures (Continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio (AVR)

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Liability Volatility Ratio (LVR)

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to investment return and changes in liability. For example, a plan with LVR ratio of 8 is expected to have twice the contribution volatility of a plan with LVR of 4. It should be noted that this ratio indicates a longer-term potential for contribution volatility. The AVR, described above, will tend to move closer to the LVR as a plan matures.

Contribution Volatility	June 30, 2019	June 30, 2020
1. Market Value of Assets	$485,038	$525,748
2. Payroll	88,752	91,852
3. Asset Volatility Ratio (AVR) [(1) / (2)]	5.5	5.7
4. Accrued Liability	$612,605	$667,660
5. Liability Volatility Ratio (LVR) [(4) / (2)]	6.9	7.3

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	0.00	N/A	4.7	6.0
06/30/2018	0.00	N/A	5.1	6.5
06/30/2019	0.00	N/A	5.5	6.9
06/30/2020	0.00	N/A	5.7	7.3

Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2020. The plan liability on a termination basis is calculated differently compared to the plan's ongoing funding liability. For the hypothetical termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees.

A more conservative investment policy and asset allocation strategy was adopted by the CalPERS Board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate is assumed. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 19-month period from 12 months before the valuation date to 7 months after.

Market Value of Assets (MVA)	Hypothetical Termination Liability[1,2] at 0.75%	Funded Status	Unfunded Termination Liability at 0.75%	Hypothetical Termination Liability[1,2] at 2.50%	Funded Status	Unfunded Termination Liability at 2.50%
$525,748	$1,705,648	30.8%	$1,179,900	$1,319,745	39.8%	$793,997

[1] The hypothetical liabilities calculated above include a 5% mortality contingency load in accordance with Board policy. Other actuarial assumptions can be found in Appendix A of the Section 2 report.

[2] The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 1.18% on June 30, 2020, and was 1.68% on January 31, 2021.

In order to terminate the plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. CalPERS advises you to consult with the plan actuary before beginning this process.

Participant Data

The table below shows a summary of your plan's member data upon which this valuation is based:

	June 30, 2019	June 30, 2020
Active Members		
Counts	1	1
Average Attained Age	N/A	58.7
Average Entry Age to Rate Plan	N/A	34.2
Average Years of Credited Service	N/A	24.6
Average Annual Covered Pay	$88,752	$91,852
Annual Covered Payroll	$88,752	$91,852
Projected Annual Payroll for Contribution Year	$96,277	$99,640
Present Value of Future Payroll	$387,363	$364,429
Transferred Members	1	1
Separated Members	1	1
Retired Members and Beneficiaries		
Counts*	0	0
Average Annual Benefits*	N/A	$0

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values include community property settlements.

List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- None

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

	Benefit Group	
Member Category	Misc	
Demographics		
Actives	Yes	
Transfers/Separated	Yes	
Receiving	No	
Benefit Provision		
Benefit Formula	2% @ 55	
Social Security Coverage	No	
Full/Modified	Full	
Employee Contribution Rate	7.00%	
Final Average Compensation Period	Three Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	No	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	Level 3	
Special	No	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	$500	
Survivor Allowance (PRSA)	No	
COLA	2%	

Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Risk Pool Actuarial Valuation Information

Section 2 may be found on the CalPERS website (calpers.ca.gov) in the Forms and Publications section

California Public Employees' Retirement System
Actuarial Office
400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744
888 CalPERS (or **888**-225-7377) | TTY: (877) 249-7442 | **www.calpers.ca.gov**

July 2021

PEPRA Miscellaneous Plan of the Meeks Bay Fire Protection District
(CalPERS ID: 4197922266)
Annual Valuation Report as of June 30, 2020

Dear Employer,

Attached to this letter, you will find the June 30, 2020 actuarial valuation report of your CalPERS pension plan. Provided in this report is the determination of the minimum required employer contributions for fiscal year 2022-23. In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2020.

Section 2 can be found on the CalPERS website (calpers.ca.gov). From the home page, go to "*Forms & Publications*" and select "*View All*". In the search box, enter "*Risk Pool*" and from the results list download the Miscellaneous Risk Pool Actuarial Valuation Report for June 30, 2020.

Your June 30, 2020 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your assigned CalPERS staff actuary, whose signature appears in the Actuarial Certification section on page 1, is available to discuss the report with you.

Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth, eligibility for the types of benefits provided, and longevity among retirees. The CalPERS Board of Administration adopts these assumptions after considering the advice of CalPERS actuarial and investment teams and other professionals. Each actuarial valuation reflects all prior differences between actual and assumed experience and adjusts the contribution rates as needed. This valuation is based on an investment return assumption of 7.0% which was adopted by the board in December 2016. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017.

Required Contribution

The exhibit below displays the minimum employer contributions and the Employee PEPRA Rate for fiscal year 2022-23 along with estimates of the required contributions for fiscal year 2023-24. Member contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. The employer contributions in this report do not reflect any cost sharing arrangements you may have with your employees.

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability	PEPRA Employee Rate
2022-23	7.47%	$1	6.75%
Projected Results			
2023-24	*7.5%*	*$0*	*TBD*

The actual investment return for fiscal year 2020-21 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 7.00%. *To the extent the actual investment return for fiscal year 2020-21 differs from 7.00%, the actual contribution requirements for fiscal year 2023-24 will differ from those shown above.* For additional details regarding the assumptions and methods used for these projections please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section. This section also contains projected required contributions through fiscal year 2027-28.

Changes from Previous **Year's Valuation**

There are no significant changes in actuarial assumptions or policies in your 2020 actuarial valuation. Your annual valuation report is an important tool for monitoring the health of your CalPERS pension plan. Your report contains useful information about future required contributions and ways to control your plan's funding progress. In addition to your annual actuarial report my office has developed tools for employers to plan, project and protect the retirement benefits of your employees. Pension Outlook is a tool to help plan and budget pension costs into the future with easy to understand results and charts.

You will be able to view the projected funded status and required employer contributions for pension plans in different potential scenarios for up to 30 years into the future — which will make budgeting more predictable. While Pension Outlook can't predict the future, it can provide valuable planning information based on a variety of future scenarios that you select.

Pension Outlook can help you answer specific questions about your plans, including:

- When is my plan's funded status expected to increase?
- What happens to my required contributions in a down market?
- How does the discount rate assumption affect my contributions?
- What is the impact of making an additional discretionary payment to my plan?

To get started, visit our Pension Outlook page at www.calpers.ca.gov/page/employers/actuarial-resources/pension-outlook-overview and take the steps to register online.

CalPERS will be completing an Asset Liability Management (ALM) review process in November 2021 that will review the capital market assumptions and the strategic asset allocation and ascertain whether a change in the discount rate and other economic assumptions is warranted. In addition, the Actuarial Office will be completing its Experience Study to review the demographic experience within the pension system and make recommendations to modify future assumptions where appropriate.

Furthermore, this valuation does not reflect any impacts from the COVID-19 pandemic on your pension plan. The impact of COVID-19 on retirement plans is not yet known and CalPERS actuaries will continue to monitor the effects and where necessary make future adjustments to actuarial assumptions.

Further descriptions of general changes are included in the "Highlights and Executive Summary" section and in Appendix A of the Section 2 report, "Actuarial Methods and Assumptions."

Questions

We understand that you might have questions about these results, and your assigned CalPERS actuary whose signature is on the valuation report is available to discuss. If you have other questions, you may call the Customer Contact Center at (888)-CalPERS or (888-225-7377).

Sincerely,

SCOTT TERANDO, ASA, EA, MAAA, FCA, CFA
Chief Actuary

Actuarial Valuation
as of June 30, 2020

for the
PEPRA Miscellaneous Plan
of the
Meeks Bay Fire Protection District

(CalPERS ID: 4197922266)

Required Contributions
for Fiscal Year
July 1, 2022 - June 30, 2023

Table of Contents

Section 1 – Plan Specific Information

Section 2 – Risk Pool Actuarial Valuation Information

Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Specific Information for the PEPRA Miscellaneous Plan of the Meeks Bay Fire Protection District

(CalPERS ID: 4197922266)
(Rate Plan ID: 26833)

Table of Contents

Actuarial Certification 1

Highlights and Executive Summary

- Introduction 3
- Purpose of Section 1 3
- Required Employer Contributions 4
- Additional Discretionary Employer Contributions 5
- Plan's Funded Status 6
- Projected Employer Contributions 6
- Other Pooled Miscellaneous Risk Pool Rate Plans 7
- Cost 8
- Changes Since the Prior Year's Valuation 9
- Subsequent Events 9

Assets and Liabilities

- Breakdown of Entry Age Accrued Liability 11
- Allocation of Plan's Share of Pool's Experience/Assumption Change 11
- Development of Plan's Share of Pool's Market Value of Assets 11
- Schedule of Plan's Amortization Bases 12
- Amortization Schedule and Alternatives 13
- Employer Contribution History 15
- Funding History 15

Risk Analysis

- Future Investment Return Scenarios 17
- Discount Rate Sensitivity 18
- Mortality Rate Sensitivity 18
- Maturity Measures 19
- Maturity Measures History 20
- Hypothetical Termination Liability 21

Participant Data 22

List of Class 1 Benefit Provisions 22

Plan's Major Benefit Options 23

PEPRA Member Contribution Rates 24

Actuarial Certification

Section 1 of this report is based on the member and financial data contained in our records as of June 30, 2020 which was provided by your agency and the benefit provisions under your contract with CalPERS. Section 2 of this report is based on the member and financial data as of June 30, 2020 provided by employers participating in the Miscellaneous Risk Pool to which the plan belongs and benefit provisions under the CalPERS contracts for those agencies.

As set forth in Section 2 of this report, the pool actuaries have certified that, in their opinion, the valuation of the risk pool containing your PEPRA Miscellaneous Plan has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the plan, it is my opinion as the plan actuary that the Unfunded Accrued Liability amortization bases as of June 30, 2020 and employer contribution as of July 1, 2022 have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary who satisfies the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States with regard to pensions.

PAUL TSCHIDA, FSA, EA, MAAA
Senior Pension Actuary, CalPERS

Highlights and Executive Summary

- Introduction
- Purpose of Section 1
- Required Employer Contributions
- Additional Discretionary Employer Contributions
- **Plan's Funded S**tatus
- Projected Employer Contributions
- Other Pooled Miscellaneous Risk Pool Rate Plans
- Cost
- Changes Since the Prior Year**'s V**aluation
- Subsequent Events

Introduction

This report presents the results of the June 30, 2020 actuarial valuation of the PEPRA Miscellaneous Plan of the Meeks Bay Fire Protection District of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the required employer contributions for fiscal year 2022-23.

Purpose of Section 1

This Section 1 report for the PEPRA Miscellaneous Plan of the Meeks Bay Fire Protection District of CalPERS was prepared by the plan actuary in order to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2020;
- Determine the minimum required employer contribution for this plan for the fiscal year July 1, 2022 through June 30, 2023; and
- Provide actuarial information as of June 30, 2020 to the CalPERS Board of Administration and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website.

The measurements shown in this actuarial valuation may not be applicable for other purposes. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; and changes in plan provisions or applicable law.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the recommendations of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 6.0% and 8.0%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post- retirement mortality assumptions adopted in 2017.
- Pension Plan maturity measures quantifying the risks the employer bears.

Required Employer Contributions

Required Employer Contributions	Fiscal Year 2022-23
Employer Normal Cost Rate	7.47%
Plus	
Required Payment on Amortization Bases[1]	$1
Paid either as	
1) Monthly Payment	$0.08
Or	
2) Annual Prepayment Option*	$1

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).

** Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).*

	Fiscal Year 2021-22	Fiscal Year 2022-23
Development of Normal Cost as a Percentage of Payroll		
Base Total Normal Cost for Formula	14.34%	14.22%
Surcharge for Class 1 Benefits[2]		
None	0.00%	0.00%
Phase out of Normal Cost Difference[3]	0.00%	0.00%
Plan's Total Normal Cost	14.34%	14.22%
Plan's Employee Contribution Rate[4]	6.75%	6.75%
Employer Normal Cost Rate	7.59%	7.47%

[1] The required payment on amortization bases does not take into account any additional discretionary payment made after April 30, 2021.

[2] Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

[3] The normal cost change is phased out over a five-year period in accordance with the CalPERS contribution allocation policy.

[4] For detail regarding the determination of the required PEPRA employee contribution rate see Section on PEPRA Member Contribution Rates.

Additional Discretionary Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for the 2022-23 fiscal year is $1. CalPERS allows employers to make additional discretionary payments (ADPs) at any time and in any amount. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Employers can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during fiscal year 2022-23 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see the "Amortization Schedule and Alternatives" section of the report.

If you are considering making an ADP, please contact your actuary for additional information.

Minimum Required Employer Contribution for Fiscal Year 2022-23

Estimated Normal Cost	Minimum UAL Payment	ADP	Total UAL Contribution	Estimated Total Contribution
$0	$1	N/A	$1	$1

Alternative Fiscal Year 2022-23 Employer Contributions for Greater UAL Reduction

Funding Target	Estimated Normal Cost	Minimum UAL Payment	ADP[1]	Total UAL Contribution	Estimated Total Contribution
20 years	$0	$1	N/A	$1	$1
15 years	$0	$1	N/A	$1	$1
10 years	$0	$1	N/A	$1	$1
5 years	$0	$1	N/A	$1	$1

[1] The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

Note that the calculations above are based on the projected Unfunded Accrued Liability as of June 30, 2022 as determined in the June 30, 2020 actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Plan's Funded Status

	June 30, 2019	June 30, 2020
1. Present Value of Projected Benefits (PVB)	$59	$63
2. Entry Age Accrued Liability (AL)	59	63
3. Plan's Market Value of Assets (MVA)	58	61
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	1	2
5. Funded Ratio [(3) / (2)]	98.3%	96.8%

This measure of funded status is an assessment of the need for future employer contributions based on the selected actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. For a measure of funded status that is appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. Actual contribution rates during this projection period could be significantly higher or lower than the projection shown below.

	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2020-21)				
Fiscal Year	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	Rate Plan 26833 Results					
Normal Cost %	7.47%	7.5%	7.5%	7.5%	7.5%	7.5%
UAL Payment	$1	$0	$0	$0	$0	$0

For some sources of UAL, the change in UAL is amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large increase in UAL, the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section.

Our online pension plan modeling and projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook is a tool to help plan and budget pension costs into the future with results and charts that are easy to understand.

Other Pooled Miscellaneous Risk Pool Rate Plans

All of the results presented in this Section 1 report, except those shown below, correspond to rate plan 26833. In many cases, employers have additional rate plans within the same risk pool. For cost analysis and budgeting it is useful to consider contributions for these rate plans as a whole rather than individually. The estimated contribution amounts and rates for all of the employer's rate plans in the Miscellaneous Risk Pool are shown below and assume that the payroll for each rate plan will grow according to the overall payroll growth assumption of 2.75% per year for three years.

	Fiscal Year 2021-22	Fiscal Year 2022-23
Estimated Combined Employer Contributions for all Pooled Miscellaneous Rate Plans		
Projected Payroll for the Contribution Year	$96,277	$99,640
Estimated Employer Normal Cost	$9,955	$10,283
Required Payment on Amortization Bases	$9,169	$10,903
Estimated Total Employer Contributions	$19,124	$21,186
Estimated Total Employer Contribution Rate (illustrative only)	19.86%	21.26%

Cost

Actuarial Determination of Pension Plan Cost

Contributions to fund the pension plan are comprised of two components:

- Normal Cost, expressed as a percentage of total active payroll
- Amortization of the Unfunded Accrued Liability (UAL), expressed as a dollar amount

For fiscal years prior to 2016-17, the Amortization of UAL component was expressed as a percentage of total active payroll. Starting with fiscal year 2016-17, the Amortization of UAL component was expressed as a dollar amount and invoiced on a monthly basis. There continues to be an option to prepay this amount during July of each fiscal year.

The Normal Cost component is expressed as a percentage of active payroll with employer and employee contributions payable as part of the regular payroll reporting process.

The determination of both components requires complex actuarial calculations. The calculations are based on a set of actuarial assumptions which can be divided into two categories:

- Demographic assumptions (e.g., mortality rates, retirement rates, employment termination rates, disability rates)
- Economic assumptions (e.g., future investment earnings, inflation, salary growth rates)

These assumptions reflect CalPERS' best estimate of future experience of the plan and are long term in nature. We recognize that all assumptions will not be realized in any given year. For example, the investment earnings at CalPERS have averaged 5.5% over the 20 years ending June 30, 2020, yet individual fiscal year returns have ranged from -23.6% to +20.7%. In addition, CalPERS reviews all actuarial assumptions by conducting in-depth experience studies every four years, with the most recent experience study completed in 2017.

Changes Since the Prior **Year's** Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by plan amendment are generally included in the first valuation that is prepared after the amendment becomes effective, even if the valuation date is prior to the effective date of the amendment.

This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to the "Plan's Major Benefit Options" and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

The are no significant changes to the actuarial methods or assumptions for the 2020 actuarial valuation.

Subsequent Events

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of June 30, 2020. Changes in the value of assets subsequent to that date are not reflected. Investment returns below the assumed rate of return will increase future required contributions while investment returns above the assumed rate of return will decrease future required contributions.

CalPERS will be completing an Asset Liability Management (ALM) process in November 2021 that will review the capital market assumptions and the strategic asset allocation and ascertain whether a change in the discount rate and other economic assumptions is warranted. As part of the ALM process the Actuarial Office will be completing an Experience Study to review the demographic experience of the retirement system and make recommendations to modify future assumptions where appropriate.

Furthermore, this valuation does not reflect any impacts from the COVID-19 pandemic on your pension plan. The impact of COVID-19 on retirement plans is not yet known and CalPERS actuaries will continue to monitor the effects and where necessary make future adjustments to actuarial assumptions.

The projected employer contributions on Page 6 are calculated under the assumption that the discount rate remains at 7.0% going forward and that the realized rate of return on assets for fiscal year 2020-21 is 7.0%.

This actuarial valuation report reflects statutory changes, regulatory changes and CalPERS Board actions through January 2021. Any subsequent changes or actions are not reflected.

Assets and Liabilities

- Breakdown of Entry Age Accrued Liability
- **Allocation of Plan's Share of Pool's Experience/Assumption Change**
- **Development of Plan's Share of Pool's** Market Value of Assets
- Schedule of **Plan's** Amortization Bases
- Amortization Schedule and Alternatives
- Employer Contribution History
- Funding History

Breakdown of Entry Age Accrued Liability

Active Members	$0
Transferred Members	0
Terminated Members	63
Members and Beneficiaries Receiving Payments	0
Total	$63

Allocation of Plan's Share of Pool's

Experience/Assumption Change

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The Pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1.	Plan's Accrued Liability	$63
2.	Projected UAL balance at 6/30/2020	1
3.	Pool's Accrued Liability[1]	19,314,480,060
4.	Sum of Pool's Individual Plan UAL Balances at 6/30/2020[1]	4,306,566,797
5.	Pool's 2019/20 Investment (Gain)/Loss[1]	344,968,792
6.	Pool's 2019/20 Non-Investment (Gain)/Loss[1]	60,428,629
7.	Plan's Share of Pool's Investment (Gain)/Loss: [(1) - (2)] ÷ [(3) - (4)] × (5)	1
8.	Plan's Share of Pool's Non-Investment (Gain)/Loss: (1) ÷ (3) × (6)	0
9.	Plan's New (Gain)/Loss as of 6/30/2020: (7) + (8)	2

[1] Does not include plans that transferred to Pool on the valuation date.

Development of the Plan's Share of Pool's Market

Value of Assets

10.	Plan's UAL: (2) + (9)	$2
11.	Plan's Share of Pool's MVA: (1) - (10)	$61

Schedule of **Plan's** Amortization Bases

Note that there is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2020.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: fiscal year 2022-23.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment for the first fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Reason for Base	Date Est.	Ramp Level 2022-23	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/20	Expected Payment 2020-21	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Minimum Required Payment 2022-23
Fresh Start	6/30/20	No Ramp		0.00%	1	2	0	2	1	1	1
Total						2	0	2	1	1	1

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in "Allocation of Plan's Share of Pool's Experience/Assumption Change" earlier in this section. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed a desire for a more stable pattern of payments or have indicated interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a Fresh Start, please consult with your plan actuary.

The Current Amortization Schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over a reasonable period.

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy.

Amortization Schedule and Alternatives (continued)

	Current Amortization Schedule		Alternate Schedules			
			0 Year Amortization		0 Year Amortization	
Date	Balance	Payment	Balance	Payment	Balance	Payment
6/30/2022	1	1	N/A	N/A	N/A	N/A
6/30/2023						
6/30/2024						
6/30/2025						
6/30/2026						
6/30/2027						
6/30/2028						
6/30/2029						
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6/30/2043						
6/30/2044						
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
6/30/2050						
6/30/2051						
Total		1		N/A		N/A
Interest Paid		N/A		N/A		N/A
Estimated Savings				N/A		N/A

Employer Contribution History

The table below provides a recent history of the required employer contributions for the plan. The amounts are based on the actuarial valuation from two years prior and does not account for prepayments or benefit changes made during a fiscal year. Additional discretionary payments before July 1, 2019 or after June 30, 2020 are not included.

Fiscal Year	Employer Normal Cost	Unfunded Liability Payment ($)	Additional Discretionary Payments
2017 - 18	6.533%	$0	N/A
2018 - 19	6.842%	8	N/A
2019 - 20	6.985%	0	0
2020 - 21	7.732%	0	
2021 - 22	7.59%	1	
2022 - 23	7.47%	1	

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's market value of assets, unfunded accrued liability, funded ratio, and annual covered payroll.

Valuation Date	Accrued Liability (AL)	**Share of Pool's** Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2015	$47	$45	$2	95.2%	$0
06/30/2016	50	43	7	86.3%	0
06/30/2017	53	47	6	88.2%	0
06/30/2018	56	48	8	84.9%	0
06/30/2019	59	58	1	98.3%	0
06/30/2020	63	61	2	96.8%	0

Risk Analysis

- Future Investment Return Scenarios
- Discount Rate Sensitivity
- Mortality Rate Sensitivity
- Maturity Measures
- Maturity Measures History
- Hypothetical Termination Liability

Future Investment Return Scenarios

Analysis was performed to determine the effects of various future investment returns on required employer contributions. The projections below provide a range of results based on five investment return scenarios assumed to occur during the next four fiscal years (2020-21, 2021-22, 2022-23 and 2023-24). The projections also assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

For fiscal years 2020-21, 2021-22, 2022-23, and 2023-24, each scenario assumes an alternate fixed annual return. The fixed return assumptions for the five scenarios are 1.0%, 4.0%, 7.0%, 9.0% and 12.0%.

These alternate investment returns were chosen based on stochastic analysis of possible future investment returns over the four-year period ending June 30, 2024. Using the expected returns and volatility of the asset classes in which the funds are invested, we produced five thousand stochastic outcomes for this period based on the most recently completed Asset Liability Management process. We then selected annual returns that approximate the 5th, 25th, 50th, 75th, and 95th percentiles for these outcomes. For example, of all the 4-year outcomes generated in the stochastic analysis, approximately 25% had an average annual return of 4.0% or less.

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 1.0% or greater than 12.0% over this four-year period, the likelihood of a single investment return less than 1.0% or greater than 12.0% in any given year is much greater.

Assumed Annual Return From 2020-21 through 2023-24	Projected Employer Contributions			
	2023-24	2024-25	2025-26	2026-27
1.0%				
Normal Cost	7.5%	7.5%	7.5%	7.5%
UAL Contribution	$4	$4	$4	$4
4.0%				
Normal Cost	7.5%	7.5%	7.5%	7.5%
UAL Contribution	$2	$2	$2	$2
7.0%				
Normal Cost	7.5%	7.5%	7.5%	7.5%
UAL Contribution	$0	$0	$0	$0
9.0%				
Normal Cost	7.6%	7.8%	8.0%	7.4%
UAL Contribution	$0	$0	$0	$0
12.0%				
Normal Cost	7.6%	7.8%	8.0%	7.4%
UAL Contribution	$0	$0	$0	$0

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.50% and 2.50%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2020 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 7.0% as well as alternate discount rates of 6.0% and 8.0%. The rates of 6.0% and 8.0% were selected since they illustrate the impact of a 1.0% increase or decrease to the 7.0% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2020	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	6.0%	7.0%	8.0%
Inflation	2.5%	2.5%	2.5%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	17.65%	14.22%	11.59%
b) Accrued Liability	$63	$63	$63
c) Market Value of Assets	$61	$61	$61
d) Unfunded Liability/(Surplus) [(b) - (c)]	$2	$2	$2
e) Funded Status	96.8%	96.8%	96.8%

Sensitivity to the Price Inflation Assumption

As of June 30, 2020	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	6.0%	7.0%	8.0%
Inflation	1.5%	2.5%	3.5%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	15.20%	14.22%	13.05%
b) Accrued Liability	$63	$63	$63
c) Market Value of Assets	$61	$61	$61
d) Unfunded Liability/(Surplus) [(b) - (c)]	$2	$2	$2
e) Funded Status	96.8%	96.8%	96.8%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2020 plan costs and funded status under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2017. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.

As of June 30, 2020	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	14.49%	14.22%	13.97%
b) Accrued Liability	$63	$63	$63
c) Market Value of Assets	$61	$61	$61
d) Unfunded Liability/(Surplus) [(b) - (c)]	$2	$2	$2
e) Funded Status	96.8%	96.8%	96.8%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures are for one rate plan only.

One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio starts increasing. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2019	June 30, 2020
1. Retired Accrued Liability	0	0
2. Total Accrued Liability	59	63
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.00	0.00

Another measure of maturity level of CalPERS and its plans is to look at the ratio of actives to retirees, also called the Support Ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures, and members retire, the ratio starts declining. A mature plan will often have a ratio near or below one. The average support ratio for CalPERS public agency plans is 1.25.

Support Ratio	June 30, 2019	June 30, 2020
1. Number of Actives	0	0
2. Number of Retirees	0	0
3. Support Ratio [(1) / (2)]	N/A	N/A

Maturity Measures (Continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio (AVR)

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Liability Volatility Ratio (LVR)

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to investment return and changes in liability. For example, a plan with LVR ratio of 8 is expected to have twice the contribution volatility of a plan with LVR of 4. It should be noted that this ratio indicates a longer-term potential for contribution volatility. The AVR, described above, will tend to move closer to the LVR as a plan matures.

Contribution Volatility	June 30, 2019	June 30, 2020
1. Market Value of Assets	$58	$61
2. Payroll	0	0
3. Asset Volatility Ratio (AVR) [(1) / (2)]	N/A	N/A
4. Accrued Liability	$59	$63
5. Liability Volatility Ratio (LVR) [(4) / (2)]	N/A	N/A

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	0.00	N/A	N/A	N/A
06/30/2018	0.00	N/A	N/A	N/A
06/30/2019	0.00	N/A	N/A	N/A
06/30/2020	0.00	N/A	N/A	N/A

Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2020. The plan liability on a termination basis is calculated differently compared to the plan's ongoing funding liability. For the hypothetical termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees.

A more conservative investment policy and asset allocation strategy was adopted by the CalPERS Board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate is assumed. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 19-month period from 12 months before the valuation date to 7 months after.

Market Value of Assets (MVA)	Hypothetical Termination Liability[1,2] at 0.75%	Funded Status	Unfunded Termination Liability at 0.75%	Hypothetical Termination Liability[1,2] at 2.50%	Funded Status	Unfunded Termination Liability at 2.50%
$61	$697	8.8%	$636	$337	18.1%	$276

[1] The hypothetical liabilities calculated above include a 5% mortality contingency load in accordance with Board policy. Other actuarial assumptions can be found in Appendix A of the Section 2 report.

[2] The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 1.18% on June 30, 2020, and was 1.68% on January 31, 2021.

In order to terminate the plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. CalPERS advises you to consult with the plan actuary before beginning this process.

Participant Data

The table below shows a summary of your plan's member data upon which this valuation is based:

	June 30, 2019	June 30, 2020
Active Members		
Counts	0	0
Average Attained Age	N/A	0.0
Average Entry Age to Rate Plan	N/A	0.0
Average Years of Credited Service	N/A	0.0
Average Annual Covered Pay	$0	$0
Annual Covered Payroll	$0	$0
Projected Annual Payroll for Contribution Year	$0	$0
Present Value of Future Payroll	$0	$0
Transferred Members	0	0
Separated Members	1	1
Retired Members and Beneficiaries		
Counts*	0	0
Average Annual Benefits*	N/A	$0

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values include community property settlements.

List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- None

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

	Benefit Group	
Member Category	Misc	
Demographics		
Actives	No	
Transfers/Separated	Yes	
Receiving	No	
Benefit Provision		
Benefit Formula	2% @ 62	
Social Security Coverage	No	
Full/Modified	Full	
Employee Contribution Rate		
Final Average Compensation Period	Three Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	No	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	Level 3	
Special	No	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	$500	
Survivor Allowance (PRSA)	No	
COLA	2%	

PEPRA Member Contribution Rates

The California Public Employees' Pension Reform Act of 2013 (PEPRA) established new benefit formulas, final compensation period, and contribution requirements for "new" employees (generally those first hired into a CalPERS-covered position on or after January 1, 2013). In accordance with Government Code Section 7522.30(b), "new members ... shall have an initial contribution rate of at least 50% of the normal cost rate." The normal cost rate is dependent on the plan of retirement benefits, actuarial assumptions and demographics of the risk pool, particularly members' entry age. Should the total normal cost rate change by more than 1% from the base total normal cost rate, the new member rate shall be 50% of the new normal cost rate rounded to the nearest quarter percent.

The table below shows the determination of the PEPRA member contribution rates effective July 1, 2022, based on 50% of the total normal cost rate as of the June 30, 2020 valuation.

		Basis for Current Rate		Rates Effective July 1, 2022			
Rate Plan Identifier	Benefit Group Name	Total Normal Cost	Member Rate	Total Normal Cost	Change	Change Needed	Member Rate
26833	Miscellaneous PEPRA Level	13.735%	6.75%	14.22%	0.485%	No	6.75%

Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Risk Pool Actuarial Valuation Information

Section 2 may be found on the CalPERS website (calpers.ca.gov) in the Forms and Publications section

California Public Employees' Retirement System
Actuarial Office
400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744
888 CalPERS (or **888**-225-7377) | TTY: (877) 249-7442 | **www.calpers.ca.gov**

July 2021

Safety Plan of the Meeks Bay Fire Protection District
(CalPERS ID: 4197922266)
Annual Valuation Report as of June 30, 2020

Dear Employer,

Attached to this letter, you will find the June 30, 2020 actuarial valuation report of your CalPERS pension plan. Provided in this report is the determination of the minimum required employer contributions for fiscal year 2022-23. In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2020.

Section 2 can be found on the CalPERS website (calpers.ca.gov). From the home page, go to "*Forms & Publications*" and select "*View All*". In the search box, enter "*Risk Pool*" and from the results list download the Safety Risk Pool Actuarial Valuation Report for June 30, 2020.

Your June 30, 2020 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your assigned CalPERS staff actuary, whose signature appears in the Actuarial Certification section on page 1, is available to discuss the report with you.

Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth, eligibility for the types of benefits provided, and longevity among retirees. The CalPERS Board of Administration adopts these assumptions after considering the advice of CalPERS actuarial and investment teams and other professionals. Each actuarial valuation reflects all prior differences between actual and assumed experience and adjusts the contribution rates as needed. This valuation is based on an investment return assumption of 7.0% which was adopted by the board in December 2016. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017.

Required Contribution

The exhibit below displays the minimum employer contributions for fiscal year 2022-23 along with estimates of the required contributions for fiscal year 2023-24. Member contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. The employer contributions in this report do not reflect any cost sharing arrangements you may have with your employees.

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability
2022-23	0.00%	$196,225
Projected Results		
2023-24	*0.0%*	*$206,000*

The actual investment return for fiscal year 2020-21 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 7.00%. *To the extent the actual investment return for fiscal year 2020-21 differs from 7.00%, the actual contribution requirements for fiscal year 2023-24 will differ from those shown above.* For additional details regarding the assumptions and methods used for these projections please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section. This section also contains projected required contributions through fiscal year 2027-28.

Changes from Previous **Year's Valuation**

There are no significant changes in actuarial assumptions or policies in your 2020 actuarial valuation. Your annual valuation report is an important tool for monitoring the health of your CalPERS pension plan. Your report contains useful information about future required contributions and ways to control your plan's funding progress. In addition to your annual actuarial report my office has developed tools for employers to plan, project and protect the retirement benefits of your employees. Pension Outlook is a tool to help plan and budget pension costs into the future with easy to understand results and charts.

You will be able to view the projected funded status and required employer contributions for pension plans in different potential scenarios for up to 30 years into the future — which will make budgeting more predictable. While Pension Outlook can't predict the future, it can provide valuable planning information based on a variety of future scenarios that you select.

Pension Outlook can help you answer specific questions about your plans, including:

- When is my plan's funded status expected to increase?
- What happens to my required contributions in a down market?
- How does the discount rate assumption affect my contributions?
- What is the impact of making an additional discretionary payment to my plan?

To get started, visit our Pension Outlook page at www.calpers.ca.gov/page/employers/actuarial-resources/pension-outlook-overview and take the steps to register online.

CalPERS will be completing an Asset Liability Management (ALM) review process in November 2021 that will review the capital market assumptions and the strategic asset allocation and ascertain whether a change in the discount rate and other economic assumptions is warranted. In addition, the Actuarial Office will be completing its Experience Study to review the demographic experience within the pension system and make recommendations to modify future assumptions where appropriate.

Furthermore, this valuation does not reflect any impacts from the COVID-19 pandemic on your pension plan. The impact of COVID-19 on retirement plans is not yet known and CalPERS actuaries will continue to monitor the effects and where necessary make future adjustments to actuarial assumptions.

Further descriptions of general changes are included in the "Highlights and Executive Summary" section and in Appendix A of the Section 2 report, "Actuarial Methods and Assumptions."

Questions

We understand that you might have questions about these results, and your assigned CalPERS actuary whose signature is on the valuation report is available to discuss. If you have other questions, you may call the Customer Contact Center at (888)-CalPERS or (888-225-7377).

Sincerely,

SCOTT TERANDO, ASA, EA, MAAA, FCA, CFA
Chief Actuary

Actuarial Valuation
as of June 30, 2020

for the
Safety Plan
of the
Meeks Bay Fire Protection District
(CalPERS ID: 4197922266)

Required Contributions
for Fiscal Year
July 1, 2022 - June 30, 2023

Table of Contents

Section 1 – Plan Specific Information

Section 2 – Risk Pool Actuarial Valuation Information

Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Specific Information for the Safety Plan of the Meeks Bay Fire Protection District

(CalPERS ID: 4197922266)
(Rate Plan ID: 1286)

Table of Contents

Actuarial Certification 1

Highlights and Executive Summary

- Introduction 3
- Purpose of Section 1 3
- Required Employer Contributions 4
- Additional Discretionary Employer Contributions 5
- Plan's Funded Status 6
- Projected Employer Contributions 6
- Other Pooled Safety Risk Pool Rate Plans 7
- Cost 8
- Changes Since the Prior Year's Valuation 9
- Subsequent Events 9

Assets and Liabilities

- Breakdown of Entry Age Accrued Liability 11
- Allocation of Plan's Share of Pool's Experience/Assumption Change 11
- Development of Plan's Share of Pool's Market Value of Assets 11
- Schedule of Plan's Amortization Bases 12
- Amortization Schedule and Alternatives 14
- Employer Contribution History 16
- Funding History 16

Risk Analysis

- Future Investment Return Scenarios 18
- Discount Rate Sensitivity 19
- Mortality Rate Sensitivity 19
- Maturity Measures 20
- Maturity Measures History 21
- Hypothetical Termination Liability 22

Participant Data 23

List of Class 1 Benefit Provisions 23

Plan's Major Benefit Options 24

Actuarial Certification

Section 1 of this report is based on the member and financial data contained in our records as of June 30, 2020 which was provided by your agency and the benefit provisions under your contract with CalPERS. Section 2 of this report is based on the member and financial data as of June 30, 2020 provided by employers participating in the Safety Risk Pool to which the plan belongs and benefit provisions under the CalPERS contracts for those agencies.

As set forth in Section 2 of this report, the pool actuaries have certified that, in their opinion, the valuation of the risk pool containing your Safety Plan has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the plan, it is my opinion as the plan actuary that the Unfunded Accrued Liability amortization bases as of June 30, 2020 and employer contribution as of July 1, 2022 have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary who satisfies the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States with regard to pensions.

PAUL TSCHIDA, FSA, EA, MAAA
Senior Pension Actuary, CalPERS

Highlights and Executive Summary

- Introduction
- Purpose of Section 1
- Required Employer Contributions
- Additional Discretionary Employer Contributions
- **Plan's Funded S**tatus
- Projected Employer Contributions
- Other Pooled Safety Risk Pool Rate Plans
- Cost
- Changes Since the Prior Year**'s V**aluation
- Subsequent Events

Introduction

This report presents the results of the June 30, 2020 actuarial valuation of the Safety Plan of the Meeks Bay Fire Protection District of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the required employer contributions for fiscal year 2022-23.

Purpose of Section 1

This Section 1 report for the Safety Plan of the Meeks Bay Fire Protection District of CalPERS was prepared by the plan actuary in order to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2020;
- Determine the minimum required employer contribution for this plan for the fiscal year July 1, 2022 through June 30, 2023; and
- Provide actuarial information as of June 30, 2020 to the CalPERS Board of Administration and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website.

The measurements shown in this actuarial valuation may not be applicable for other purposes. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; and changes in plan provisions or applicable law.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the recommendations of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 6.0% and 8.0%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post- retirement mortality assumptions adopted in 2017.
- Pension Plan maturity measures quantifying the risks the employer bears.

Required Employer Contributions

Required Employer Contributions	Fiscal Year 2022-23
Employer Normal Cost Rate	0.00%
Plus	
Required Payment on Amortization Bases[1]	$196,225
Paid either as	
1) Monthly Payment	$16,352.08
Or	
2) Annual Prepayment Option*	$189,698

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).

** Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).*

	Fiscal Year 2021-22	Fiscal Year 2022-23
Development of Normal Cost as a Percentage of Payroll		
Base Total Normal Cost for Formula	0.00%	0.00%
Surcharge for Class 1 Benefits[2]		
None	0.00%	0.00%
Phase out of Normal Cost Difference[3]	0.00%	0.00%
Plan's Total Normal Cost	0.00%	0.00%
Formula's Expected Employee Contribution Rate	0.00%	0.00%
Employer Normal Cost Rate	0.00%	0.00%

[1] The required payment on amortization bases does not take into account any additional discretionary payment made after April 30, 2021.

[2] Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

[3] The normal cost change is phased out over a five-year period in accordance with the CalPERS contribution allocation policy.

Additional Discretionary Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for the 2022-23 fiscal year is $196,225. CalPERS allows employers to make additional discretionary payments (ADPs) at any time and in any amount. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Employers can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during fiscal year 2022-23 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see the "Amortization Schedule and Alternatives" section of the report.

If you are considering making an ADP, please contact your actuary for additional information.

Minimum Required Employer Contribution for Fiscal Year 2022-23

Estimated Normal Cost	Minimum UAL Payment	ADP	Total UAL Contribution	Estimated Total Contribution
$0	$196,225	$0	$196,225	$196,225

Alternative Fiscal Year 2022-23 Employer Contributions for Greater UAL Reduction

Funding Target	Estimated Normal Cost	Minimum UAL Payment	ADP[1]	Total UAL Contribution	Estimated Total Contribution
15 years	$0	$196,225	$29,983	$226,208	$226,208
10 years	$0	$196,225	$97,113	$293,338	$293,338
5 years	$0	$196,225	$306,259	$502,484	$502,484

[1] The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

Note that the calculations above are based on the projected Unfunded Accrued Liability as of June 30, 2022 as determined in the June 30, 2020 actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Plan's Funded Status

	June 30, 2019	June 30, 2020
1. Present Value of Projected Benefits (PVB)	$7,353,225	$7,490,798
2. Entry Age Accrued Liability (AL)	7,353,225	7,490,798
3. Plan's Market Value of Assets (MVA)	5,366,273	5,326,232
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	1,986,952	2,164,566
5. Funded Ratio [(3) / (2)]	73.0%	71.1%

This measure of funded status is an assessment of the need for future employer contributions based on the selected actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. For a measure of funded status that is appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. Actual contribution rates during this projection period could be significantly higher or lower than the projection shown below.

	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2020-21)				
Fiscal Year	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	Rate Plan 1286 Results					
Normal Cost %	0.00%	0.0%	0.0%	0.0%	0.0%	0.0%
UAL Payment	$196,225	$206,000	$215,000	$219,000	$222,000	$222,000

For some sources of UAL, the change in UAL is amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large increase in UAL, the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section.

Our online pension plan modeling and projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook is a tool to help plan and budget pension costs into the future with results and charts that are easy to understand.

Other Pooled Safety Risk Pool Rate Plans

All of the results presented in this Section 1 report, except those shown below, correspond to rate plan 1286. In many cases, employers have additional rate plans within the same risk pool. For cost analysis and budgeting it is useful to consider contributions for these rate plans as a whole rather than individually. The estimated contribution amounts and rates for all of the employer's rate plans in the Safety Risk Pool are shown below and assume that the payroll for each rate plan will grow according to the overall payroll growth assumption of 2.75% per year for three years.

	Fiscal Year 2021-22	Fiscal Year 2022-23
Estimated Combined Employer Contributions for all Pooled Safety Rate Plans		
Projected Payroll for the Contribution Year	$0	$0
Estimated Employer Normal Cost	$0	$0
Required Payment on Amortization Bases	177,249	198,688
Estimated Total Employer Contributions	$177,249	$198,688
Estimated Total Employer Contribution Rate (illustrative only)	0.00%	0.00%

Cost

Actuarial Determination of Pension Plan Cost

Contributions to fund the pension plan are comprised of two components:

- Normal Cost, expressed as a percentage of total active payroll
- Amortization of the Unfunded Accrued Liability (UAL), expressed as a dollar amount

For fiscal years prior to 2016-17, the Amortization of UAL component was expressed as a percentage of total active payroll. Starting with fiscal year 2016-17, the Amortization of UAL component was expressed as a dollar amount and invoiced on a monthly basis. There continues to be an option to prepay this amount during July of each fiscal year.

The Normal Cost component is expressed as a percentage of active payroll with employer and employee contributions payable as part of the regular payroll reporting process.

The determination of both components requires complex actuarial calculations. The calculations are based on a set of actuarial assumptions which can be divided into two categories:

- Demographic assumptions (e.g., mortality rates, retirement rates, employment termination rates, disability rates)
- Economic assumptions (e.g., future investment earnings, inflation, salary growth rates)

These assumptions reflect CalPERS' best estimate of future experience of the plan and are long term in nature. We recognize that all assumptions will not be realized in any given year. For example, the investment earnings at CalPERS have averaged 5.5% over the 20 years ending June 30, 2020, yet individual fiscal year returns have ranged from -23.6% to +20.7%. In addition, CalPERS reviews all actuarial assumptions by conducting in-depth experience studies every four years, with the most recent experience study completed in 2017.

Changes Since the Prior **Year's** Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by plan amendment are generally included in the first valuation that is prepared after the amendment becomes effective, even if the valuation date is prior to the effective date of the amendment.

This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to the "Plan's Major Benefit Options" and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

The are no significant changes to the actuarial methods or assumptions for the 2020 actuarial valuation.

Subsequent Events

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of June 30, 2020. Changes in the value of assets subsequent to that date are not reflected. Investment returns below the assumed rate of return will increase future required contributions while investment returns above the assumed rate of return will decrease future required contributions.

CalPERS will be completing an Asset Liability Management (ALM) process in November 2021 that will review the capital market assumptions and the strategic asset allocation and ascertain whether a change in the discount rate and other economic assumptions is warranted. As part of the ALM process the Actuarial Office will be completing an Experience Study to review the demographic experience of the retirement system and make recommendations to modify future assumptions where appropriate.

Furthermore, this valuation does not reflect any impacts from the COVID-19 pandemic on your pension plan. The impact of COVID-19 on retirement plans is not yet known and CalPERS actuaries will continue to monitor the effects and where necessary make future adjustments to actuarial assumptions.

The projected employer contributions on Page 6 are calculated under the assumption that the discount rate remains at 7.0% going forward and that the realized rate of return on assets for fiscal year 2020-21 is 7.0%.

This actuarial valuation report reflects statutory changes, regulatory changes and CalPERS Board actions through January 2021. Any subsequent changes or actions are not reflected.

Assets and Liabilities

- Breakdown of Entry Age Accrued Liability
- **Allocation of Plan's Share of Pool's Experience/Assumption Change**
- **Development of Plan's Share of Pool's** Market Value of Assets
- Schedule of **Plan's** Amortization Bases
- Amortization Schedule and Alternatives
- Employer Contribution History
- Funding History

Breakdown of Entry Age Accrued Liability

Active Members	$0
Transferred Members	2,284,629
Terminated Members	106,836
Members and Beneficiaries Receiving Payments	5,099,333
Total	$7,490,798

Allocation of Plan's Share of Pool's

Experience/Assumption Change

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The Pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1.	Plan's Accrued Liability	$7,490,798
2.	Projected UAL balance at 6/30/2020	2,016,369
3.	Pool's Accrued Liability[1]	25,304,654,410
4.	Sum of Pool's Individual Plan UAL Balances at 6/30/2020[1]	6,693,257,955
5.	Pool's 2019/20 Investment (Gain)/Loss[1]	427,980,555
6.	Pool's 2019/20 Non-Investment (Gain)/Loss[1]	75,360,952
7.	Plan's Share of Pool's Investment (Gain)/Loss: [(1) - (2)] ÷ [(3) - (4)] × (5)	125,888
8.	Plan's Share of Pool's Non-Investment (Gain)/Loss: (1) ÷ (3) × (6)	22,309
9.	Plan's New (Gain)/Loss as of 6/30/2020: (7) + (8)	148,197

[1] Does not include plans that transferred to Pool on the valuation date.

Development of the Plan's Share of Pool's Market

Value of Assets

10.	Plan's UAL: (2) + (9)	$2,164,566
11.	Plan's Share of Pool's MVA: (1) - (10)	$5,326,232

Schedule of **Plan's** Amortization Bases

Note that there is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2020.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: fiscal year 2022-23.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment for the first fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Reason for Base	Date Est.	Ramp Level 2022-23	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/20	Expected Payment 2020-21	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Minimum Required Payment 2022-23
Share of Pre-2013 Pool UAL	6/30/13	No Ramp		0.00%	15	449,021	44,461	434,462	44,461	418,884	44,461
Non-Investment (Gain)/Loss	6/30/13	100%	Up/Down	0.00%	23	(42,600)	(3,658)	(41,798)	(3,658)	(40,940)	(3,658)
Investment (Gain)/Loss	6/30/13	100%	Up/Down	0.00%	23	700,977	60,192	687,782	60,192	673,664	60,192
Non-Investment (Gain)/Loss	6/30/14	100%	Up/Down	0.00%	24	6,818	575	6,700	575	6,574	575
Investment (Gain)/Loss	6/30/14	100%	Up/Down	0.00%	24	(575,991)	(48,604)	(566,034)	(48,604)	(555,380)	(48,604)
Assumption Change	6/30/14	100%	Up/Down	0.00%	14	355,409	39,402	339,530	39,402	322,539	39,402
Non-Investment (Gain)/Loss	6/30/15	100%	Up/Down	0.00%	25	(1,239)	(84)	(1,239)	(105)	(1,217)	(105)
Investment (Gain)/Loss	6/30/15	100%	Up/Down	0.00%	25	354,395	23,928	354,451	29,910	348,323	29,910
Non-Investment (Gain)/Loss	6/30/16	100%	Up/Down	0.00%	26	(71,375)	(3,675)	(72,570)	(4,900)	(72,581)	(6,125)
Investment (Gain)/Loss	6/30/16	100%	Up/Down	0.00%	26	458,325	23,597	465,999	31,463	466,073	39,329
Assumption Change	6/30/16	100%	Up/Down	0.00%	16	130,757	8,545	131,071	11,393	128,461	14,242
Non-Investment (Gain)/Loss	6/30/17	80%	Up/Down	0.00%	27	5,239	186	5,413	279	5,503	372
Investment (Gain)/Loss	6/30/17	80%	Up/Down	0.00%	27	(214,842)	(7,620)	(221,999)	(11,430)	(225,716)	(15,240)
Assumption Change	6/30/17	80%	Up/Down	0.00%	17	154,016	6,870	157,691	10,305	158,070	13,740
Non-Investment (Gain)/Loss	6/30/18	60%	Up/Down	0.00%	28	28,998	540	30,469	1,081	31,484	1,621
Investment (Gain)/Loss	6/30/18	60%	Up/Down	0.00%	28	(62,650)	(1,167)	(65,828)	(2,335)	(68,021)	(3,502)
Assumption Change	6/30/18	60%	Up/Down	0.00%	18	226,433	5,282	236,820	10,564	242,470	15,845
Method Change	6/30/18	60%	Up/Down	0.00%	18	53,240	1,242	55,682	2,484	57,010	3,726
Non-Investment (Gain)/Loss	6/30/19	No Ramp		0.00%	19	33,186	0	35,509	3,240	34,643	3,240

Schedule of Plan's Amortization Bases (continued)

Reason for Base	Date Est.	Ramp Level 2022-23	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/20	Expected Payment 2020-21	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Minimum Required Payment 2022-23
Investment (Gain)/Loss	6/30/19	40%	Up Only	0.00%	19	28,252	0	30,230	661	31,662	1,322
Non-Investment (Gain)/Loss	6/30/20	No Ramp		0.00%	20	22,309	0	23,871	0	25,542	2,331
Investment (Gain)/Loss	6/30/20	20%	Up Only	0.00%	20	125,888	0	134,700	0	144,129	3,151
Total						2,164,566	150,012	2,160,912	174,978	2,131,176	196,225

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in "Allocation of Plan's Share of Pool's Experience/Assumption Change" earlier in this section. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed a desire for a more stable pattern of payments or have indicated interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a Fresh Start, please consult with your plan actuary.

The Current Amortization Schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over a reasonable period.

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy.

Amortization Schedule and Alternatives (continued)

	Current Amortization Schedule		Alternate Schedules			
			15 Year Amortization		10 Year Amortization	
Date	Balance	Payment	Balance	Payment	Balance	Payment
6/30/2022	2,131,176	196,225	2,131,176	226,208	2,131,176	293,338
6/30/2023	2,077,380	205,649	2,046,367	226,208	1,976,927	293,338
6/30/2024	2,010,070	215,359	1,955,621	226,208	1,811,881	293,338
6/30/2025	1,928,006	219,173	1,858,523	226,208	1,635,281	293,338
6/30/2026	1,836,255	222,327	1,754,628	226,208	1,446,319	293,338
6/30/2027	1,734,816	222,324	1,643,461	226,208	1,244,130	293,339
6/30/2028	1,626,281	222,324	1,524,512	226,209	1,027,787	293,338
6/30/2029	1,510,145	222,325	1,397,235	226,208	796,301	293,339
6/30/2030	1,385,880	222,320	1,261,050	226,208	548,610	293,338
6/30/2031	1,252,922	222,324	1,115,332	226,209	283,582	293,340
6/30/2032	1,110,653	214,445	959,413	226,209		
6/30/2033	966,575	206,560	792,580	226,209		
6/30/2034	820,566	195,835	614,068	226,208		
6/30/2035	675,433	181,668	423,061	226,208		
6/30/2036	534,794	160,987	218,684	226,208		
6/30/2037	405,702	103,717				
6/30/2038	326,815	90,907				
6/30/2039	255,656	80,948				
6/30/2040	189,821	74,428				
6/30/2041	126,120	56,573				
6/30/2042	76,428	36,785				
6/30/2043	43,727	29,123				
6/30/2044	16,664	14,823				
6/30/2045	2,496	2,582				
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
6/30/2050						
6/30/2051						
Total		3,619,731		3,393,124		2,933,384
Interest Paid		1,488,555		1,261,948		802,208
Estimated Savings				226,607		686,347

Employer Contribution History

The table below provides a recent history of the required employer contributions for the plan. The amounts are based on the actuarial valuation from two years prior and does not account for prepayments or benefit changes made during a fiscal year. Additional discretionary payments before July 1, 2019 or after June 30, 2020 are not included.

Fiscal Year	Employer Normal Cost	Unfunded Liability Payment ($)	Additional Discretionary Payments
2016 - 17	17.689%	$49,681	N/A
2017 - 18	17.875%	63,241	N/A
2018 - 19	18.677%	83,761	N/A
2019 - 20	20.073%	106,017	0
2020 - 21	0.000%	150,012	
2021 - 22	0.00%	174,978	
2022 - 23	0.00%	196,225	

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's market value of assets, unfunded accrued liability, funded ratio, and annual covered payroll.

Valuation Date	Accrued Liability (AL)	**Share of Pool's** Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2011	$4,273,961	$3,430,947	$843,014	80.3%	$546,254
06/30/2012	4,627,313	3,507,357	1,119,956	75.8%	530,975
06/30/2013	4,906,195	3,953,820	952,375	80.6%	567,875
06/30/2014	5,752,257	4,912,760	839,497	85.4%	424,550
06/30/2015	6,086,451	4,946,857	1,139,594	81.3%	286,273
06/30/2016	6,646,982	5,052,653	1,594,329	76.0%	197,824
06/30/2017	6,852,158	5,235,328	1,616,830	76.4%	0
06/30/2018	7,207,577	5,322,426	1,885,151	73.8%	0
06/30/2019	7,353,225	5,366,273	1,986,952	73.0%	0
06/30/2020	7,490,798	5,326,232	2,164,566	71.1%	0

Risk Analysis

- Future Investment Return Scenarios
- Discount Rate Sensitivity
- Mortality Rate Sensitivity
- Maturity Measures
- Maturity Measures History
- Hypothetical Termination Liability

Future Investment Return Scenarios

Analysis was performed to determine the effects of various future investment returns on required employer contributions. The projections below provide a range of results based on five investment return scenarios assumed to occur during the next four fiscal years (2020-21, 2021-22, 2022-23 and 2023-24). The projections also assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

For fiscal years 2020-21, 2021-22, 2022-23, and 2023-24, each scenario assumes an alternate fixed annual return. The fixed return assumptions for the five scenarios are 1.0%, 4.0%, 7.0%, 9.0% and 12.0%.

These alternate investment returns were chosen based on stochastic analysis of possible future investment returns over the four-year period ending June 30, 2024. Using the expected returns and volatility of the asset classes in which the funds are invested, we produced five thousand stochastic outcomes for this period based on the most recently completed Asset Liability Management process. We then selected annual returns that approximate the 5th, 25th, 50th, 75th, and 95th percentiles for these outcomes. For example, of all the 4-year outcomes generated in the stochastic analysis, approximately 25% had an average annual return of 4.0% or less.

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 1.0% or greater than 12.0% over this four-year period, the likelihood of a single investment return less than 1.0% or greater than 12.0% in any given year is much greater.

Assumed Annual Return From 2020-21 through 2023-24	Projected Employer Contributions			
	2023-24	2024-25	2025-26	2026-27
1.0%				
Normal Cost	0.0%	0.0%	0.0%	0.0%
UAL Contribution	$214,000	$239,000	$267,000	$302,000
4.0%				
Normal Cost	0.0%	0.0%	0.0%	0.0%
UAL Contribution	$210,000	$227,000	$244,000	$263,000
7.0%				
Normal Cost	0.0%	0.0%	0.0%	0.0%
UAL Contribution	$206,000	$215,000	$219,000	$222,000
9.0%				
Normal Cost	0.0%	0.0%	0.0%	0.0%
UAL Contribution	$203,000	$209,000	$208,000	$203,000
12.0%				
Normal Cost	0.0%	0.0%	0.0%	0.0%
UAL Contribution	$200,000	$197,000	$182,000	$158,000

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.50% and 2.50%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2020 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 7.0% as well as alternate discount rates of 6.0% and 8.0%. The rates of 6.0% and 8.0% were selected since they illustrate the impact of a 1.0% increase or decrease to the 7.0% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2020	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	6.0%	7.0%	8.0%
Inflation	2.5%	2.5%	2.5%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	0.00%	0.00%	0.00%
b) Accrued Liability	$8,403,948	$7,490,798	$6,730,327
c) Market Value of Assets	$5,326,232	$5,326,232	$5,326,232
d) Unfunded Liability/(Surplus) [(b) - (c)]	$3,077,716	$2,164,566	$1,404,095
e) Funded Status	63.4%	71.1%	79.1%

Sensitivity to the Price Inflation Assumption

As of June 30, 2020	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	6.0%	7.0%	8.0%
Inflation	1.5%	2.5%	3.5%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	0.00%	0.00%	0.00%
b) Accrued Liability	$7,882,589	$7,490,798	$6,982,027
c) Market Value of Assets	$5,326,232	$5,326,232	$5,326,232
d) Unfunded Liability/(Surplus) [(b) - (c)]	$2,556,357	$2,164,566	$1,655,795
e) Funded Status	67.6%	71.1%	76.3%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2020 plan costs and funded status under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2017. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.

As of June 30, 2020	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	0.00%	0.00%	0.00%
b) Accrued Liability	$7,630,379	$7,490,798	$7,361,566
c) Market Value of Assets	$5,326,232	$5,326,232	$5,326,232
d) Unfunded Liability/(Surplus) [(b) - (c)]	$2,304,147	$2,164,566	$2,035,334
e) Funded Status	69.8%	71.1%	72.4%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures are for one rate plan only.

One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio starts increasing. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2019	June 30, 2020
1. Retired Accrued Liability	5,021,910	5,099,333
2. Total Accrued Liability	7,353,225	7,490,798
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.68	0.68

Another measure of maturity level of CalPERS and its plans is to look at the ratio of actives to retirees, also called the Support Ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures, and members retire, the ratio starts declining. A mature plan will often have a ratio near or below one. The average support ratio for CalPERS public agency plans is 1.25.

Support Ratio	June 30, 2019	June 30, 2020
1. Number of Actives	0	0
2. Number of Retirees	8	9
3. Support Ratio [(1) / (2)]	0.00	0.00

Maturity Measures (Continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio (AVR)

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Liability Volatility Ratio (LVR)

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to investment return and changes in liability. For example, a plan with LVR ratio of 8 is expected to have twice the contribution volatility of a plan with LVR of 4. It should be noted that this ratio indicates a longer-term potential for contribution volatility. The AVR, described above, will tend to move closer to the LVR as a plan matures.

Contribution Volatility	June 30, 2019	June 30, 2020
1. Market Value of Assets	$5,366,273	$5,326,232
2. Payroll	0	0
3. Asset Volatility Ratio (AVR) [(1) / (2)]	N/A	N/A
4. Accrued Liability	$7,353,225	$7,490,798
5. Liability Volatility Ratio (LVR) [(4) / (2)]	N/A	N/A

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	0.70	0.00	N/A	N/A
06/30/2018	0.69	0.00	N/A	N/A
06/30/2019	0.68	0.00	N/A	N/A
06/30/2020	0.68	0.00	N/A	N/A

Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2020. The plan liability on a termination basis is calculated differently compared to the plan's ongoing funding liability. For the hypothetical termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees.

A more conservative investment policy and asset allocation strategy was adopted by the CalPERS Board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate is assumed. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 19-month period from 12 months before the valuation date to 7 months after.

Market Value of Assets (MVA)	Hypothetical Termination Liability[1,2] at 0.75%	Funded Status	Unfunded Termination Liability at 0.75%	Hypothetical Termination Liability[1,2] at 2.50%	Funded Status	Unfunded Termination Liability at 2.50%
$5,326,232	$17,244,573	30.9%	$11,918,341	$13,622,860	39.1%	$8,296,628

[1] The hypothetical liabilities calculated above include a 5% mortality contingency load in accordance with Board policy. Other actuarial assumptions can be found in Appendix A of the Section 2 report.

[2] The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 1.18% on June 30, 2020, and was 1.68% on January 31, 2021.

In order to terminate the plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. CalPERS advises you to consult with the plan actuary before beginning this process.

Participant Data

The table below shows a summary of your plan's member data upon which this valuation is based:

	June 30, 2019	June 30, 2020
Active Members		
Counts	0	0
Average Attained Age	N/A	0.0
Average Entry Age to Rate Plan	N/A	0.0
Average Years of Credited Service	N/A	0.0
Average Annual Covered Pay	$0	$0
Annual Covered Payroll	$0	$0
Projected Annual Payroll for Contribution Year	$0	$0
Present Value of Future Payroll	$0	$0
Transferred Members	11	10
Separated Members	3	3
Retired Members and Beneficiaries		
Counts*	8	9
Average Annual Benefits*	N/A	$40,464

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values include community property settlements.

List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- None

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

	Benefit Group		
Member Category	Fire	Fire	
Demographics			
Actives	No	No	
Transfers/Separated	Yes	No	
Receiving	Yes	Yes	
Benefit Provision			
Benefit Formula	3% @ 55		
Social Security Coverage	No		
Full/Modified	Full		
Employee Contribution Rate			
Final Average Compensation Period	One Year		
Sick Leave Credit	Yes		
Non-Industrial Disability	Standard		
Industrial Disability	Standard		
Pre-Retirement Death Benefits			
Optional Settlement 2	Yes		
1959 Survivor Benefit Level	No		
Special	Yes		
Alternate (firefighters)	No		
Post-Retirement Death Benefits			
Lump Sum	$500	$500	
Survivor Allowance (PRSA)	No	No	
COLA	2%	2%	

Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Risk Pool Actuarial Valuation Information

Section 2 may be found on the CalPERS website (calpers.ca.gov) in the Forms and Publications section

California Public Employees' Retirement System
Actuarial Office
400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744
888 CalPERS (or **888**-225-7377) | TTY: (877) 249-7442 | **www.calpers.ca.gov**

July 2021

Safety Fire Second Tier Plan of the Meeks Bay Fire Protection District
(CalPERS ID: 4197922266)
Annual Valuation Report as of June 30, 2020

Dear Employer,

Attached to this letter, you will find the June 30, 2020 actuarial valuation report of your CalPERS pension plan. Provided in this report is the determination of the minimum required employer contributions for fiscal year 2022-23. In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2020.

Section 2 can be found on the CalPERS website (calpers.ca.gov). From the home page, go to "*Forms & Publications*" and select "*View All*". In the search box, enter "*Risk Pool*" and from the results list download the Safety Risk Pool Actuarial Valuation Report for June 30, 2020.

Your June 30, 2020 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your assigned CalPERS staff actuary, whose signature appears in the Actuarial Certification section on page 1, is available to discuss the report with you.

Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth, eligibility for the types of benefits provided, and longevity among retirees. The CalPERS Board of Administration adopts these assumptions after considering the advice of CalPERS actuarial and investment teams and other professionals. Each actuarial valuation reflects all prior differences between actual and assumed experience and adjusts the contribution rates as needed. This valuation is based on an investment return assumption of 7.0% which was adopted by the board in December 2016. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017.

Required Contribution

The exhibit below displays the minimum employer contributions for fiscal year 2022-23 along with estimates of the required contributions for fiscal year 2023-24. Member contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. The employer contributions in this report do not reflect any cost sharing arrangements you may have with your employees.

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability
2022-23	0.00%	$666
Projected Results		
2023-24	*0.0%*	*$670*

The actual investment return for fiscal year 2020-21 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 7.00%. *To the extent the actual investment return for fiscal year 2020-21 differs from 7.00%, the actual contribution requirements for fiscal year 2023-24 will differ from those shown above.* For additional details regarding the assumptions and methods used for these projections please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section. This section also contains projected required contributions through fiscal year 2027-28.

Changes from Previous **Year's Valuation**

There are no significant changes in actuarial assumptions or policies in your 2020 actuarial valuation. Your annual valuation report is an important tool for monitoring the health of your CalPERS pension plan. Your report contains useful information about future required contributions and ways to control your plan's funding progress. In addition to your annual actuarial report my office has developed tools for employers to plan, project and protect the retirement benefits of your employees. Pension Outlook is a tool to help plan and budget pension costs into the future with easy to understand results and charts.

You will be able to view the projected funded status and required employer contributions for pension plans in different potential scenarios for up to 30 years into the future — which will make budgeting more predictable. While Pension Outlook can't predict the future, it can provide valuable planning information based on a variety of future scenarios that you select.

Pension Outlook can help you answer specific questions about your plans, including:

- When is my plan's funded status expected to increase?
- What happens to my required contributions in a down market?
- How does the discount rate assumption affect my contributions?
- What is the impact of making an additional discretionary payment to my plan?

To get started, visit our Pension Outlook page at www.calpers.ca.gov/page/employers/actuarial-resources/pension-outlook-overview and take the steps to register online.

CalPERS will be completing an Asset Liability Management (ALM) review process in November 2021 that will review the capital market assumptions and the strategic asset allocation and ascertain whether a change in the discount rate and other economic assumptions is warranted. In addition, the Actuarial Office will be completing its Experience Study to review the demographic experience within the pension system and make recommendations to modify future assumptions where appropriate.

Furthermore, this valuation does not reflect any impacts from the COVID-19 pandemic on your pension plan. The impact of COVID-19 on retirement plans is not yet known and CalPERS actuaries will continue to monitor the effects and where necessary make future adjustments to actuarial assumptions.

Further descriptions of general changes are included in the "Highlights and Executive Summary" section and in Appendix A of the Section 2 report, "Actuarial Methods and Assumptions."

Questions

We understand that you might have questions about these results, and your assigned CalPERS actuary whose signature is on the valuation report is available to discuss. If you have other questions, you may call the Customer Contact Center at (888)-CalPERS or (888-225-7377).

Sincerely,

SCOTT TERANDO, ASA, EA, MAAA, FCA, CFA
Chief Actuary

Actuarial Valuation
as of June 30, 2020

for the
Safety Fire Second Tier Plan
of the
Meeks Bay Fire Protection District
(CalPERS ID: 4197922266)

Required Contributions
for Fiscal Year
July 1, 2022 - June 30, 2023

Table of Contents

Section 1 – Plan Specific Information

Section 2 – Risk Pool Actuarial Valuation Information

Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Specific Information for the Safety Fire Second Tier Plan of the Meeks Bay Fire Protection District

(CalPERS ID: 4197922266)
(Rate Plan ID: 30020)

Table of Contents

Actuarial Certification 1

Highlights and Executive Summary

- Introduction 3
- Purpose of Section 1 3
- Required Employer Contributions 4
- Additional Discretionary Employer Contributions 5
- Plan's Funded Status 6
- Projected Employer Contributions 6
- Other Pooled Safety Risk Pool Rate Plans 7
- Cost 8
- Changes Since the Prior Year's Valuation 9
- Subsequent Events 9

Assets and Liabilities

- Breakdown of Entry Age Accrued Liability 11
- Allocation of Plan's Share of Pool's Experience/Assumption Change 11
- Development of Plan's Share of Pool's Market Value of Assets 11
- Schedule of Plan's Amortization Bases 12
- Amortization Schedule and Alternatives 13
- Employer Contribution History 15
- Funding History 15

Risk Analysis

- Future Investment Return Scenarios 17
- Discount Rate Sensitivity 18
- Mortality Rate Sensitivity 18
- Maturity Measures 19
- Maturity Measures History 20
- Hypothetical Termination Liability 21

Participant Data 22

List of Class 1 Benefit Provisions 22

Plan's Major Benefit Options 23

Actuarial Certification

Section 1 of this report is based on the member and financial data contained in our records as of June 30, 2020 which was provided by your agency and the benefit provisions under your contract with CalPERS. Section 2 of this report is based on the member and financial data as of June 30, 2020 provided by employers participating in the Safety Risk Pool to which the plan belongs and benefit provisions under the CalPERS contracts for those agencies.

As set forth in Section 2 of this report, the pool actuaries have certified that, in their opinion, the valuation of the risk pool containing your Safety Fire Second Tier Plan has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the plan, it is my opinion as the plan actuary that the Unfunded Accrued Liability amortization bases as of June 30, 2020 and employer contribution as of July 1, 2022 have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary who satisfies the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States with regard to pensions.

PAUL TSCHIDA, FSA, EA, MAAA
Senior Pension Actuary, CalPERS

Highlights and Executive Summary

- Introduction
- Purpose of Section 1
- Required Employer Contributions
- Additional Discretionary Employer Contributions
- **Plan's Funded S**tatus
- Projected Employer Contributions
- Other Pooled Safety Risk Pool Rate Plans
- Cost
- Changes Since the Prior Year**'s V**aluation
- Subsequent Events

Introduction

This report presents the results of the June 30, 2020 actuarial valuation of the Safety Fire Second Tier Plan of the Meeks Bay Fire Protection District of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the required employer contributions for fiscal year 2022-23.

Purpose of Section 1

This Section 1 report for the Safety Fire Second Tier Plan of the Meeks Bay Fire Protection District of CalPERS was prepared by the plan actuary in order to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2020;
- Determine the minimum required employer contribution for this plan for the fiscal year July 1, 2022 through June 30, 2023; and
- Provide actuarial information as of June 30, 2020 to the CalPERS Board of Administration and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website.

The measurements shown in this actuarial valuation may not be applicable for other purposes. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; and changes in plan provisions or applicable law.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the recommendations of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 6.0% and 8.0%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post- retirement mortality assumptions adopted in 2017.
- Pension Plan maturity measures quantifying the risks the employer bears.

Required Employer Contributions

Required Employer Contributions	Fiscal Year 2022-23
Employer Normal Cost Rate	0.00%
Plus	
Required Payment on Amortization Bases[1]	$666
Paid either as	
1) Monthly Payment	$55.50
Or	
2) Annual Prepayment Option*	$644

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).

** Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).*

	Fiscal Year 2021-22	Fiscal Year 2022-23
Development of Normal Cost as a Percentage of Payroll		
Base Total Normal Cost for Formula	0.00%	0.00%
Surcharge for Class 1 Benefits[2]		
None	0.00%	0.00%
Phase out of Normal Cost Difference[3]	0.00%	0.00%
Plan's Total Normal Cost	0.00%	0.00%
Formula's Expected Employee Contribution Rate	0.00%	0.00%
Employer Normal Cost Rate	0.00%	0.00%

[1] The required payment on amortization bases does not take into account any additional discretionary payment made after April 30, 2021.

[2] Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

[3] The normal cost change is phased out over a five-year period in accordance with the CalPERS contribution allocation policy.

Additional Discretionary Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for the 2022-23 fiscal year is $666. CalPERS allows employers to make additional discretionary payments (ADPs) at any time and in any amount. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Employers can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during fiscal year 2022-23 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see the "Amortization Schedule and Alternatives" section of the report.

If you are considering making an ADP, please contact your actuary for additional information.

Minimum Required Employer Contribution for Fiscal Year 2022-23

Estimated Normal Cost	Minimum UAL Payment	ADP	Total UAL Contribution	Estimated Total Contribution
$0	$666	$0	$666	$666

Alternative Fiscal Year 2022-23 Employer Contributions for Greater UAL Reduction

Funding Target	Estimated Normal Cost	Minimum UAL Payment	ADP[1]	Total UAL Contribution	Estimated Total Contribution
5 years	N/A	N/A	N/A	N/A	N/A

[1] The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

Note that the calculations above are based on the projected Unfunded Accrued Liability as of June 30, 2022 as determined in the June 30, 2020 actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Plan's Funded Status

	June 30, 2019	June 30, 2020
1. Present Value of Projected Benefits (PVB)	$19,584	$20,679
2. Entry Age Accrued Liability (AL)	19,584	20,679
3. Plan's Market Value of Assets (MVA)	15,782	16,902
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	3,802	3,777
5. Funded Ratio [(3) / (2)]	80.6%	81.7%

This measure of funded status is an assessment of the need for future employer contributions based on the selected actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. For a measure of funded status that is appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. Actual contribution rates during this projection period could be significantly higher or lower than the projection shown below.

	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2020-21)				
Fiscal Year	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	Rate Plan 30020 Results					
Normal Cost %	0.00%	0.0%	0.0%	0.0%	0.0%	0.0%
UAL Payment	$666	$670	$670	$670	$670	$0

For some sources of UAL, the change in UAL is amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large increase in UAL, the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section.

Our online pension plan modeling and projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook is a tool to help plan and budget pension costs into the future with results and charts that are easy to understand.

Other Pooled Safety Risk Pool Rate Plans

All of the results presented in this Section 1 report, except those shown below, correspond to rate plan 30020. In many cases, employers have additional rate plans within the same risk pool. For cost analysis and budgeting it is useful to consider contributions for these rate plans as a whole rather than individually. The estimated contribution amounts and rates for all of the employer's rate plans in the Safety Risk Pool are shown below and assume that the payroll for each rate plan will grow according to the overall payroll growth assumption of 2.75% per year for three years.

	Fiscal Year 2021-22	Fiscal Year 2022-23
Estimated Combined Employer Contributions for all Pooled Safety Rate Plans		
Projected Payroll for the Contribution Year	$0	$0
Estimated Employer Normal Cost	$0	$0
Required Payment on Amortization Bases	177,249	198,688
Estimated Total Employer Contributions	$177,249	$198,688
Estimated Total Employer Contribution Rate (illustrative only)	N/A	N/A

Cost

Actuarial Determination of Pension Plan Cost

Contributions to fund the pension plan are comprised of two components:

- Normal Cost, expressed as a percentage of total active payroll
- Amortization of the Unfunded Accrued Liability (UAL), expressed as a dollar amount

For fiscal years prior to 2016-17, the Amortization of UAL component was expressed as a percentage of total active payroll. Starting with fiscal year 2016-17, the Amortization of UAL component was expressed as a dollar amount and invoiced on a monthly basis. There continues to be an option to prepay this amount during July of each fiscal year.

The Normal Cost component is expressed as a percentage of active payroll with employer and employee contributions payable as part of the regular payroll reporting process.

The determination of both components requires complex actuarial calculations. The calculations are based on a set of actuarial assumptions which can be divided into two categories:

- Demographic assumptions (e.g., mortality rates, retirement rates, employment termination rates, disability rates)
- Economic assumptions (e.g., future investment earnings, inflation, salary growth rates)

These assumptions reflect CalPERS' best estimate of future experience of the plan and are long term in nature. We recognize that all assumptions will not be realized in any given year. For example, the investment earnings at CalPERS have averaged 5.5% over the 20 years ending June 30, 2020, yet individual fiscal year returns have ranged from -23.6% to +20.7%. In addition, CalPERS reviews all actuarial assumptions by conducting in-depth experience studies every four years, with the most recent experience study completed in 2017.

Changes Since the Prior **Year's** Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by plan amendment are generally included in the first valuation that is prepared after the amendment becomes effective, even if the valuation date is prior to the effective date of the amendment.

This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to the "Plan's Major Benefit Options" and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

The are no significant changes to the actuarial methods or assumptions for the 2020 actuarial valuation.

Subsequent Events

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of June 30, 2020. Changes in the value of assets subsequent to that date are not reflected. Investment returns below the assumed rate of return will increase future required contributions while investment returns above the assumed rate of return will decrease future required contributions.

CalPERS will be completing an Asset Liability Management (ALM) process in November 2021 that will review the capital market assumptions and the strategic asset allocation and ascertain whether a change in the discount rate and other economic assumptions is warranted. As part of the ALM process the Actuarial Office will be completing an Experience Study to review the demographic experience of the retirement system and make recommendations to modify future assumptions where appropriate.

Furthermore, this valuation does not reflect any impacts from the COVID-19 pandemic on your pension plan. The impact of COVID-19 on retirement plans is not yet known and CalPERS actuaries will continue to monitor the effects and where necessary make future adjustments to actuarial assumptions.

The projected employer contributions on Page 6 are calculated under the assumption that the discount rate remains at 7.0% going forward and that the realized rate of return on assets for fiscal year 2020-21 is 7.0%.

This actuarial valuation report reflects statutory changes, regulatory changes and CalPERS Board actions through January 2021. Any subsequent changes or actions are not reflected.

Assets and Liabilities

- Breakdown of Entry Age Accrued Liability
- **Allocation of Plan's Share of Pool's Experience/Assumption Change**
- **Development of Plan's Share of Pool's** Market Value of Assets
- **Schedule of Plan's** Amortization Bases
- Amortization Schedule and Alternatives
- Employer Contribution History
- Funding History

Breakdown of Entry Age Accrued Liability

Active Members	$0
Transferred Members	20,679
Terminated Members	0
Members and Beneficiaries Receiving Payments	0
Total	$20,679

Allocation of Plan's Share of Pool's

Experience/Assumption Change

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The Pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1.	Plan's Accrued Liability	$20,679
2.	Projected UAL balance at 6/30/2020	3,316
3.	Pool's Accrued Liability[1]	25,304,654,410
4.	Sum of Pool's Individual Plan UAL Balances at 6/30/2020[1]	6,693,257,955
5.	Pool's 2019/20 Investment (Gain)/Loss[1]	427,980,555
6.	Pool's 2019/20 Non-Investment (Gain)/Loss[1]	75,360,952
7.	Plan's Share of Pool's Investment (Gain)/Loss: [(1) - (2)] ÷ [(3) - (4)] × (5)	399
8.	Plan's Share of Pool's Non-Investment (Gain)/Loss: (1) ÷ (3) × (6)	62
9.	Plan's New (Gain)/Loss as of 6/30/2020: (7) + (8)	461

[1] Does not include plans that transferred to Pool on the valuation date.

Development of the Plan's Share of Pool's Market

Value of Assets

10.	Plan's UAL: (2) + (9)	$3,777
11.	Plan's Share of Pool's MVA: (1) - (10)	$16,902

Schedule of **Plan's** Amortization Bases

Note that there is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2020.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: fiscal year 2022-23.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment for the first fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Reason for Base	Date Est.	Ramp Level 2022-23	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/20	Expected Payment 2020-21	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Minimum Required Payment 2022-23
Fresh Start	6/30/20	No Ramp		0.00%	5	3,777	741	3,275	656	2,826	666
Total						3,777	741	3,275	656	2,826	666

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in "Allocation of Plan's Share of Pool's Experience/Assumption Change" earlier in this section. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed a desire for a more stable pattern of payments or have indicated interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a Fresh Start, please consult with your plan actuary.

The Current Amortization Schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over a reasonable period.

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy.

Amortization Schedule and Alternatives (continued)

	Current Amortization Schedule		Alternate Schedules			
			0 Year Amortization		0 Year Amortization	
Date	Balance	Payment	Balance	Payment	Balance	Payment
6/30/2022	2,826	666	N/A	N/A	N/A	N/A
6/30/2023	2,335	666				
6/30/2024	1,810	667				
6/30/2025	1,247	667				
6/30/2026	644	666				
6/30/2027						
6/30/2028						
6/30/2029						
6/30/2030						
6/30/2031						
6/30/2032						
6/30/2033						
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6/30/2040						
6/30/2041						
6/30/2042						
6/30/2043						
6/30/2044						
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
6/30/2050						
6/30/2051						
Total		3,332		N/A		N/A
Interest Paid		506		N/A		N/A
Estimated Savings				N/A		N/A

Employer Contribution History

The table below provides a recent history of the required employer contributions for the plan. The amounts are based on the actuarial valuation from two years prior and does not account for prepayments or benefit changes made during a fiscal year. Additional discretionary payments before July 1, 2019 or after June 30, 2020 are not included.

Fiscal Year	Employer Normal Cost	Unfunded Liability Payment ($)	Additional Discretionary Payments
2017 - 18	12.242%	$5	N/A
2018 - 19	12.848%	57	N/A
2019 - 20	13.540%	727	0
2020 - 21	0.000%	741	
2021 - 22	0.00%	656	
2022 - 23	0.00%	666	

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's market value of assets, unfunded accrued liability, funded ratio, and annual covered payroll.

Valuation Date	Accrued Liability (AL)	**Share of Pool's** Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2015	$6,365	$6,036	$329	94.8%	$42,758
06/30/2016	20,375	18,555	1,820	91.1%	64,252
06/30/2017	15,255	12,903	2,352	84.6%	0
06/30/2018	18,277	14,672	3,605	80.3%	0
06/30/2019	19,584	15,782	3,802	80.6%	0
06/30/2020	20,679	16,902	3,777	81.7%	0

Risk Analysis

- Future Investment Return Scenarios
- Discount Rate Sensitivity
- Mortality Rate Sensitivity
- Maturity Measures
- Maturity Measures History
- Hypothetical Termination Liability

Future Investment Return Scenarios

Analysis was performed to determine the effects of various future investment returns on required employer contributions. The projections below provide a range of results based on five investment return scenarios assumed to occur during the next four fiscal years (2020-21, 2021-22, 2022-23 and 2023-24). The projections also assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

For fiscal years 2020-21, 2021-22, 2022-23, and 2023-24, each scenario assumes an alternate fixed annual return. The fixed return assumptions for the five scenarios are 1.0%, 4.0%, 7.0%, 9.0% and 12.0%.

These alternate investment returns were chosen based on stochastic analysis of possible future investment returns over the four-year period ending June 30, 2024. Using the expected returns and volatility of the asset classes in which the funds are invested, we produced five thousand stochastic outcomes for this period based on the most recently completed Asset Liability Management process. We then selected annual returns that approximate the 5th, 25th, 50th, 75th, and 95th percentiles for these outcomes. For example, of all the 4-year outcomes generated in the stochastic analysis, approximately 25% had an average annual return of 4.0% or less.

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 1.0% or greater than 12.0% over this four-year period, the likelihood of a single investment return less than 1.0% or greater than 12.0% in any given year is much greater.

Assumed Annual Return From 2020-21 through 2023-24	Projected Employer Contributions			
	2023-24	2024-25	2025-26	2026-27
1.0%				
Normal Cost	0.0%	0.0%	0.0%	0.0%
UAL Contribution	$690	$740	$820	$920
4.0%				
Normal Cost	0.0%	0.0%	0.0%	0.0%
UAL Contribution	$680	$710	$740	$800
7.0%				
Normal Cost	0.0%	0.0%	0.0%	0.0%
UAL Contribution	$670	$670	$670	$670
9.0%				
Normal Cost	0.0%	0.0%	0.0%	0.0%
UAL Contribution	$460	$420	$660	$640
12.0%				
Normal Cost	0.0%	0.0%	0.0%	0.0%
UAL Contribution	$650	$610	$0	$0

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.50% and 2.50%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2020 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 7.0% as well as alternate discount rates of 6.0% and 8.0%. The rates of 6.0% and 8.0% were selected since they illustrate the impact of a 1.0% increase or decrease to the 7.0% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2020	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	6.0%	7.0%	8.0%
Inflation	2.5%	2.5%	2.5%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	0.00%	0.00%	0.00%
b) Accrued Liability	$28,171	$20,679	$15,375
c) Market Value of Assets	$16,902	$16,902	$16,902
d) Unfunded Liability/(Surplus) [(b) - (c)]	$11,269	$3,777	($1,527)
e) Funded Status	60.0%	81.7%	109.9%

Sensitivity to the Price Inflation Assumption

As of June 30, 2020	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	6.0%	7.0%	8.0%
Inflation	1.5%	2.5%	3.5%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	0.00%	0.00%	0.00%
b) Accrued Liability	$22,071	$20,679	$19,037
c) Market Value of Assets	$16,902	$16,902	$16,902
d) Unfunded Liability/(Surplus) [(b) - (c)]	$5,169	$3,777	$2,135
e) Funded Status	76.6%	81.7%	88.8%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2020 plan costs and funded status under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2017. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.

As of June 30, 2020	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	0.00%	0.00%	0.00%
b) Accrued Liability	$21,024	$20,679	$20,359
c) Market Value of Assets	$16,902	$16,902	$16,902
d) Unfunded Liability/(Surplus) [(b) - (c)]	$4,122	$3,777	$3,457
e) Funded Status	80.4%	81.7%	83.0%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures are for one rate plan only.

One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio starts increasing. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2019	June 30, 2020
1. Retired Accrued Liability	0	0
2. Total Accrued Liability	19,584	20,679
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.00	0.00

Another measure of maturity level of CalPERS and its plans is to look at the ratio of actives to retirees, also called the Support Ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures, and members retire, the ratio starts declining. A mature plan will often have a ratio near or below one. The average support ratio for CalPERS public agency plans is 1.25.

Support Ratio	June 30, 2019	June 30, 2020
1. Number of Actives	0	0
2. Number of Retirees	0	0
3. Support Ratio [(1) / (2)]	N/A	N/A

Maturity Measures (Continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio (AVR)

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Liability Volatility Ratio (LVR)

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to investment return and changes in liability. For example, a plan with LVR ratio of 8 is expected to have twice the contribution volatility of a plan with LVR of 4. It should be noted that this ratio indicates a longer-term potential for contribution volatility. The AVR, described above, will tend to move closer to the LVR as a plan matures.

Contribution Volatility	June 30, 2019	June 30, 2020
1. Market Value of Assets	$15,782	$16,902
2. Payroll	0	0
3. Asset Volatility Ratio (AVR) [(1) / (2)]	N/A	N/A
4. Accrued Liability	$19,584	$20,679
5. Liability Volatility Ratio (LVR) [(4) / (2)]	N/A	N/A

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	0.00	N/A	N/A	N/A
06/30/2018	0.00	N/A	N/A	N/A
06/30/2019	0.00	N/A	N/A	N/A
06/30/2020	0.00	N/A	N/A	N/A

Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2020. The plan liability on a termination basis is calculated differently compared to the plan's ongoing funding liability. For the hypothetical termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees.

A more conservative investment policy and asset allocation strategy was adopted by the CalPERS Board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate is assumed. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 19-month period from 12 months before the valuation date to 7 months after.

Market Value of Assets (MVA)	Hypothetical Termination Liability[1,2] at 0.75%	Funded Status	Unfunded Termination Liability at 0.75%	Hypothetical Termination Liability[1,2] at 2.50%	Funded Status	Unfunded Termination Liability at 2.50%
$16,902	$87,720	19.3%	$70,818	$48,608	34.8%	$31,706

[1] The hypothetical liabilities calculated above include a 5% mortality contingency load in accordance with Board policy. Other actuarial assumptions can be found in Appendix A of the Section 2 report.

[2] The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 1.18% on June 30, 2020, and was 1.68% on January 31, 2021.

In order to terminate the plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. CalPERS advises you to consult with the plan actuary before beginning this process.

Participant Data

The table below shows a summary of your plan's member data upon which this valuation is based:

	June 30, 2019	June 30, 2020
Active Members		
Counts	0	0
Average Attained Age	N/A	0.0
Average Entry Age to Rate Plan	N/A	0.0
Average Years of Credited Service	N/A	0.0
Average Annual Covered Pay	$0	$0
Annual Covered Payroll	$0	$0
Projected Annual Payroll for Contribution Year	$0	$0
Present Value of Future Payroll	$0	$0
Transferred Members	1	1
Separated Members	0	0
Retired Members and Beneficiaries		
Counts*	0	0
Average Annual Benefits*	N/A	$0

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values include community property settlements.

List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- None

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

	Benefit Group	
Member Category	Fire	
Demographics		
Actives	No	
Transfers/Separated	Yes	
Receiving	No	
Benefit Provision		
Benefit Formula	2% @ 55	
Social Security Coverage	No	
Full/Modified	Full	
Employee Contribution Rate		
Final Average Compensation Period	Three Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	Standard	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	No	
Special	Yes	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	$500	
Survivor Allowance (PRSA)	No	
COLA	2%	

Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Risk Pool Actuarial Valuation Information

Section 2 may be found on the CalPERS website (calpers.ca.gov) in the Forms and Publications section

Exhibit 3 – Resolution of Formation

RESOLUTION NO. 14 – 2012

A RESOLUTION OF THE NORTH TAHOE FIRE PROTECTION DISTRICT FOR THE FORMATION OF COMMUNITY FACILITIES DISTRICT

**NORTH TAHOE FIRE PROTECTION DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2012-1
(LADDER TRUCK O&M)**

RESOLVED by the Board of Directors (the "Board") of the North Tahoe Fire Protection District (the "District"), County of Placer, State of California, that:

WHEREAS, this Board adopted a resolution entitled "RESOLUTION OF INTENTION TO ESTABLISH COMMUNITY FACILITIES DISTRICT, NORTH TAHOE FIRE PROTECTION DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2012-1, (LADDER TRUCK O&M)" (the "Resolution of Intention"), stating its intention to form "North Tahoe Fire Protection District Community Facilities District No. 2012-1 (Ladder Truck O&M)" (the "CFD") pursuant to Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California Government Code (the "Act");

WHEREAS, the Resolution of Intention, incorporating a map of the proposed boundaries of the CFD, including areas of Future Annexation, and stating the services to be provided and the rate and method of apportionment of the special tax to be levied within the CFD to pay for the services, is on file with the District Clerk and the provisions thereof are incorporated herein by this reference as if fully set forth herein;

WHEREAS, on this date, this Board held a noticed public hearing as required by the Act and the Resolution of Intention relative to the proposed formation of the CFD;

WHEREAS, at the hearing all interested persons desiring to be heard on all matters pertaining to the formation of the CFD, the services to be provided therein and the levy of such special tax were heard and a full and fair hearing was held;

WHEREAS, at the hearing evidence was presented to this Board on such matters before it, including a special report (the "Report") as to the services to be provided through the CFD and the costs thereof, a copy of which is on file with the District Clerk, and this Board at the conclusion of said hearing is fully advised as to the Report and the evidence;

WHEREAS, written protests with respect to the formation of the CFD, the furnishing of specified types of services and the rate and method of apportionment of the special taxes have not been filed with the District Clerk by 50% or more of the registered voters residing within the territory of the CFD or property owners of one-half or more of the area of land within the CFD and not exempt from the proposed special taxes.

NOW, THEREFORE, IT IS HEREBY ORDERED as follows:

1. **Recitals Correct.** The foregoing recitals are true and correct.

2. **No Majority Protest**. The proposed special tax to be levied within the CFD has not been precluded by majority protest pursuant to section 53324 of the Act.

3. **Prior Proceedings Valid.** All prior proceedings taken by this District Board in connection with the establishment of the CFD and the levy of the special tax have been duly considered and are hereby found and determined to be valid and in conformity with the Act.

4. **Name of CFD.** The community facilities district designated "North Tahoe Fire Protection District Community Facilities District No. 2012-1 (Ladder Truck O&M)" of the District is hereby established pursuant to the Act.

5. **Boundaries of CFD.** The boundaries of the CFD, as set forth in the map of the CFD, including areas of Future Annexation, heretofore recorded in the Placer County Recorder's Office on June 27, 2012 at the hour of 11:29 A.M., in Book 3 of Maps of Assessment and Community Facilities Districts at Page 68, are hereby approved, are incorporated herein by reference and shall be the boundaries of the CFD.

6. **Description of Services.** The type of public services proposed to be financed by the CFD and pursuant to the Act shall consist of those items shown in Exhibit A hereto and by this reference incorporated herein (the "Services").

7. **Special Tax.**

a. Except to the extent that funds are otherwise available to the CFD to pay for the Services, a special tax (the "Special Tax") sufficient to pay the costs thereof, secured by the recordation of a continuing lien against all non-exempt real property in the CFD, is intended to be levied annually within the CFD, and collected in the same manner as ordinary *ad valorem* property taxes or in such other manner as may be prescribed by this Board.

b. The proposed rate and method of apportionment of the Special Tax among the parcels of real property within the CFD, in sufficient detail to allow each landowner within the proposed CFD to estimate the maximum amount such owner will have to pay, are shown in Exhibit B attached hereto and hereby incorporated herein.

8. **Increased Demands.** It is hereby found and determined that the Services are necessary to meet increased demands placed upon local agencies, including the District, as the result of development occurring in the CFD. The Services are in addition to those provided in the territory of the CFD as of the date hereof and will not supplant services already available within the territory of the CFD as of the date hereof.

9. **Responsible Official.** The Fire Chief of the North Tahoe Fire Protection District, 222 Fairway Drive, P.O. Box 5879, Tahoe City, CA 96145, telephone number (530) 583-6913, is the officer of the District who will be responsible for preparing annually a current roll of the levy of the Special Tax obligations by assessor's parcel number and who will be responsible for estimating future levies of the Special Tax.

10. Tax Lien. Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the California Streets and Highways Code, a continuing lien to secure each levy of the Special Tax shall attach to all nonexempt real property in the CFD and this lien shall continue in force and effect until the Special Tax obligation is prepaid and permanently satisfied and the lien canceled in accordance with law or until collection of the Special Tax by the District ceases.

11. Appropriations Limit. In accordance with the Act, the annual appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, of the CFD is hereby preliminarily established at $$8,441,827 and such appropriations limit shall be submitted to the voters of the CFD as hereafter provided. The proposition establishing such annual appropriations limit shall become effective if approved by the qualified electors voting thereon and shall be adjusted in accordance with the applicable provisions of the Act and the Constitution.

12. Election. Pursuant to the provisions of the Act, the proposition of the levy of the Special Tax and the proposition of the establishment of the appropriations limit specified above shall be submitted to the qualified electors of the CFD at an election the time, place and conditions of which election shall be as specified by a separate resolution of this Board.

13. Effective Date. This resolution shall take effect upon its adoption.

The foregoing resolution was adopted at a regular meeting of the North Tahoe Fire Protection District held on September 19, 2012, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

NORTH TAHOE FIRE PROTECTION DISTRICT

_____
Director of the Board

_____
Nita Wracker, Clerk of the Board

EXHIBIT A

NORTH TAHOE FIRE PROTECTION DISTRICT
Community Facilities District No. 2012-1
(Ladder Truck O&M)

DESCRIPTION OF SERVICES ELIGIBLE TO BE FUNDED BY THE CFD

Services:

The services to be funded, in whole or in part, by the Community Facilities District ("CFD") include all direct and incidental costs related to providing fire protection and suppression, and emergency medical services, including (i) fire protection and suppression services; (ii) emergency medical services including ambulance services; (iii) rescue services; (iv) hazardous materials response; (v) community information with regard to public safety; and (iv) earthquake and other emergency relief programs. The CFD may fund any of the following related to the services described in the preceding sentence: obtaining, constructing, furnishing, operating and maintaining equipment, apparatus or facilities, paying the salaries and benefits of personnel, and for payment of other related expenses. Any services to be funded by the CFD must be in addition to those provided in the territory of the CFD before the date of creation of the CFD, and may not supplant services already available within that territory when the CFD is created. The funding provided by the CFD will specifically fund operations needed because of new development which will avoid any deterioration in service levels to the existing population. It is expected that the services will be provided by the North Tahoe Fire Protection District (hereby referred to as District), either with its own employees or by contract with third parties, or any combination thereof.

Administrative Expenses:

The direct and indirect expenses incurred by the District in connection with the establishment and administration of the CFD (including, but not limited to, the levy and collection of the special taxes) including the fees and expenses of attorneys, any fees of the District related to the CFD or the collection of special taxes, an allocable share of the salaries of District staff directly related thereto and a proportionate amount of the District's general administrative overhead related thereto, any amounts paid by the District from their respective general funds with respect to the CFD or the services authorized to be financed by the CFD, and all other costs and expenses of the District in any way related to the CFD.

Other:

The incidental expenses that may be financed by the CFD include: (i) all costs associated with the establishment and administration of the CFD, the determination of the amount of and collection of taxes, the payment of taxes and costs otherwise incurred in order to carry out the authorized purposes of the CFD, (ii) any other expenses incidental to the provision of the services eligible to be funded by the CFD, and (iii) any amounts necessary to maintain a reserve required by the District for the payment of the costs of the services.

EXHIBIT B

NORTH TAHOE FIRE PROTECTION DISTRICT
Community Facilities District No. 2012-1
(Ladder Truck O&M)

Rate and Method of Apportionment

EXHIBIT A

NORTH TAHOE FIRE PROTECTION DISTRICT
Community Facilities District No. 2012-1
(Ladder Truck O&M)

DESCRIPTION OF SERVICES ELIGIBLE TO BE FUNDED BY THE CFD

Services:

The services to be funded, in whole or in part, by the Community Facilities District ("CFD") include all direct and incidental costs related to providing fire protection and suppression, and emergency medical services, including (i) fire protection and suppression services; (ii) emergency medical services including ambulance services; (iii) rescue services; (iv) hazardous materials response; (v) community information with regard to public safety; and (iv) earthquake and other emergency relief programs. The CFD may fund any of the following related to the services described in the preceding sentence: obtaining, constructing, furnishing, operating and maintaining equipment, apparatus or facilities, paying the salaries and benefits of personnel, and for payment of other related expenses. Any services to be funded by the CFD must be in addition to those provided in the territory of the CFD before the date of creation of the CFD, and may not supplant services already available within that territory when the CFD is created. The funding provided by the CFD will specifically fund operations needed because of new development which will avoid any deterioration in service levels to the existing population. It is expected that the services will be provided by the North Tahoe Fire Protection District (hereby referred to as District), either with its own employees or by contract with third parties, or any combination thereof.

Administrative Expenses:

The direct and indirect expenses incurred by the District in connection with the establishment and administration of the CFD (including, but not limited to, the levy and collection of the special taxes) including the fees and expenses of attorneys, any fees of the District related to the CFD or the collection of special taxes, an allocable share of the salaries of District staff directly related thereto and a proportionate amount of the District's general administrative overhead related thereto, any amounts paid by the District from their respective general funds with respect to the CFD or the services authorized to be financed by the CFD, and all other costs and expenses of the District in any way related to the CFD.

Other:

The incidental expenses that may be financed by the CFD include: (i) all costs associated with the establishment and administration of the CFD, the determination of the amount of and collection of taxes, the payment of taxes and costs otherwise incurred in order to carry out the authorized purposes of the CFD, (ii) any other expenses incidental to the provision of the services eligible to be funded by the CFD, and (iii) any amounts necessary to maintain a reserve required by the District for the payment of the costs of the services.

EXHIBIT B

NORTH TAHOE FIRE PROTECTION DISTRICT
Community Facilities District No. 2012-1
(Ladder Truck O&M)

Rate and Method of Apportionment

EXHIBIT C

NORTH TAHOE FIRE PROTECTION DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2012-1
(LADDER TRUCK O&M)

RATE AND METHOD OF APPORTIONMENT

A Special Tax applicable to each Assessor's Parcel of Taxable Property in the North Tahoe Fire Protection District Community Facilities District No. 2012-1 (Ladder Truck O&M) shall be levied and collected, as described below. All Taxable Property within CFD No. 2012-1 shall be taxed for the purposes, to the extent, and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 (commencing with Section 53311), Division 2 of Title 5 of the California Government Code.

"Administrative Expenses" means the direct and indirect expenses incurred by the CFD and/or the Fire District in connection with the administration of CFD No. 2012-1, including, but not limited to, the following: costs to levy and collect the Special Taxes; fees and expenses of attorneys; an allocable share of CFD or Fire District salaries related thereto; an allocable share of CFD or Fire District overhead related thereto; amounts paid by the CFD or the Fire District from their respective general funds with respect to CFD No. 2012-1 or the services authorized to be financed by CFD No. 2012-1; amounts necessary to maintain a reserve required by CFD No. 2012-1 for the payment of services; and all other costs and expenses of the CFD or the Fire District in any way related to CFD No. 2012-1.

"Administrator" means the person or firm designated by the Fire District to administer the Special Tax according to the RMA.

"Affordable Housing Property" means, in any given Fiscal Year, a Parcel in the CFD for which a certificate of occupancy was issued prior to May 1 of the preceding Fiscal Year for a building that is deed-restricted to maintain the affordability of the residential units within the building.

"Annual Special Tax" means a Special Tax levied in any given Fiscal Year in order to meet the Special Tax Requirement.

"Assessor's Parcel" or **"Parcel"** means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

"Assessor's Parcel Map" means an official map of the County Assessor designating parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" means that number assigned by the County Assessor for purposes of identifying a lot or parcel shown on an Assessor's Parcel Map.

"Board" means the Board of Directors of the Fire District.

"CFD Formation" means the date of which the Resolution of Formation of CFD No. 2012-1 is adopted by the Board.

"CFD No. 2012-1" or **"CFD"** means the North Tahoe Fire Protection District Community Facilities District No. 2012-1 (Ladder Truck O&M).

"Complex" means a development consisting of multiple buildings on a single Parcel or two or more contiguous Parcels that are all part of one individual project, unless all such buildings are Single Family Detached Units. The Fire District shall determine if a project fits the definition of a Complex and the Administrator shall categorize each portion of the Complex as Affordable Housing Property, Multi-Family Property, Duplex Property, or Non-Residential Property, including any portions of the Complex that have Taxable Possessory Interests, as applicable.

"County Assessor" means the Assessor's Department of the County of Placer, California.

"Duplex Property" means, in any given Fiscal Year, a Parcel in the CFD for which a certificate of occupancy was issued prior to May 1 of the preceding Fiscal Year for a building containing Duplex Units.

"Duplex Unit" means an individual dwelling unit in a residential structure that has, or is planned to have, two dwelling units that share a common wall.

"Exempt Property" means, in any given Fiscal Year: (i) Public Property, except as otherwise authorized by Sections 53317.3 and 53317.5 of the Act and except for Public Property that has Taxable Possessory Interests; (ii) a Parcel owned by, or exclusively leased to a public utility, private utility, or railroad for a term greater than or equal to 30 years; (iii) a Parcel subject to an easement or other encumbrance that makes the development of such property impractical; (iv) any Parcel with a Single Family Detached Unit; and (v) Duplex Property that is not part of a Complex. For property leased to a utility or railroad, a Parcel's owner is responsible for making the Fire District aware of such lease and for providing supporting evidence.

"Fire District" means the North Tahoe Fire Protection District.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Maximum Annual Special Tax" means the maximum Annual Special Tax, determined in accordance with Section C, which can be levied in any given Fiscal Year.

"Multi-Family Property" means, in any given Fiscal Year, a Parcel in the CFD for which a certificate of occupancy was issued prior to May 1 of the preceding Fiscal Year for a residential structure with three or more residential units. If a building on a Parcel includes both Multi-Family Property and Affordable Housing Property, all Square Footage that meets the definition of Affordable Housing Property shall be classified as such for purposes of Section C.

"Non-Residential Property" means, in any given Fiscal Year, a Parcel in the CFD for which a certificate of occupancy was issued prior to May 1 of the preceding Fiscal Year for a structure used for retail, commercial, office, industrial, or parking uses. If only a portion of the structure will be used for retail, commercial, office, industrial, or parking, then the Special Tax for Non-Residential Property shall apply to the Square Footage within that portion of the building, as determined by the Administrator.

"Proportionately" means that the ratio of the actual Annual Special Tax levied in any given Fiscal Year to the Maximum Annual Special Tax authorized to be levied in that Fiscal Year is equal for each Parcel of Taxable Property.

"Public Property" means, in any given Fiscal Year, a Parcel in the CFD that is owned by, exclusively leased for 30 years or more to, or irrevocably offered for dedication to the federal government, State of California, Fire District, or any other local government or public agency, as determined by the Administrator. For leased property, a Parcel's owner is responsible for making the Fire District aware of such lease and for providing supporting evidence.

"Residential Property" means, in any given Fiscal Year, all Taxable Property that is either (i) Multi-Family Property, or (ii) Duplex Property within a Complex.

"RMA" means this Rate and Method of Apportionment.

"Services" means the services authorized to be funded, in whole or in part, by the CFD.

"Single Family Detached Unit" means a residential structure that has, or is planned to have, one dwelling unit that does not share a common wall with another dwelling unit.

"Special Tax" means any tax levied in the CFD pursuant to the RMA.

"Special Tax Requirement" means the amount necessary in any given Fiscal Year to: (i) pay for Services; (ii) pay for Administrative Expenses; (iii) cure delinquencies in the payment of the Special Taxes levied in any prior Fiscal Year or expected to occur in the current Fiscal Year, based on delinquencies in the payment of the Special Taxes which have already taken place; and (iv) create or replenish reserve funds for future Services or capital replacement. Notwithstanding the foregoing, the Special Tax Requirement shall equal $0 for each Fiscal Year until the Fiscal Year following the Board's approval of the purchase of a ladder truck.

"Square Footage" or **"Sq. Ft."** means the square footage reflected on the original construction building permit issued for a residential or non-residential building, which may include square footage subsequently added to the residential or non-residential building after issuance of a building permit for expansion or renovation of such building. If the square footage cannot be

determined based on the original construction building permit issued for the building, the Administrator shall reference the site permit, building plans, or other such pertinent development plans to determine the square footage of the building.

"Taxable Possessory Interest" means a possessory interest on Public Property that is subject to real property taxation pursuant to Revenue and Taxation Code sec. 107 et seq.

"Taxable Property" means all Parcels of Multi-Family Property, Affordable Housing Property, Duplex Property that is part of a Complex, Non-Residential Property, and Public Property with Taxable Possessory Interests within the boundaries of CFD No. 2012-1 that meet at least one of the following criteria, as determined at the discretion of the Fire District:

(i) Parcels that are part of a Complex with a density of ten or more individual buildings per acre and all such buildings are not Single Family Detached Units; or
(ii) Parcels that are part of a Complex that has a combined required fire flow for all buildings within the Complex of 10,000 gallons per minute or more for three hours, and all such buildings are not Single Family Detached Units, as determined by the Fire District; or
(iii) Parcels of Multi-Family Property; or
(iv) Parcels of Non-Residential Property that have buildings exceeding 30 feet in height as measured from the lowest point available for fire department apparatus access, as determined by the Fire District; or
(v) Parcels of Non-Residential Property with a required fire flow of 3,000 gallons per minute or more for three hours, as determined by the Fire District.

B. DATA COLLECTION FOR ANNUAL LEVY

Each Fiscal Year, the Administrator shall determine the following:

(i) the current Assessor's Parcel Number for each Parcel of Taxable Property;
(ii) whether each Parcel of Taxable Property is Multi-Family Property, Duplex Property within a Complex, Non-Residential Property, Affordable Housing Property, or some combination thereof;
(iii) whether a Parcel of Public Property contains a Taxable Possessory Interest;
(iv) the Square Footage for each Parcel; and
(v) the Special Tax Requirement for the Fiscal Year.

C. MAXIMUM SPECIAL TAX

1. Maximum Special Tax for Fiscal Year 2012-13

The Maximum Annual Special Tax for Fiscal Year 2012-13 for each Parcel of Taxable Property shall be determined by reference to the table below.

Special Tax Category	FY 2012-13 Maximum Annual Special Tax
Residential Property	$0.20 per Sq. Ft.
Non-Residential Property	$0.20 per Sq. Ft.
Affordable Housing Property	$0.10 per Sq. Ft.

2. Maximum Special Tax Increases

On July 1, 2013, and each July 1 thereafter, the Maximum Annual Special Tax rates for Residential Property and Non-Residential Property shall be adjusted by the increase, if any, in the United States Bureau of Labor Statistics' Consumer Price Index – All Urban Consumers (San Francisco-Oakland-San Jose, CA).

On July 1, 2013, and each July 1 thereafter, the Maximum Annual Special Tax rate for Affordable Housing Property shall also be adjusted by the increase, if any, in the United States Bureau of Labor Statistics' Consumer Price Index – All Urban Consumers (San Francisco-Oakland-San Jose), except that the annual increase, if any, shall not exceed 2%.

3. Maximum Special Tax for a Parcel with Multiple Land Uses

If a Parcel includes Square Footage that meets the definition of more than one category of Taxable Property, the Special Tax on the Parcel shall be the sum of the Special Taxes determined separately for each land use on the Parcel.

4. Changes in Land Use Classification

If, in any Fiscal Year, the Fire District determines that a Parcel classified as Affordable Housing Property no longer meets the definition of Affordable Housing Property, then that Parcel shall cease to be classified as Affordable Housing Property and shall thereafter be classified as Residential Property. Likewise, if the Fire District determines that a Parcel classified as Residential Property meets the requirements of Affordable Housing Property, then that Parcel shall cease to be classified as Residential Property and shall be classified as Affordable Housing Property.

D. MANNER OF LEVY AND COLLECTION OF SPECIAL TAX

The Annual Special Tax shall generally be levied and collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that prepayments are permitted as set forth in Section F below. However, the Fire District may directly bill the Annual Special Tax, may collect the Annual Special Tax in a different manner or at a different

time, and may collect delinquent Annual Special Taxes through foreclosure or other available methods.

Notwithstanding the foregoing, if the Board does not approve the purchase of a ladder truck within seven (7) years after the date of CFD Formation, CFD No. 2012-1 shall be abandoned and a Notice of Cessation of Special Tax Lien shall be recorded by the Fire District against all Parcels within the CFD.

E. CALCULATION OF SPECIAL TAX

Each Fiscal Year, the Annual Special Tax shall be levied Proportionately on each Parcel of Taxable Property up to 100% of the Maximum Annual Special Tax for each Parcel, until the amount levied equals the Special Tax Requirement for that Fiscal Year.

F. PREPAYMENT OF ANNUAL SPECIAL TAX

The Annual Special Tax obligation applicable to an Assessor's Parcel in the CFD may be prepaid and the obligation of the Assessor's Parcel to pay the Annual Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Annual Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax obligation shall provide the Fire District with written notice of intent to prepay. Within 30 days of receipt of such written notice, the Fire District or its designee shall notify the owner of the prepayment amount for such Assessor's Parcel. Prepayments must be made no later than June 30 of any given Fiscal Year in order to have the Annual Special Tax cease to be levied in the following Fiscal Year. If a prepayment is received by the Fire District, and the Parcel for which prepayment has been made has an Annual Special Tax on the County's secured tax roll that is due and payable, such Annual Special Tax will remain due and payable to the County, and the Annual Special Tax will cease to be levied in the Fiscal Year following the Fiscal Year in which the prepayment is received.

1. Residential and Non-Residential Property

If a property owner wants to prepay the Annual Special Tax obligation for a Parcel of Residential Property or Non-Residential Property, the prepayment amount shall be calculated as follows:

Step 1: For the Parcel requesting prepayment, calculate the Maximum Annual Special Tax for each of the next thirty (30) Fiscal Years after the Fiscal Year in which the prepayment will be received. For purposes of this calculation, the Maximum Annual Special Tax shall be increased each Fiscal Year by an amount equal to three percent (3.0%) of the applicable Maximum Annual Special Tax for the prior Fiscal Year.

Step 2: Using a discount rate of two percent (2.0%), calculate the net present value of the thirty-year Maximum Annual Special Tax projection determined in Step 1. This net present value amount shall be the prepayment that is due for the Parcel.

2. Affordable Housing Property

If a property owner wants to prepay the Annual Special Tax obligation for a Parcel of Affordable Housing Property, the prepayment amount shall be calculated as follows:

Step 1: For the Parcel requesting prepayment, calculate the Maximum Annual Special Tax for each of the next thirty (30) Fiscal Years after the Fiscal Year in which the prepayment will be received. For purposes of this calculation, the Maximum Annual Special Tax shall be increased each Fiscal Year by an amount equal to two percent (2.0%) of the applicable Maximum Annual Special Tax for the prior Fiscal Year.

Step 2: Using a discount rate of two percent (2.0%), calculate the net present value of the thirty-year Maximum Annual Special Tax projection determined in Step 1. This net present value amount shall be the prepayment that is due for the Parcel.

Once a prepayment has been received, a notice shall be recorded against the Parcel to cancel the Annual Special Tax lien. However, no such notice shall be recorded until all Annual Special Taxes levied on the Parcel in the current or prior Fiscal Years have been collected.

If the Annual Special Tax on any Parcels have been prepaid and, subsequent thereto, the CFD is abandoned pursuant to the provisions of Section D above, any Annual Special Taxes collected and remaining on hand shall be disbursed to the District to be used to pay for authorized Services.

G. INTERPRETATION OF RMA

The Fire District reserves the right to make minor administrative and technical changes to this document that do not materially affect the rate and method of apportioning of the Special Tax. In addition, the interpretation and application of any section of this document shall be left to the discretion of the Fire District. Interpretations may be made by the Fire District by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this RMA.

H. APPEAL OF SPECIAL TAX LEVY

Any property owner claiming that the amount or application of the Special Tax is incorrect may file a written notice of appeal with the Administrator no later than one calendar year after having

paid the Special Tax that is being disputed. The Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount or application of the Special Tax, and decide the appeal. If the property owner disagrees with the Administrator's decision, the property owner may then file a written appeal with the Board, whose decision shall be final and binding. If the decision of the Administrator (if the appeal is not filed with the Board) or the Board (if the appeal is filed with the Board) requires the Special Tax to be modified in favor of the property owner, no cash shall be refunded for prior years' Special Tax levies (unless it is determined that such Parcel will not have a Special Tax Levy in future Fiscal Years, in which case a cash refund shall be given from the proceeds of the following Fiscal Year's Special Tax collection). Rather, an adjustment shall be made to the next Special Tax levy(ies) as needed. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any legal action by such property owner.

Exhibit 6

ORDINANCE NO. 02 – 2012

AN ORDINANCE OF THE NORTH TAHOE FIRE PROTECTION DISTRICT LEVYING SPECIAL TAX WITHIN COMMUNITY FACILITIES DISTRICT NO. 2012-1 (LADDER TRUCK O&M)

WHEREAS, on June 20, 2012, this Board adopted a resolution entitled ""RESOLUTION OF INTENTION TO ESTABLISH COMMUNITY FACILITIES DISTRICT, NORTH TAHOE FIRE PROTECTION DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2012-1, (LADDER TRUCK O&M)" (the "Resolution of Intention"), stating its intention to form "North Tahoe Fire Protection District Community Facilities District No. 2012-1 (Ladder Truck O&M)" (the "CFD") pursuant to the Mello-Roos Community Facilities Act, Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California Government Code (the "Act") to finance certain municipal services (the "Services) as provided in the Act;

WHEREAS, pursuant to notice as specified in the Act, and as part of the Proceedings, the District has held a public hearing under the Act relative to the determination to proceed with the formation of the CFD and the rate and method of apportionment of the special tax ("Special Tax") to be levied within the CFD to finance the Services, and at such hearing all persons desiring to be heard on all matters pertaining to the formation of the CFD and the levy of the Special Tax were heard, substantial evidence was presented and considered by this Board and a full and fair hearing was held;

WHEREAS, upon the conclusion of the hearing, this Board adopted its "A RESOLUTION OF THE NORTH TAHOE FIRE PROTECTION DISTRICT FOR THE FORMATION OF COMMUNITY FACILITIES DISTRICT, NORTH TAHOE FIRE PROTECTION DISTRICT, COMMUNITY FACILITIES DISTRICT NO. 2012-1 (LADDER TRUCK O&M)" (the "Resolution of Formation), pursuant to which it completed the Proceedings for the establishment of the CFD, the authorization of the levy of the Special Tax within the CFD and the calling of an election within the CFD on the propositions of levying the Special Tax and establishing an appropriations limit within the CFD, respectively; and

WHEREAS, on September 19, 2012, a special election was held among the landowner voters within the CFD at which such voters approved such propositions by the two-thirds vote required by the Act, which approval has been confirmed by resolution of this Board.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY BOARD OF THE NORTH TAHOE FIRE PROTECTION DISTRICT as follows:

Section 1. By the passage of this Ordinance, the Board hereby authorizes and levies the Special Tax within the CFD pursuant to the Act, at the rate and in accordance with the rate and method of apportionment of Special Tax set forth in the Resolution of Formation which rate and method is by this reference incorporated herein. The Special Tax is hereby levied commencing in fiscal year No. 2013-14 and in each fiscal year thereafter to pay for the Services for the CFD, as contemplated by the Resolution of Formation and the Proceedings and all costs of administering the CFD.

Section 2. The Fire Chief, or an employee or consultant of the District, is hereby authorized and directed each fiscal year to determine the specific Special Tax to be levied for the next ensuing fiscal year for each parcel of real property within the CFD, in the manner and as provided in the Resolution of Formation.

Section 3 Exemptions from the levy of the Special Tax shall be as provided in the Resolution of Formation and the applicable provisions of the Act. In no event shall the Special Tax be levied on any parcel within the CFD in excess of the maximum Special Tax specified in the Resolution of Formation.

Section 4. All of the collections of the Special Tax shall be used as provided in the Act and in the Resolution of Formation, including, but not limited to, the payment of costs of the Services, the payment of the costs of the District in administering the CFD, and the costs of collecting and administering the Special Tax.

Section 5. The Special Tax shall be collected in the same manner as ordinary ad valorem taxes are collected and shall have the same lien priority, and be subject to the same penalties and the same procedure and sale in cases of delinquency as provided for ad valorem taxes; provided, however, that the Board may provide for other appropriate methods of collection by resolution(s) of the Board. In addition, the provisions of Section 53356.1 of the Act shall apply to delinquent Special Tax payments. The Fire Chief of the District is hereby authorized and directed to provide all necessary information to the auditor/tax collector of the County of Placer in order to effect proper billing and collection of the Special Tax, so that the Special Tax shall be included on the secured property tax roll of the County of Placer for fiscal year No. 2013-14 and for each fiscal year thereafter until no longer required to pay for the Services or until otherwise terminated by the District.

Section 6. If for any reason any portion of this ordinance is found to be invalid, or if the Special Tax is found inapplicable to any particular parcel within the CFD, by a court of competent jurisdiction, the balance of this ordinance and the application of the Special Tax to the remaining parcels within the CFD shall not be affected.

Section 7. The President of the Board shall sign this Ordinance and the District Clerk shall cause the same to be published immediately after its passage at least once in a newspaper of general circulation circulated in the District.

Section 8. This Ordinance shall take effect 30 days from the date of final passage.

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PASSED AND ADOPTED by the Board of Directors of the North Tahoe Fire Protection District this 21st day of November, 2012, by the following roll call vote:

Name of Director	Aye	Nay	Abstain

ATTEST:

_____

Nita Wracker, Clerk of the Board

PROPERTY OWNER ASSESSMENT BALLOT
NORTH TAHOE FIRE PROTECTION DISTRICT
FIRE SUPPRESSION ASSESSMENT

Property Owner Information
Situs: «SR_No» «SR_Address», «SR_City»

«Owner»
«Mail_Address»
«Mail_City», «Mail_State» «Mail_Zip»

Assessment Information

- Assessor Parcel Number: **«Full_APN»**
- Total Proposed District Assessment: **$623,894**
- Proposed Assessment for this parcel is: **«Balloted_Assessment_»**

● Mail or deliver this completed ballot to:
North Tahoe Fire Protection District
PO Box 5879
300 North Lake Blvd., Tahoe City, CA 96145 ●
Completed ballots must be received in the Board Clerk Office by **Tuesday, October 23, 2007 at 4:00 p.m.**
They can also be returned at the Public Hearing on the assessment, scheduled for **Tuesday, October 23, 2007 at 5:30 p.m.** in the Tahoe City Public Utility District's Board Room, 221 Fairway Drive, Tahoe City, California

To complete your ballot, mark the square before the word "YES" or before the word "NO", sign and date the ballot, and return it to the Office of the North Tahoe Fire Protection District. To ensure the privacy of your ballot, please seal it within the enclosed return envelope provided. If you wrongly mark, tear, or deface this ballot, return it to the North Tahoe Fire Protection District and obtain another. Replacement ballots may be obtained for any reason, prior to the close of the Public Hearing, from the Office of the North Tahoe Fire Protection District. For a more complete explanation of the balloting procedures, please refer to Resolution No. 10-2007, which is on file in the Office of the Board Clerk, located at 300 North Lake Blvd., Tahoe City, CA 96145.

Owner: **«Owner»**

Assessor's Parcel Number: **«Full_APN»**

Your Proposed Assessment: **«Balloted_Assessment_»**

☐ Yes, I support the proposed assessment on my parcel for fire suppression services that benefit my parcel, commencing in Fiscal Year 2008-09. I understand that the assessment will be used for fire suppression services, including but not limited to the following: improving response times, emergency evacuation programs, property inspection programs, firefighter personnel, and providing needed upgrades to emergency communications systems, as well as keeping the District's firefighting equipment up to date. I also understand that the assessment includes an annual adjustment for inflation limited to 3%.

☐ No, I oppose the proposed maximum assessment on my parcel for fire suppression services that benefit my parcel.

I hereby declare, under penalty of perjury under the laws of the State of California, that I am authorized to submit a ballot on behalf of the parcel identified above.

Signed _____ Date _____

Print Name _____

«BALLOTYES» «BALLOTNO»

RESOLUTION NO.7-2007

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH TAHOE FIRE PROTECTION DISTRICT, CALIFORNIA, TO APPROVE PRELIMINARY ENGINEER'S REPORT AND TO SUPPORT FIRE SUPPRESSION ASSESSMENTS FOR THE NORTH TAHOE FIRE PROTECTION DISTRICT

WHEREAS, the Board of Directors has, by previous Resolution, proposed to levy Fire Suppression Assessments for the North Tahoe Fire Protection District and initiated proceedings pursuant to the provisions of Title 5, Division 1, Part 1, Article 3.6 of the Government Code of California, beginning with Section 50078 (hereinafter referred to as the "Fire Assessment Law"); and

WHEREAS, said Fire Assessment Law provides for the levy and collection of assessments by the County of Placer for the North Tahoe Fire Protection District to pay for obtaining, furnishing, operating, and maintaining fire suppression equipment or apparatus and the salaries and benefits of firefighting personnel; and

WHEREAS, the Board of Directors has retained MuniFinancial for the purpose of assisting with the establishment of the assessments and to assist the Board with the preparation of an Engineer's Report (hereafter referred to as the "Engineer's Report") in accordance with the California Constitution Article XIIID; and

WHEREAS, there has now been presented to this Board of Directors the Engineer's Report for the North Tahoe Fire Protection District Fire Suppression Assessment; and

WHEREAS, the Board of Directors has carefully examined and reviewed the Engineer's Report as presented, and is preliminarily satisfied with the Report, including each and all of the budget items and documents as set forth therein, and is satisfied that the assessments have been spread in accordance with the benefits received from the fire suppression services provided to all properties within the service area of the North Tahoe Fire Protection District, whether or not fire suppression services are actually used by or upon a parcel, as set forth in said Report.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the North Tahoe Fire Protection District for the North Tahoe Fire Protection District Fire Suppression Assessment:

1. The foregoing recitals are all true and correct.

2. The Engineer's Report as presented, consists of the following:

- A Description of the Assessment and Fire Suppression Services; and
- The Annual Budget; and
- The method of apportionment for calculating the assessment for each of the assessed parcels within the service area of the North Tahoe Fire Protection District.

3. The Engineer's Report is hereby preliminarily approved. All property owners subject to the new assessment shall be balloted pursuant to California Constitution Article XIIID.

4. This Engineer's Report is hereby ordered to be filed in the Office of the Board Clerk as a permanent record and to remain open to public inspection. The Board Clerk shall certify to the passage and adoption of this Resolution, and the minutes of this meeting shall so reflect the presentation of the Engineer's Report.

PASSED AND ADOPTED this 30th day of August 2007, by the following vote:

AYES:	Board Members	Hale, Loverde, O'Dette, Correa, Potts
NOES:	Board Members	none
ABSENT:	Board Members	none
ABSTAIN:	Board Members	none

Chair, Board of Directors

ATTEST:

Board Clerk
Kip Cross

RESOLUTION NO. 8-2007

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH TAHOE FIRE PROTECTION DISTRICT INITIATING PROCEEDINGS FOR THE PROPOSED ANNUAL LEVY OF FIRE SUPPRESSION ASSESSMENTS FOR THE NORTH TAHOE FIRE PROTECTION DISTRICT

WHEREAS, the Board of Directors is initiating proceedings for the proposed levy of the North Tahoe Fire Protection District Fire Suppression Assessment pursuant to the provisions of Title 5, Division 1, Part 1, Article 3.6 of the Government Code of California, beginning with Section 50078 (hereinafter referred to as the "Fire Assessment Law") that provides for the levy and collection of assessments by the County of Placer for the North Tahoe Fire Protection District (hereinafter referred to as the "District") to pay for obtaining, furnishing, operating, and maintaining fire suppression equipment or apparatus and the salaries and benefits of firefighting personnel within the North Tahoe Fire Protection District; and

WHEREAS, the Board of Directors has retained MuniFinancial (hereinafter "Assessment Engineer"), for the purpose of assisting with the establishment of the assessments and to assist the North Tahoe Fire Protection District with the preparation of an Engineer's Report (hereafter referred to as the "Engineer's Report") to support the assessment in accordance with the requirements of the California Constitution, Article XIIID.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the North Tahoe Fire Protection District:

1. The Board of Directors hereby orders the Assessment Engineer to assist the Board with the preparation of the Engineer's Report concerning the establishment and levy of fire suppression assessments for the District in accordance with the Fire Assessment Law and the California Constitution, Article XIIID.

2. The proposed activities include, but are not limited to, the purchasing of fire suppression equipment, paying the salaries and benefit costs of fire fighting personnel, and paying the costs for operating, maintaining and equipping fire suppression equipment and apparatus.

PASSED AND ADOPTED this 30th day of August 2007, by the following vote:

AYES:	Board Members	Hale, Loverde, O'Dette, Correa, Potts
NOES:	Board Members	none
ABSENT:	Board Members	none
ABSTAIN:	Board Members	none

Chair, Board of Directors

ATTEST:

Board Clerk
Kip Cross

RESOLUTION NO. 9-2007

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH TAHOE FIRE PROTECTION DISTRICT FOR THE PROPOSED NORTH TAHOE FIRE PROTECTION DISTRICT FIRE SUPPRESSION ASSESSMENT, DECLARING ITS INTENTION TO CONDUCT A PROPERTY OWNER BALLOTING ON THE MATTER OF A NEW ASSESSMENT AND TO LEVY ANNUAL ASSESSMENTS COMMENCING IN FISCAL YEAR 2008/2009

WHEREAS, the Board of Directors has, by previous Resolution, initiated proceedings for the imposition of a Fire Suppression Assessment, pursuant to the provisions of Title 5, Division 1, Part 1, Article 3.6 of the Government Code of California, beginning with Section 50078 (hereinafter referred to as the "Fire Assessment Law") that provides for the levy and collection of Fire Suppression Assessments by the County of Placer for the North Tahoe Fire Protection District to pay for obtaining, furnishing, operating, and maintaining fire suppression equipment or apparatus and the salaries and benefits of firefighting personnel; and,

WHEREAS, the Board of Directors has retained MuniFinancial for the purpose of assisting with the establishment of the assessments and to assist the North Tahoe Fire Protection District with the preparation of an Engineer's Report (hereafter referred to as the "Engineer's Report") in accordance with the requirements of the California Constitution, Article XIIID.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the North Tahoe Fire Protection District for the North Tahoe Fire Protection District Fire Suppression Assessment, pursuant to the Code and the California Constitution, Articles XIIID, as follows:

1. The Board of Directors hereby declares its intention to seek the Annual Levy of the Fire Suppression Assessment pursuant to the Fire Assessment Law, over and including the land within the North Tahoe Fire Protection District fire service area boundaries, and to levy and collect assessments on all such land to pay the costs of the following: obtaining, furnishing, operating, and maintaining fire suppression equipment or apparatus and the salaries and benefits of firefighting personnel.

2. The boundaries of the assessment area coincide with and are equivalent to the boundaries of the North Tahoe Fire Protection District fire service area.

3. An assessment ballot proceeding is hereby called on behalf of the Board on the matter of confirming assessments for any property within the North Tahoe Fire Protection District fire service area subject to a new assessment pursuant to California Constitution Article XIIID.

   The assessment ballot proceeding on the matter of authorizing the levy of the assessments, pursuant to California Constitution, Article XIIID, Section 4 consists of a ballot, included with mailed notice, distributed by first class mail to the property owners of record as identified on the last equalized property tax roll of the County of Placer subject to the proposed assessment. Each property owner's ballot is weighted by the amount of his or her

proposed assessment. Each property owner may return the ballot by mail or in person to the North Tahoe Fire Protection District not later than the conclusion of the Public Hearing on the matter on October 23, 2007. The Public Hearing is scheduled to begin on Tuesday, October 23, 2007, at 5:30 p.m., at the Tahoe City Public Utility Board Room, 221 Fairway Drive, Tahoe City, California. At the conclusion of the Public Hearing, the Board Clerk or an impartial designee shall tabulate the ballots to determine if a majority protest exists. The ballots shall be weighted according to the proportional financial obligation of each affected property. A majority protest exists if, upon the conclusion of the hearing, weighted ballots submitted in opposition to the assessment exceed the weighted ballots submitted in favor of the assessment.

4. The proposed assessments and a full detailed description of the methodologies for calculating the Assessments are presented in the Engineer's Report, on file in the Office of the Board Clerk.

5. The Board of Directors hereby declares its intention to conduct a Public Hearing concerning the levy of assessments for the service area of the North Tahoe Fire Protection District in accordance with Government Code, Section 54954.6 and California Constitution, Article XIIID, Section 4(e).

   As defined by Government Code Section 54954, those properties subject to a new assessment shall be mailed a notice of the Public Hearing and a property owner ballot not less than 45 days before the date of the public hearing pursuant to California Constitution, Article XIIID. Property owners being balloted for a new assessment must return their ballots to the Board Clerk prior to the conclusion of the public input portion of the Public Hearing, after which they will be tabulated. At the Public Hearing, all interested persons shall be permitted to present written and/or oral testimony regarding the proposed assessment.

6. Notice is hereby given that the Board of Directors will hold a Public Hearing on these matters on Tuesday, October 23, 2007, at 5:30 p.m., or as soon thereafter as feasible at the Tahoe City Public Utility Board Room, 221 Fairway Drive, Tahoe City, California.

PASSED AND ADOPTED this 30th day of August 2007, by the following vote:

AYES:	Board Members	Hale, Loverde, O'Dette, Correa, Potts
NOES:	Board Members	none
ABSENT:	Board Members	none
ABSTAIN:	Board Members	none

Chair, Board of Directors

ATTEST:

Board Clerk
Kip Cross

RESOLUTION NO. 10-2007

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH TAHOE FIRE PROTECTION DISTRICT ADOPTING PROCEDURES APPLICABLE TO THE COMPLETION, RETURN AND TABULATION OF ASSESSMENT BALLOTS FOR THE PROPOSED FIRE SUPPRESSION ASSESSMENT

WHEREAS, Proposition 218 was adopted on November 6, 1996, adding Articles XIIIC and XIIID to the California Constitution; and

WHEREAS, Articles XIIIC and XIIID of the California Constitution impose certain procedural and substantive requirements relating to assessments (as defined therein); and

WHEREAS, Section 4C of Article XIIID of the California Constitution and Government Code Section 53753 provide the opportunity for the North Tahoe Fire Protection District Board of Directors to develop a summary of the procedures for the completion, return, and tabulation of Assessment Ballots to be included with the notice requirements of Article XIIID of the California Constitution; and

WHEREAS, the Board of Directors of the North Tahoe Fire Protection District ("Board") finds it to be in the interest of the North Tahoe Fire Protection District to record its decisions regarding the procedures for the completion, return and tabulation of Assessment Ballots for the proposed Fire Suppression Assessment.

NOW, THEREFORE, BE IT RESOLVED by the Board of the North Tahoe Fire Protection District:

The Board of Directors does hereby determine and order as follows:

1. It is the Board of Directors intent in adopting this resolution, to adopt procedures applicable to the completion, return and tabulation of Assessment Ballots that are consistent with, and in compliance with, Articles XIIIC and XIIID of the California Constitution and with the Proposition 218 Omnibus Implementation Act. It is not the intent of the Board of Directors to vary in any way from the requirements of Articles XIIIC and XIIID or the Proposition 218 Omnibus Implementation Act and the provisions of this Resolution shall be interpreted in accordance therewith.

2. The following guidelines shall apply in giving notice of an assessment:

   A. The record owner(s) of each parcel to be assessed shall be determined from the last equalized secured property tax assessment roll (the "Assessment Roll"). Only property owners shall receive notice.

   B. The notice shall be sent at least forty-five (45) days prior to the date set for the public hearing on the assessment.

C. The notice provided by this section and in accordance with Article XIIID, Section 4, of the California Constitution, shall supersede and be in lieu of any other statutes requiring notice to levy or increase an assessment, including but not limited to the notice required by the state statute authorizing the assessment and Government Code section 54954.6.

D. Failure of any person to receive notice shall not invalidate the proceedings.

3. The following procedures are applicable to the completion, return, and tabulation of Assessment Ballots required by Article XIIID of the California Constitution:

A. Assessment Ballot. The following guidelines shall apply to the Assessment Ballot:

i. At least forty-five (45) days prior to the date of the public hearing on the proposed assessment, the Assessment Ballot required by Article XIIID, Section 4(D) of the California Constitution shall be mailed to all property owners affected by the proposed assessment whose name(s) and address(es) appear on the last County of Placer secured roll. If the person who receives the Assessment Ballot is not the property owner, (i.e. the property has been sold), the person receiving the Assessment Ballot should promptly notify the new property owner and the Board Clerk. If the property has split interest parties due to split ownership interests in the entire property, and the secured roll identifies the percentage of ownership for each ownership interest, a ballot will be sent to each ownership interest as listed on the last secured roll. Each ballot will represent a proportion of the total proposed assessment whereas the proportion of the assessment is equal to the proportion of the parties' ownership interest in the property. If the property has split ownership interest and the percentage of ownership is not identified within the County's secured roll, a ballot will be sent to each ownership interest representing an equal proportion of the total proposed assessment. If the property has split interest parties due to joint tenancy or community property ownership in the entire property (i.e. husband and wife), one ballot will be sent for such property which will identify each owner of the joint tenancy or community and may be signed by either owner.

ii. All Assessment Ballots must be returned to the Board Clerk, or his/her designee by mail or in person, sealed in the envelope provided with the ballot, provided not later than the end of the public input portion of the Public Hearing. If the envelope is lost, the property owner can request an envelope from the Board Clerk. The Board Clerk may accept Assessment Ballots sealed in an envelope where the outside envelope is clearly marked that it contains an Assessment Ballot. Mailed Assessment Ballots must be addressed to: Board Clerk, PO Box 5879, Tahoe City, California 96145. Assessment Ballots may also be hand delivered to the Board Clerk at Station 51, 300 North Lake Blvd., Tahoe City, California 96145.

iii. The Assessment Ballot must be signed under penalty of perjury. For properties with more than one owner of record or split interest parties, Assessment Ballots will be accepted from each owner of record. Each owner of record is entitled to vote. The Board Clerk, or designee, shall apportion the voting rights between the owners based upon the respective record interests as the Board Clerk deems correct, proper, and appropriate. Multiple property owners may indicate their proportional property interest on the Assessment Ballot.

iv. The Board Clerk may issue additional Assessment Ballots to "additional property owners" whose name(s) does or do not appear on the last Assessment Roll of the County of Placer. These additional Assessment Ballots shall be issued upon presentation of adequate information that the requesting party is an owner of record. Additional Assessment Ballots may be requested from the Board Clerk located at Station 51, 300 North Lake Blvd., Tahoe City, California 96145.

v. A tenant or holder of less than fee interest in real property shall not have the power or authority to submit an Assessment Ballot.

vi. A property owner of record may delegate his/her Assessment Ballot vote to an authorized agent provided the authorization:

a. Is in writing;
b. Clearly identifies by first and last name the authorized agent;
c. Identifies the property by APN number or other information adequate to identify the property; and
d. Is signed by the property owner under penalty of perjury, and such writing is attached to the Assessment Ballot.

vii. Only original Assessment Ballots with original signatures (i.e. no photocopies, facsimiles and e-mail) will be accepted. Assessment Ballots received after the Public Hearing with a postmark of the Public Hearing date or earlier will not be considered.

viii. The Board Clerk may issue a duplicate Assessment Ballot to any property owner whose original Assessment Ballot was lost or destroyed. The new Assessment Ballot shall be issued upon presentation of adequate information that the requesting party is an owner of record. The new Assessment Ballots shall be clearly marked as "Replacement Assessment Ballot".

ix. An Assessment Ballot proceeding is not an election.

x. The Assessment Ballot shall remain sealed until tabulation as provided in subsection B below. Once the ballot tabulation process is complete, the Assessment Ballot shall be treated as a disclosable public record, as defined in

Government Code §6252, and equally available for inspection by the proponents and the opponents of the proposed Assessment.

B. Tabulating Assessment Ballots. The following guidelines shall apply to tabulating Assessment Ballots:

i. An impartial person, including, but not limited to, the Board Clerk or other person designated by the Board who does not have a vested interest in the outcome of the proposed Assessment shall tabulate the Assessment Ballots submitted, and not withdrawn, in support or opposition to the proposed Assessment.

ii. The Board Clerk, or the designated person, shall begin tabulating the Assessment Ballots at the conclusion of the Public Hearing referenced in Section C below.

iii. The Board Clerk, or the designated person, shall determine the validity of all Assessment Ballots. The Board Clerk, or the designated person, shall accept as valid, all Assessment Ballots except those in the following categories:

a. An Assessment Ballot or authorization that does not contain an original signature;
b. An unsigned Assessment Ballot and/or authorization;
c. An Assessment Ballot which lacks an identifiable "yes, I support" or "no, I oppose" vote (i.e. both boxes marked or neither box marked);
d. An Assessment Ballot which appears tampered with or otherwise invalid based upon its appearance or method of delivery or other circumstances; or
e. Assessment Ballots not in actual receipt of the Board Clerk prior to the conclusion of public testimony at the Public Hearing.

iv. The Board Clerk's, or the designated person's, decision, after consultation with the Board Attorney, that an Assessment Ballot is invalid, shall be final and may not be appealed to the Board of Directors.

v. A property owner who has submitted an Assessment Ballot may withdraw the Assessment Ballot and submit a new Assessment Ballot up until the conclusion of the public testimony at the Public Hearing on the assessment.

vi. A property owner's failure to receive an Assessment Ballot shall not invalidate the proceedings conducted under this resolution and Section 4, Article XIIID of the California Constitution.

C. Public Hearing on Assessments.

i. At the Public Hearing, the Board of Directors shall hear all public testimony regarding all objections or protests, if any, to the proposed assessment and accept Assessment Ballots until the close of public testimony.

ii. The Board of Directors may impose reasonable time limits on both the length of the entire hearing and the length of each speaker's testimony.

iii. If additional time is necessary for public testimony, the Board of Directors may continue the Public Hearing to a later date to receive additional public testimony and information.

iv. At the conclusion of the Public Hearing, the Assessment Ballots shall be tabulated.

v. If, according to the final tabulation, the Assessment Ballots submitted against the proposed assessment exceed the Assessment Ballots submitted in favor of the proposed assessment, weighted according to the proportional financial obligation of the affected property, a "majority protest" exists, and the Board of Directors shall not impose the new assessment on parcels affected by the proposed assessment.

PASSED AND ADOPTED this 30th day of August 2007, by the following vote:

AYES:	Board Members	Hale, Loverde, O'Dette, Correa, Potts
NOES:	Board Members	none
ABSENT:	Board Members	none
ABSTAIN:	Board Members	none

Chair, Board of Directors

ATTEST:

Board Clerk
Kip Cross

RESOLUTION 15 - 2007

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH TAHOE FIRE PROTECTION DISTRICT, CALIFORNIA, DECLARING THE RESULTS OF A PROPERTY OWNER PROTEST PROCEEDING AND APPROVING CERTAIN RELATED ACTIONS

WHEREAS, the Board of Directors of the North Tahoe Fire Protection District, California (hereafter referred to as "the Board") called and duly held a property owner protest proceeding for the North Tahoe Fire Protection District Fire Suppression Assessment (hereafter referred to as "the Assessment") pursuant to the provisions of *Title 5, Division 1, Part 1, Article 3.6 of the Government Code of California, beginning with Section 50078* (hereafter referred to as "the Code"), and *California Constitution Articles XIIIC and XIIID,* for the purpose of presenting to the qualified property owners within the North Tahoe Fire Protection District service area the proposed imposition of said Assessment and the annual levy of assessments for the costs and expenses of fire suppression services providing special benefits to the properties within; and,

WHEREAS, the landowners of record within the North Tahoe Fire Protection District service area as of the close of the Public Hearing held on October 23, 2007 did cast their ballots, the results of which are illustrated below:

Yes: $183,586.64	% Yes: 67.21%
No: $ 89,567.47	% No: 32.79%

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE NORTH TAHOE FIRE PROTECTION DISTRICT, CALIFORNIA, DOES HEREBY RESOLVE, ORDER AND DETERMINE:

Section 1 The above recitals are true and correct.

Section 2 The results of the tabulation of the valid property owner protest ballots returned by the property owners within the North Tahoe Fire Protection District, prior to the conclusion of the Public Hearing and property owner protest proceeding held for the District on October 23, 2007, is hereby confirmed and made public record.

Section 3 The tabulation of the valid property owner protest ballots returned by the property owners within the North Tahoe Fire Protection District indicates whether or not there exists a majority protest of the Assessment, and if the results identify that there is not a majority protest; the Board of Directors is hereby authorized to take the necessary steps to levy the assessments as approved.

Section 4 The Board Clerk is hereby directed to enter this Resolution on the minutes of the Board of Directors' meeting which shall constitute the official declaration of the result of such property owner protest proceeding.

Section 5 This Resolution shall become effective immediately upon its adoption.

Section 6 The Board Clerk shall certify the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 14th day of November, 2007.

Russell Potts, Board President
North Tahoe Fire Protection District

Kip Cross, Board Clerk
North Tahoe Fire Protection District

STATE OF CALIFORNIA)
COUNTY OF PLACER) ss.
NORTH TAHOE FIRE PROTECTION DISTRICT)

I, Kip Cross, Board Clerk of the North Tahoe Fire Protection District, County of Placer, State of California do hereby certify that the foregoing Resolution No. 15 - 2007 was regularly adopted by the Board of Directors of said District at a regular meeting of said Board held on the 14th day of November, 2007 by the following vote:

AYES: Correa, Potts, O'Dette, Loverde

NOES: none

ABSENT: Hale

ABSTAINED: none

Kip Cross, Board Clerk
North Tahoe Fire Protection District

RESOLUTION 16 - 2007

RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH TAHOE FIRE PROTECTION DISTRICT, CALIFORNIA, APPROVING THE FINAL ENGINEER'S REPORT REGARDING THE IMPOSITION OF THE NORTH TAHOE FIRE PROTECTION DISTRICT FIRE SUPPRESSION ASSESSMENT.

The Board of Directors of the North Tahoe Fire Protection District, California (hereafter referred to as "the Board") hereby finds, determines, resolves and orders as follows:

WHEREAS, The Board of Directors did by previous Resolution order the Assessment Engineer, MuniFinancial, to prepare and file a report in accordance with *Title 5, Division 1, Part 1, Article 3.6 of the Government Code of California, beginning with Section 50078* (hereafter referred to as "the Code"), and *California Constitution Articles XIIIC and XIIID,* in connection with the proposed levy and collection of assessments for the North Tahoe Fire Protection District (hereafter referred to as "the District") for the fiscal year commencing July 1, 2008 and ending June 30, 2009; and,

WHEREAS, The Engineer has prepared and filed an engineer's report with the Board Clerk of the North Tahoe Fire Protection District and the Board Clerk has presented to the Board such report entitled "North Tahoe Fire Protection District, Fire Suppression Assessment, Engineer's Report" (hereafter referred to as "the Report"); and,

WHEREAS, The Board has carefully examined and reviewed the Report as presented, and is satisfied with each and all of the items and documents as set forth therein, and finds that the levy has been spread in accordance with the special benefits received from the improvements, operation, maintenance and services to be performed, as set forth in said Report; and,

NOW, THEREFORE BE IT RESOLVED, DETERMINED, AND ORDERED BY THE BOARD OF DIRECTORS FOR THE NORTH TAHOE FIRE PROTECTION DISTRICT, AS FOLLOWS:

Section 1 The above recitals are all true and correct.

Section 2 The Report as presented, consists of the following:

a) A Description of the Assessment and Improvements.

b) The Annual Budget (Costs and Expenses of Services, Operations and Maintenance)

c) A Description of the Method of Apportionment resulting in assessment rates for each property classification within the North Tahoe Fire Protection District service area, as defined in the Report.

Section 3 The Report as presented, is hereby approved and is ordered to be filed in the Office of the Board Clerk as a permanent record and to remain open to public inspection.

Section 4 The Board Clerk shall certify to the passage and adoption of this Resolution and the minutes of this meeting shall so reflect the presentation and final approval of the Report.

PASSED, APPROVED, AND ADOPTED this 14th day of November, 2007.

Russell Potts, Board President
North Tahoe Fire Protection District

Kip Cross, Board Clerk
North Tahoe Fire Protection District

STATE OF CALIFORNIA)
COUNTY OF PLACER) ss.
NORTH TAHOE FIRE PROTECTION DISTRICT)

I, Kip Cross, Board Clerk of the North Tahoe Fire Protection District, County of Placer, State of California do hereby certify that the foregoing Resolution No. 16 - 2007 was regularly adopted by the Board of Directors of said North Tahoe Fire Protection District at a regular meeting of said board held on the 14th day of November, 2007 by the following vote:

AYES: Correa, Potts, O'Dette, Loverde

NOES: none

ABSENT: Hale

ABSTAINED: none

Kip Cross, Board Clerk
North Tahoe Fire Protection District

RESOLUTION 17 - 2007

RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH TAHOE FIRE PROTECTION DISTRICT, CALIFORNIA, ORDERING THE LEVY AND COLLECTION OF FIRE SUPPRESSION ASSESSMENTS WITHIN THE NORTH TAHOE FIRE PROTECTION DISTRICT SERVICE AREA FOR FISCAL YEAR 2008/2009

The Board of Directors of the North Tahoe Fire Protection District, California (hereafter referred to as "the Board") hereby finds, determines, resolves and orders as follows:

WHEREAS, The Board has by previous Resolutions initiated proceedings and declared its intention to levy special benefit assessments against parcels of land within the North Tahoe Fire Protection District service area commencing in Fiscal Year 2008/2009, (July 1, 2008 and ending June 30, 2009); pursuant to the provisions of *Title 5, Division 1, Part 1, Article 3.6 of the Government Code of California, beginning with Section 50078* (hereafter referred to as "the Code"), and *California Constitution Articles XIIIC and XIIID* to pay the costs and expenses of operating, maintaining and servicing fire suppression services and appurtenant equipment located within the North Tahoe Fire Protection District; and,

WHEREAS, The Assessment Engineer selected by the Board has prepared and filed with the Board Clerk, and the Board Clerk has presented to the Board the Engineer's Report (hereafter referred to as "the Report") in connection with the proposed levy and collection of special benefit assessments upon eligible parcels of land within the North Tahoe Fire Protection District service area, and the Board did by previous Resolution approve such Report; and,

WHEREAS, The Board of Directors desires to levy and collect assessments against parcels of land within the North Tahoe Fire Protection District service area commencing in Fiscal Year 2008/2009, to pay the costs and expenses of operating, maintaining and servicing fire suppression services and appurtenant equipment; and,

WHEREAS, The Board has previously conducted a property owner protest ballot proceeding for all Fire Suppression Assessments proposed to be levied for Fiscal Year 2008/2009, and said assessments are described in the approved Report, and the assessments as described comply with all applicable provisions of the California State Constitution Article XIIID.

NOW, THEREFORE BE IT RESOLVED, DETERMINED, AND ORDERED BY THE BOARD OF DIRECTORS FOR THE NORTH TAHOE FIRE PROTECTION DISTRICT, AS FOLLOWS:

Section 1 Following notice duly given, the Board of Directors has held a full and fair Public Hearing regarding its Resolution approving or amending the Engineer's Report prepared in connection therewith; the levy and collection of assessments, and considered all oral and written statements, protests and communications made or filed by interested persons. The Board has determined that the property owners in accordance with the requirements

of the California State Constitution, Article XIIID have approved the assessments as presented in the Engineer's Report.

Section 2 Based upon its review (and amendments, as applicable) of the Engineer's Report, a copy of which has been presented to the Board and which has been filed with the Board Clerk, the Board of Directors hereby finds and determines that:

a) The land within the North Tahoe Fire Protection District service area will receive special benefit by the operation, maintenance and servicing of fire suppression services and appurtenant equipment.

b) The net amount to be assessed upon the lands within the North Tahoe FPD service area is in accordance and apportioned by a formula and method, which fairly distributes the net amount among all eligible parcels in proportion to the special benefit to be received by each parcel from the improvements and services.

Section 3 The Report and assessment as presented to the Board and on file in the office of the Board Clerk are hereby confirmed as filed.

Section 4 The Board hereby orders the proposed improvements to be made, which improvements are briefly described as the maintenance, operation, administration and servicing of fire suppression services within the North Tahoe Fire Protection District service area and all appurtenant equipment related thereto.

Section 5 The maintenance, operation and servicing of fire suppression services and appurtenant equipment shall be performed pursuant to the Code and the County Auditor of Placer shall enter on the County Assessment Roll opposite each parcel of land the amount of levy, and such levies shall be collected at the same time and in the same manner as the County taxes are collected. After collection by the County, the net amount of the levy shall be paid to the North Tahoe Fire Protection District.

Section 6 The North Tahoe Fire Protection District shall deposit all money representing assessments collected by the County for the District to the credit of a fund for the North Tahoe Fire Protection District Fire Suppression Assessment, and such money shall be expended only for the maintenance, operation and servicing of fire suppression services and appurtenant equipment as described in Section 4.

Section 7 The adoption of this Resolution constitutes the Fire Suppression Assessment levy, commencing with Fiscal Year 2008/2009.

Section 8 The Board Clerk is hereby authorized and directed to file the levy with the County Auditor upon adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 14th day of November, 2007.

Russell Potts, Board President
North Tahoe Fire Protection District

Kip Cross, Board Clerk
North Tahoe Fire Protection District

STATE OF CALIFORNIA)
COUNTY OF PLACER) ss.
NORTH TAHOE FIRE PROTECTION DISTRICT)

I, Kip Cross, Board Clerk of the North Tahoe Fire Protection District, County of Placer, State of California do hereby certify that the foregoing Resolution No. 17 – 2007 was regularly adopted by the Board of Directors of said North Tahoe Fire Protection District at a regular meeting of said board held on the 14th day of November, 2007 by the following vote:

AYES: Correa, Potts, O'Dette, Loverde

NOES: none

ABSENT: Hale

ABSTAINED: none

Kip Cross, Board Clerk
North Tahoe Fire Protection District

MESSAGE AREA:

PLACER COUNTY 2013-2014 SECURED PROPERTY TAX BILL

FOR FISCAL YEAR BEGINNING JULY 1, 2013 AND ENDING JUNE 30, 2014

JENINE WINDESHAUSEN
TREASURER-TAX COLLECTOR
2976 RICHARDSON DRIVE • AUBURN, CALIFORNIA 95603-2640
(530) 889-4120 • 1-888-888-5218
www.placer.ca.gov/tax

QR Code to Website

ASSESSMENT NUMBER	TAX RATE AREA	FEE PARCEL NUMBER	PROPERTY INFORMATION
999-999-999-000		999-999-999-000	PROPERTY DESCRIPTION / SITUS ADDRESS: 123 TAHOE ST.

JOHN SMITH
PO BOX 000
TAHOE

ASSESSED OWNER AS OF JANUARY 1st:
SMITH, JOHN

ASSESSED VALUES, PROPOSITION 13 TAXES AND EXEMPTIONS

	ASSESSED VALUE	X TAX RATE	= COUNTYWIDE TAXES	
LAND	125,000			
STRUCTURAL IMPROVEMENTS	80,000			
H HOMEOWNERS EXEMPTION	-7,000			
NET TAXABLE VALUE	198,000	1.000000	1,980.00	$1,980.00

PHONE NUMBERS

PAYMENT INFORMATION
(530) 889-4120

VALUATION & EXEMPTION
(530) 889-4300

VOTER APPROVED TAXES, TAXING AGENCY DIRECT CHARGES AND SPECIAL ASSESSMENTS

						SPECIAL ASSESSMENT
35210	Sierra Coll SFID #1 B&I 2004 Series B	198,000	0.004538	8.98		(530) 889-4173
35220	Sierra Coll SFID #1 B&I 2004 Series A Ref 2013	198,000	0.005738	11.36		(530) 889-4173
35900	Tah Trk Un B&I 93B Ref 2004	[illegible]	[illegible]	3.62		(530) 889-4173
36910	Tah Trk Un B&I 93A98 Ref 2010	[illegible]	[illegible]	9.76		(530) 889-4173
37200	Tah Trk Un B&I 99A SFID #2 Non Refunding	[illegible]	[illegible]	3.48		(530) 889-4173
37201	Tah Trk Un B&I 99A SFID#2 Ref 2001	[illegible]	[illegible]	43.04		(530) 889-4173
37202	Tah Trk Un B&I 99B SFID #2 Non Refunding	[illegible]	0.0036[illegible]	7.64		(530) 889-4173
37203	Tah Trk Un B&I 99B & 02B SFID #2 Ref 2013	[illegible]	0.0144[illegible]	28.70		(530) 889-4173
37400	Tah Trk Un B&I 2002A SFID #2 Non Refunding	[illegible]	0.000[illegible]	1.08		(530) 889-4173
37402	Tah Trk Un B&I 2002A SFID #2 Ref 2012	198,000	0.011169	22.12		(530) 889-4173
42108	Tahoe Forest Hosp B&I 2008 Series A-C	198,000	0.030120	59.64		(530) 582-6656
59700	Placer Mosquito & Vector Control	DIRECT CHARGE		25.32		(800) 273-5167
69900	No Tahoe PUD CFD#94-1 MR	DIRECT CHARGE		88.94		(530) 546-4212
73500	Tahoe Truckee Unif Sch Meas A	DIRECT CHARGE		135.00		(530) 582-2500
74600	No Tahoe Fire Special Tax	DIRECT CHARGE		199.62		(530) 583-6911
74601	No Tahoe Fire Suppression Asmt	DIRECT CHARGE		52.88		(530) 583-6911
					$701.18	

SAMPLE

In 2005 registered voters passed the No Tahoe Fire Special Tax. While these funds may be used for any purpose; the District uses these monies to fund emergency staffing, training, facilities maintenance, apparatus purchases and reserves.

FIRST INSTALLMENT DUE NOVEMBER 1, 2013 ▶ $1,340.59 SECOND INSTALLMENT DUE FEBRUARY 1, 2014 ▶ $1,340.59 TOTAL ▶ $2,681.18

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In 2007 property owners passed the No Tahoe Fire Suppression Asmt. These funds must be used to obtain, furnish, operate and maintain fire suppression services and apparatus including communications systems, residential chipping, defensible space inspections, fire engines, station equipment and fire fighting staffing.

These items are not related to the California Board of Equalization (BOE) Fire Prevention Fee. This fee has been levied by California and is collected by the BOE. These monies do not go to your local fire district; they are used as part of the Cal Fire Budget. For more information on this fee visit:
http://www.boe.ca.gov/sptaxprog/fire_prev_fee.htm

NOTICE OF GOVERNING BOARD MEMBER ELECTION AND/OR NOTICE TO SUBMIT MEASURE(S) TO A VOTE OF THE VOTERS

Resolution No. 7 - 2005

RESOLUTION OF THE GOVERNING BODY OF THE

North Tahoe Fire Protection District
DECLARING AN ALL MAIL BALLOT ELECTION BE HELD IN ITS JURISDICTION;
REQUESTING THE BOARD OF SUPERVISORS TO CONSOLIDATE THIS ELECTION
WITH ANY OTHER ELECTION CONDUCTED ON SAID DATE;
AND
REQUESTING ELECTION SERVICES BY THE COUNTY CLERK.

WHEREAS, this District Governing Body orders an election to be held in its jurisdiction on August 23, 2005; at which election the issue(s) to be presented to the voters shall be:

MEASURE(S) TO BE SUBMITTED TO THE VOTERS

1. Said District does request that the following measure(s) be decided at this election.

- Said Governing Board orders the following measure(s) to be put to a vote of the residents of the District:

(See attached wording marked Exhibit(s) "A"

2. Said District has determined the following election particulars:

- The County Clerk is requested to provide election services. If the District requests the Placer County Elections Division to provide election services, all applicable costs will be paid for by the District.

3. The District hereby certifies that (please check one):

____ There have been changes to the District boundary lines since our last election as shown on the attached map and/or legal description.

__X__ There have been no District boundary changes since our last election, but the District understands that the Placer County Public Works Mapping Division will verify our District boundary lines prior to the election.

BE IT RESOLVED that the Board of Supervisors of the County of Placer is hereby requested to:

1. Consolidate the election with any other applicable election conducted on the same day;

2. Authorize and direct the County Clerk, at Governing Body expense, to provide all necessary election services.

This Resolution shall be considered a Notice of Election and Specification of Election Order if applicable.

PASSED AND ADOPTED by the Governing Body on May 5, 2005.

AYES: Loverde, Potts, Hale, O'Detts

NOES: none

ABSENT: Correa

Russell E. Potts
Chair of the Board

ATTEST: _____
Kip Cross
Clerk of the Board

(Seal)

RESOLUTION NO. 2005 – 7
NORTH TAHOE FIRE PROTECTION DISTRICT

ADOPTING REVISED RATES FOR SPECIAL TAX FOR FIRE PROTECTION AND APPROVING BALLOT MEASURE

WHEREAS, the NORTH TAHOE FIRE PROTECTION DISTRICT maintains and operates a Fire Department;

WHEREAS, the ability of the NORTH TAHOE FIRE PROTECTION DISTRICT to promptly respond to fire and health emergencies is important to every resident and business in the district;

WHEREAS, actions by the State of California over the last decade have reduced the amount of local property tax revenue available to support the fire protection, fire prevention and paramedic ambulance services the District provides;

WHEREAS, the creation of redevelopment areas by Placer County has further reduced the local property tax funds available to support the District;

WHEREAS, the combined actions of the state and county reduced the fire district's budget by $700,000 last year;

WHEREAS, without additional local tax funds, emergency response times in the district cannot be maintained at current levels;

WHEREAS, California Government Code §§ 53970 through 53979 establish procedures and authorize the levy of a special tax for the purpose of fire protection and prevention;

WHEREAS, California Government Code § 53978 provides that any local agency which provides fire protection or prevention services may, by ordinance, determine and propose for adoption a special tax, for the purpose of obtaining, furnishing, operating and maintaining

fire suppression equipment or apparatus or for the purpose of paying the salaries and benefits of fire fighting personnel, or both, which tax shall take effect upon the approval of two-thirds of the voters voting upon such proposition;

WHEREAS, the voters of the District on April 8, 1997 approved by vote exceeding two-thirds of those voting a special tax for fire suppression providing for levy of an assessment based on the use of property located within the District, adjusted as permitted therein, and thereafter by Ordinance No. 2-97 adopted the Report on Classification of Properties Based on Use Code, so that the rates currently in effect are as follows:

Residential	$ 87.32
Light Commercial	$174.56
Heavy Commercial and Commercial Recreational	$261.74

AND WHEREAS, the Board of Directors of the NORTH TAHOE FIRE PROTECTION DISTRICT deem it appropriate to present to the voters of the District for approval the levy of a new schedule of rates for the special tax, increasing the rates currently in effect in view of the loss of revenues resulting from State mandated tax revenue shifts from this District to the State government and from growth in demand for such fire protection and prevention services which has exceeded the growth in revenues available to provide such services.

NOW, THEREFORE, be it enacted by the Board of Directors of the NORTH TAHOE FIRE PROTECTION DISTRICT:

SECTION 1. AUTHORIZATION

The Ordinance and the special tax authorized herein is adopted pursuant to Government Code § 53978.

SECTION 2. PURPOSE OF TAX

The purpose for which this special tax and the revised schedule of rates thereunder is levied is to establish a source of funds to obtain, furnish, operate and maintain fire suppression equipment and services, or for the purpose of paying salaries and benefits of fire fighting personnel, or both, whether or not such services are actually used by or upon a specific parcel, improvement, or property subject to such special tax.

SECTION 3. CURRENT FUNDING

There is currently in effect a valid special tax for fire protection and prevention services providing for levy on improved, non-exempt parcels located within the North Tahoe Fire Protection District, the revenues from which have been duly determined by the District to be insufficient to maintain current levels of service and reasonably anticipated future needs.

SECTION 4. DETERMINATION OF NECESSITY

The level of fire protection and prevention services which can be provided by existing revenue sources has been duly determined by the District to be insufficient to maintain current levels of service and reasonably anticipated future needs in view of tax revenue shifts from local agencies to the State government and for redevelopment, and growth in demand for services which has outstripped available revenues.

SECTION 5. LIMITATION UPON EXPENDING ASSESSMENT PROCEEDS

Any funds collected from the special tax authorized by this Ordinance shall be expended only for such fire protection and prevention (a) within the NORTH TAHOE FIRE PROTECTION DISTRICT, (b) pursuant to contract with governmental entities provided that such contract reflects an equal benefit in the area served, or (c) pursuant to duly approved mutual aid agreements.

SECTION 6. DEFINITIONS

As used in this Ordinance, the following words or phrases shall be construed as follows:

a. "Local government body" shall mean the Board of Directors, trustees, governors, or any other governing body of any fire protection district, the County Board of Supervisors for those areas receiving county fire protection and prevention services pursuant to Government Code § 25643, or the governing body of a city.

b. "Fire Protection and Prevention Services" shall include those services authorized to be provided by a fire protection district pursuant to California Health and Safety Code §13862, to wit: (a) fire protection services; (b) rescue services; (c) emergency medical services; (d) hazardous material emergency response services; (e) ambulance services, pursuant to Health and Safety Code Division 2.5 (commencing with Section 1797); and (f) any other services relating to the protection of lives and property.

c. "Special Tax" shall mean the tax authorized pursuant to this Ordinance and approved by two-thirds vote of eligible voters voting in an election for the approval of such tax.

d. "Parcel of real property" shall mean a separate parcel of real property having a separate assessor's parcel number as shown on the local secured tax rolls of Placer County or an assessment of classified structural property on the unsecured tax rolls of Placer County, or an assessment made by the State Board of Equalization.

e. "Residential parcel" shall mean a parcel of real property which, according to the records of Placer County, is classified as improved with one or more residences, classified as a use described at Use Codes 01, 02, 04, 06, 07, 08, 09, 16, 27, 29, or 35 as described in the Placer County Code and Ordinance 2-97.

f. "Commercial parcel" shall mean a parcel of real property which, according to the records of the Placer County Assessor, is classified as improved for one or more businesses providing sales and/or services, including any retail and/or wholesale operation. "Light

commercial parcel" shall mean a commercial parcel with a use designation in the Placer County Code, classified as a use described at Use Codes 03, 05, 13 or 17 as described in the Placer County Code and Ordinance 2-97. "Heavy commercial parcel" shall mean a commercial parcel with a use designation in the Placer County Code, classified as a use described at Use Codes 11, 14, 15, 18, 21, 22, 23, 25, 26, or 28 as described in the Placer County Code and Ordinance 2-97.

f. "Industrial parcel" shall mean a parcel of real property which, according to the records of the Placer County Assessor is classified as improved for the manufacturing of goods, the processing of raw materials, or the warehousing by the manufacturer of finished goods and raw materials classified as a use described at Use Codes 31, 32, 38, 63, 64, 66, or 67 as described in the Placer County Code and Ordinance 2-97.

g. "Irrigated farm and dry farm" shall mean a parcel of real property which, according to the records of the Placer County Assessor is classified for the production of crops, the raising of livestock and/or forest use.

h. "Institutional parcel" shall mean a parcel of real property which, according to the records of the Placer County Assessor is classified for charitable, education, or religious uses by institutions such as churches, hospitals, cemeteries, schools and fraternal organizations, or for governmental purposes.

i. "Improved real property" shall mean any parcel having a separate assessor's parcel number and improvement on said parcel as shown on the local secured tax rolls of Placer County.

j. "Recreational parcel" shall mean a parcel of real property which, according to the records of the Placer County Assessor, is classified for the purpose of commercial recreational use classified as a use described at Use Codes 63, 64, 66 or 67 as described in the Placer County Code and Ordinance 2-97.

k. "Use type" shall mean that use type code having a separate use type code number as shown on the local secured tax rolls of Placer County.

SECTION 7. LEVY

An annual special tax to raise revenue to fund fire protection and prevention services within the NORTH TAHOE FIRE PROTECTION DISTRICT shall be set each year by the District's Board of Directors, levied upon improved real property, but shall not exceed the amounts set forth in Section 8 of this Ordinance.

SECTION 8. SPECIAL TAX RATE

The following increase in the annual special tax rates, based on "Use Type" Classifications, and the costs of providing the fire protection and prevention services and activities by the District to properties and improvements thereon, are hereby established and imposed on improved parcels, as follows:

Residential	$78.00 to a total $165.32
Light Commercial	$156.00 to a total $330.56
Heavy Commercial or Industrial (including commercial recreational)	$234.00 to a total $495.74

As of June 30 of each year, the maximum amount of assessment specified above may be adjusted by ordinance, resolution or motion of the Board of Directors for the next fiscal year, based on the consumer price increase, if any, over the preceding year's Consumer Price Index for San Francisco/Oakland/San Jose, All Urban Consumers, using the most recently issued index available as of the adjustment date, subject to an annual cap of $8.00 on residential parcels, $16.00 on light commercial parcels and $24.00 on heavy commercial / industrial and commercial recreational parcels. The determination of CPI increase, if any, shall be made sufficiently in advance of the fiscal year end to permit reporting such increase to the Placer County Tax

Collector for inclusion in the taxes levied for the succeeding fiscal year. If the Board does not act to adjust the tax rate as described in this Section in any fiscal year, at the time the Board next so acts it may consider the increase in the Consumer Price Index over the CPI used for the last most recent adjustment.

SECTION 9. INSTITUTIONAL PARCEL LIMITATION

The special tax established by this Ordinance shall not be imposed upon institutional parcels, including parcels owned by governmental entities.

SECTION 10. CARRYOVER OF REMAINING FUNDS

Any unexpended residue of funds derived by the fire protection and prevention assessment remaining at the end of any Fiscal Year shall be carried over for use in succeeding Fiscal years by the NORTH TAHOE FIRE PROTECTION DISTRICT for the purposes authorized by this Ordinance.

SECTION 11. CORRECTIONS, CANCELLATIONS AND REFUNDS

The Board of Directors of the NORTH TAHOE FIRE PROTECTION DISTRICT, upon recommendation of the Tax Collector of Placer County as to Placer County Parcels, may order the special tax levied herein on any particular parcel of real property to be corrected, canceled or refunded in order to effectuate the provisions of this Ordinance.

SECTION 12. ACCOUNTING

The following accountability measures are adopted in connection with the special tax adopted hereby:

(a) The specific purposes of the special tax are to establish a source of funds to obtain, furnish, operate and maintain fire suppression equipment and services, or for the purpose of paying salaries and benefits of fire fighting personnel, or both;

(b) The proceeds shall be applied only to the specific purposes identified pursuant to subdivision (a);

(c) The District shall establish a special account into which the proceeds shall be deposited;

(d) The chief fiscal officer of the District shall file a report with its governing body no later than January 1, 2006 and at least once a year thereafter. The annual report shall contain both of the following:

(i) The amount of funds collected and expended; and

(ii) The status of any project required or authorized to be funded as identified in subdivision (a) of this Section.

(e) The Board annually shall appoint a Citizen's Advisory Committee consisting of five members chosen to represent a representative cross section of the community served by the District. The Citizen's Advisory Committee shall be charged with reviewing the annual report, the recommendations of the Fire Chief and District personnel concerning application of the funds raised by the special tax, and the District budget and shall make recommendations to the Board concerning the propriety of expenditures of the special tax funds in view of the purposes of this Ordinance and the interests of the community in assuring effective delivery of fire protection, fire prevention, emergency medical services and other District services.

SECTION 13. BALLOT MEASURE

The following ballot measure shall be presented to eligible voters residing within the boundaries of the NORTH TAHOE FIRE PROTECTION DISTRICT by mail ballot election on August 23, 2005:

> "To maintain its ability to respond promptly to fire and medical emergencies, shall the North Tahoe FPD's $87.32 existing annual special tax on residential properties for fire and paramedic ambulance services be increased July 1, 2005 by

$78.00 (or increased by $156.00 for light commercial properties or ~~$228.00~~ 234.00 for heavy commercial/industrial properties), adjusted annually by changes in the consumer price index, if any, with a binding cap on such adjustments by classification and implement a new citizen oversight finance committee?"

SECTION 14. ELECTION

The special tax shall be effective only upon approval of not less than two-thirds of the eligible voters voting at an election duly called for August 23, 2005 for the approval of such new schedule of rates for the special tax.

SECTION 15. COLLECTION

The collection of the special taxes shall be done by the Placer County Tax Collector in the same manner and subject to the same penalty as, or with, other charges and taxes fixed and collected by the County on behalf of NORTH TAHOE FIRE PROTECTION DISTRICT. The County may deduct its reasonable costs incurred for such service before remittal of the balance to the NORTH TAHOE FIRE PROTECTION DISTRICT.

SECTION 16. ADOPTION

This Resolution shall take effect on the 5th day of May, 2005. Upon approval of the voters as provided herein, the special tax shall be effective July 1, 2005 for the 2005-2006 fiscal year and continuing thereafter.

THE FOREGOING RESOLUTION WAS PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE NORTH TAHOE FIRE PROTECTION DISTRICT on this 5th day of May, 2005 at a meeting of said Board duly called and held on said day,

by the following Vote:

AYES: Loverde, Hale, Potts, O'Dette

NOES: none

ABSENT: Correa

NORTH TAHOE FIRE PROTECTION DISTRICT

By: _____
President, Board of Directors
Russell E. Potts

ATTEST: _____
Clerk and Ex-Officio Secretary Thereof
Kip Cross

RESOLUTION No. 300-2000

OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF EL DORADO

**PROPOSING AN INCREASE IN THE SPECIAL TAX
FOR THE PURPOSE OF PROVIDING AMBULANCE SERVICES
IN THE TAHOE WEST SHORE AREA
WITHIN COUNTY SERVICE AREA NO. 3**

WHEREAS, the Board of Supervisors has previously established the authority for County Service Area No. 3 to provide ambulance services in the Lake Tahoe Basin of the county; and

WHEREAS, the Board of Supervisors has previously established the Tahoe West Shore Area within County Service Area No. 3 for the delivery of the said ambulance services; and

WHEREAS, the funding for such ambulance services has previously been partially provided by means of a special tax authorized by section 25210.77a of County Service Area Law (Government Code section 25210.1, et seq.); and

WHEREAS, Government Code section 25210.6a expressly authorizes a county service area to levy a special tax for ambulance services subject to voter approval; and

WHEREAS, the voters of the Tahoe West Shore area prior to 1999 approved a special tax for the said purpose in the amount of $24.60, and in 1999 the voters approved an increase in that special tax in the sum of $51.52 for a total tax of $76.12 for a period of two (2) years only which increase of $51.52 shall expire with the 2000-2001 fiscal year at which time the special tax will revert to the sum of $24.60 per year, and

WHEREAS, the sum of $24.60 is inadequate to fund advanced life support ambulance services; and

WHEREAS, the Board of Supervisors proposes to levy an increase in the special tax for the purpose of increased funding to maintain an appropriate level of advanced life support ambulance services according to the methodology as set forth below to replace the current basic special tax of $24.60 per annum.

WHEREAS, the Board of Supervisors, in the interest of fairness and equality, has determined that undeveloped (vacant) parcels of every kind and type, be subject to the special tax.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors finds, determines, declares and orders as follows:

1. That upon approval by the voters as set forth in Section 9 of this Resolution, there shall be levied and assessed a new basic special tax in the sum of fifty ($50.00) dollars per unit as modified by the risk modifier on each parcel of property, improvements thereon and on uses conducted on such parcels, in the Tahoe West Shore Area within

County Service Area No. 3, upon which any of the uses listed in the CSA No. 3 (Tahoe West Shore) Special Tax Rate Schedule ("Schedule") are located, commencing with the fiscal year 2001-2002.

2. The tax on each parcel of property, improvements and uses conducted thereon for each fiscal year shall be calculated as follows:

a. For each Property Use described in the Schedule which is located on a parcel of property, the Tax Rate Per Unit, expressed in dollars in the Schedule, shall be multiplied by the number of units relating to each such Property Use on the parcel of property.

b. The tax generated by all such uses on the parcel of property shall be aggregated and the sum shall be the annual tax applicable to the parcel of property, improvements and uses thereon.

c. The Unit Type to be utilized in calculating the tax for a particular Property Use is as shown in the Schedule. In the event a Unit Type identified in the Schedule for a Property Use category is not applicable to a particular type of use on a parcel of property, the unit shall be the parcel, unless a different Unit Type is specified pursuant to Section 8 of this Resolution.

3. The special tax for each fiscal year shall be as follows:

CSA No. 3 (TAHOE WEST SHORE AREA) SPECIAL TAX RATE SCHEDULE
(Risk Modifier applied to $50.00 base rate)

Assessor Use Code	Property Use Description	Risk Modifier	Tax Rate Per Unit	Unit Type
00,16,17,21,24	Vacant Residential Land	1.0	50.00	land
33	Motels and Hotels	.4	20.00	guest room
2,15,29	Rural, Improved	.5	25.00	parcel
13	Four or More Family Units	.8	40.00	dwelling unit
1,22,11,12,14	Residential	1.0	50.00	parcel
30	Vacant Commercial Land	1.0	50.00	land
36,31,23	Commercial, Retail, Economic Unit/Small	1.0	50.00	store, commercial shops, office
40	Vacant Industrial Land	1.0	50.00	land
60	Vacant Recreational Land	1.0	50.00	land
65	Commercial, Retail/Medium	2.0	100.00	service station, store, warehouse shop or plant, office, restaurant

4. "Parcel of property" as used in this resolution shall mean any contiguous unit of real property held in separate ownership, which is capable of sale or transfer without further action under the Subdivision Map Act (Government Code section 66410, et seq.).

5. The tax imposed by this resolution shall be a tax upon each parcel of property, class of improvement, or use of property.

6. The tax imposed by this resolution shall appear as a separate item on the tax bill of each such parcel and shall be collected at the same time and manner as county property taxes are collected as set forth in the applicable provisions of the Revenue and Taxation Code, and shall be subject to the same penalties and the same procedure and

sale in case of delinquency as provided for such taxes. All laws applicable to the levy, collection, and enforcement of county property taxes shall be applicable to such tax.

7. An appropriate appellate procedure shall be established by the Board of Supervisors by a resolution to be enacted prior to the actual levy of the special tax.

8. The Board of Supervisors shall be authorized to adopt, by ordinance or resolution, amendments to, interpretations of, and regulations under this Resolution as necessary and appropriate for the efficient implementation and administration of the tax levied hereunder, including, but not limited to, specification of additional Unit Types applicable to the Property Use categories.

No such amendments, interpretations or regulations shall increase the tax rate per unit authorized hereunder.

9. This resolution shall take effect only if it is approved by 2/3 of the votes cast at an election to be conducted on January 30, 2001. This Resolution rescinds and supersedes Resolution No. 293-2000.

PASSED AND ADOPTED by the Board of Supervisors of the County of El Dorado at a regular meeting of said Board, held on the 31st day of October, 2000, by the following vote of said Board:

Ayes: SUPERVISORS: WILLIAM S. BRADLEY, RAYMOND J. NUTTING, J. MARK NIELSEN, DAVID A. SOLARO

Noes: NONE

Absent: SUPERVISOR: PENNY HUMPHREYS

ATTEST
DIXIE L. FOOTE
Clerk of the Board of Supervisors

By Margaret B. Moody
Deputy Clerk

William S. Bradley
Chairman, Board of Supervisors

I CERTIFY THAT:

THE FOREGOING INSTRUMENT IS A CORRECT COPY OF THE ORIGINAL ON FILE IN THIS OFFICE

Date _____
ATTEST: DIXIE L. FOOTE, Clerk of the Board of Supervisors
of the County of El Dorado, State of California.

By _____
Deputy Clerk

STATE OF CALIFORNIA
AUTHENTICATED
ELECTRONIC LEGAL MATERIAL
LEGISLATIVE COUNSEL BUREAU

State of California

GOVERNMENT CODE

Section 56073

56073. "Reorganization" means two or more changes of organization contained within a single proposal.

(Amended by Stats. 2011, Ch. 300, Sec. 55. (AB 1430) Effective January 1, 2012.)

STATE OF CALIFORNIA
AUTHENTICATED
ELECTRONIC LEGAL MATERIAL

State of California

GOVERNMENT CODE

Section 56021

56021. "Change of organization" means any of the following:

(a) A city incorporation.

(b) A district formation.

(c) An annexation to a city.

(d) An annexation to a district.

(e) A detachment from a city.

(f) A detachment from a district.

(g) A disincorporation of a city.

(h) A district dissolution.

(i) A consolidation of cities.

(j) A consolidation of special districts.

(k) A merger of a city and a district.

(*l*) Establishment of a subsidiary district.

(m) The exercise of new or different functions or classes of services, or divestiture of the power to provide particular functions or classes of services, within all or part of the jurisdictional boundaries of a special district as provided in Article 1.5 (commencing with Section 56824.10) of Chapter 5 of Part 3 of this division.

(Amended by Stats. 2011, Ch. 300, Sec. 14. (AB 1430) Effective January 1, 2012.)

STATE OF CALIFORNIA
AUTHENTICATED
ELECTRONIC LEGAL MATERIAL

State of California

GOVERNMENT CODE

Section 57325

57325. On and after the effective date of an annexation, the territory annexed to a city or district, all inhabitants of that territory, and all persons entitled to vote by reason of residing or owning land within that territory shall be subject to the jurisdiction of the city or district and, except as otherwise provided in this chapter, shall have the same rights and duties as if the territory had been a part of the city or district upon its original incorporation or formation.

(Amended by Stats. 1985, Ch. 1599, Sec. 26.)

STATE OF CALIFORNIA
AUTHENTICATED
ELECTRONIC LEGAL MATERIAL
LEGISLATIVE COUNSEL BUREAU

State of California

GOVERNMENT CODE

Section 57450

57450. On and after the effective date of the dissolution of a district, the district shall be dissolved, disincorporated, and extinguished, its existence shall be terminated, and all of its corporate powers shall cease, except as the commission may otherwise provide pursuant to Section 56886 or for the purpose of winding up the affairs of the district and as otherwise provided in this chapter. The general provisions of this chapter shall not be construed as limiting in any manner the authority of the commission to impose one or more of the terms and conditions set forth in Section 56886.

(Amended by Stats. 2002, Ch. 548, Sec. 37. Effective January 1, 2003.)

STATE OF CALIFORNIA
AUTHENTICATED
ELECTRONIC LEGAL MATERIAL

State of California

GOVERNMENT CODE

Section 57550

57550. On and after the effective date of a reorganization, each change of organization ordered for any city or district shall be given the force and effect pertaining to a change of organization of that type, as provided in this part.

(Added by Stats. 1985, Ch. 541, Sec. 3. Effective September 9, 1985. Operative January 1, 1986, by Sec. 5 of Ch. 541.)

STATE OF CALIFORNIA
AUTHENTICATED
ELECTRONIC LEGAL MATERIAL
LEGISLATIVE COUNSEL BUREAU

State of California

GOVERNMENT CODE

Section 56886

56886. Any change of organization or reorganization may provide for, or be made subject to one or more of, the following terms and conditions. If a change of organization or reorganization is made subject to one or more of the following terms and conditions in the commission's resolution making determinations, the terms and conditions imposed shall prevail in the event of a conflict between a specific term and condition authorized pursuant to this section and any of the general provisions of Part 5 (commencing with Section 57300). However, none of the following terms and conditions shall directly regulate land use, property development, or subdivision requirements:

(a) The payment of a fixed or determinable amount of money, either as a lump sum or in installments, for the acquisition, transfer, use, or right of use of all or any part of the existing property, real or personal, of any city, county, or district.

(b) The levying or fixing and the collection of any of the following, for the purpose of providing for any payment required pursuant to subdivision (a):

(1) Special, extraordinary, or additional taxes or assessments.

(2) Special, extraordinary, or additional service charges, rentals, or rates.

(3) Both taxes or assessments and service charges, rentals, or rates.

(c) The imposition, exemption, transfer, division, or apportionment, as among any affected cities, affected counties, affected districts, and affected territory of liability for payment of all or any part of principal, interest, and any other amounts which shall become due on account of all or any part of any outstanding or then authorized but thereafter issued bonds, including revenue bonds, or other contracts or obligations of any city, county, district, or any improvement district within a local agency, and the levying or fixing and the collection of any (1) taxes or assessments, or (2) service charges, rentals, or rates, or (3) both taxes or assessments and service charges, rentals, or rates, in the same manner as provided in the original authorization of the bonds and in the amount necessary to provide for that payment.

(d) If, as a result of any term or condition made pursuant to subdivision (c), the liability of any affected city, affected county, or affected district for payment of the principal of any bonded indebtedness is increased or decreased, the term and condition may specify the amount, if any, of that increase or decrease which shall be included in, or excluded from, the outstanding bonded indebtedness of that entity for the purpose of the application of any statute or charter provision imposing a limitation upon the principal amount of outstanding bonded indebtedness of the entity.

(e) The formation of a new improvement district or districts or the annexation or detachment of territory to, or from, any existing improvement district or districts.

(f) The incurring of new indebtedness or liability by, or on behalf of, all or any part of any local agency, including territory being annexed to any local agency, or of any existing or proposed new improvement district within that local agency. The new indebtedness may be the obligation solely of territory to be annexed if the local agency has the authority to establish zones for incurring indebtedness. The indebtedness or liability shall be incurred substantially in accordance with the laws otherwise applicable to the local agency.

(g) The issuance and sale of any bonds, including authorized but unissued bonds of a local agency, either by that local agency or by a local agency designated as the successor to any local agency which is extinguished as a result of any change of organization or reorganization.

(h) The acquisition, improvement, disposition, sale, transfer, or division of any property, real or personal.

(i) The disposition, transfer, or division of any moneys or funds, including cash on hand and moneys due but uncollected, and any other obligations.

(j) The fixing and establishment of priorities of use, or right of use, of water, or capacity rights in any public improvements or facilities or any other property, real or personal. However, none of the terms and conditions ordered pursuant to this subdivision shall modify priorities of use, or right of use, to water, or capacity rights in any public improvements or facilities that have been fixed and established by a court or an order of the State Water Resources Control Board.

(k) The establishment, continuation, or termination of any office, department, or board, or the transfer, combining, consolidation, or separation of any offices, departments, or boards, or any of the functions of those offices, departments, or boards, if, and to the extent that, any of those matters is authorized by the principal act.

(*l*) The employment, transfer, or discharge of employees, the continuation, modification, or termination of existing employment contracts, civil service rights, seniority rights, retirement rights, and other employee benefits and rights.

(m) The designation of a city, county, or district, as the successor to any local agency that is extinguished as a result of any change of organization or reorganization, for the purpose of succeeding to all of the rights, duties, and obligations of the extinguished local agency with respect to enforcement, performance, or payment of any outstanding bonds, including revenue bonds, or other contracts and obligations of the extinguished local agency.

(n) The designation of (1) the method for the selection of members of the legislative body of a district or (2) the number of those members, or (3) both, where the proceedings are for a consolidation, or a reorganization providing for a consolidation or formation of a new district and the principal act provides for alternative methods of that selection or for varying numbers of those members, or both.

(o) The initiation, conduct, or completion of proceedings on a proposal made under, and pursuant to, this division.

(p) The fixing of the effective date or dates of any change of organization, subject to the limitations of Section 57202.

(q) Any terms and conditions authorized or required by the principal act with respect to any change of organization.

(r) The continuation or provision of any service provided at that time, or previously authorized to be provided by an official act of the local agency.

(s) The levying of either of the following:

(1) Assessments or fees, including the imposition of a fee pursuant to Section 50029 or 66484.3. For the purposes of this section, imposition of a fee as a condition of the issuance of a building permit does not constitute direct regulation of land use, property development, or subdivision requirements.

(2) General or special taxes subject to approval by the voters.

(t) The extension or continuation of any previously authorized charge, fee, assessment, or tax by the local agency or a successor local agency in the affected territory.

(u) The transfer of authority and responsibility among any affected cities, affected counties, and affected districts for the administration of special tax and special assessment districts, including, but not limited to, the levying and collecting of special taxes and special assessments, including the determination of the annual special tax rate within authorized limits; the management of redemption, reserve, special reserve, and construction funds; the issuance of bonds which are authorized but not yet issued at the time of the transfer, including not yet issued portions or phases of bonds which are authorized; supervision of construction paid for with bond or special tax or assessment proceeds; administration of agreements to acquire public facilities and reimburse advances made to the district; and all other rights and responsibilities with respect to the levies, bonds, funds, and use of proceeds that would have applied to the local agency that created the special tax or special assessment district.

(v) Any other matters necessary or incidental to any of the terms and conditions specified in this section. If a change of organization, reorganization, or special reorganization provides for, or is made subject to one or more of, the terms and conditions specified in this section, those terms and conditions shall be deemed to be the exclusive terms and conditions for the change of organization, reorganization, or special reorganization, and shall control over any general provisions of Part 5 (commencing with Section 57300).

(Amended by Stats. 2015, Ch. 304, Sec. 11. (AB 851) Effective January 1, 2016.)

Filed 10/5/12

CERTIFIED FOR PUBLICATION

IN THE COURT OF APPEAL OF THE STATE OF CALIFORNIA

FOURTH APPELLATE DISTRICT

DIVISION THREE

CITIZENS ASSOCIATION OF SUNSET BEACH, Plaintiff and Appellant, v. ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION et al., Defendants and Respondents.	G045878 (Super. Ct. No. 30-2010-00431832) O P I N I O N

Appeal from a judgment of the Superior Court of Orange County, Frederick P. Horn, Judge. Affirmed. Motion for judicial notice. Motion granted.

Howard Jarvis Taxpayers Foundation, Trevor A. Grimm, Jonathan M. Coupal and Timothy A. Bittle for Plaintiff and Appellant.

Best Best & Krieger, Scott C. Smith and Daniel S. Roberts for Defendant and Respondent Orange County Local Agency Formation Commission.

Colantuono & Levin, Michael G. Colantuono, Holly O. Whatley and Michael R. Cobden for Defendant and Respondent City of Huntington Beach.

Jarvis, Fay, Doporto & Gibson, Rick W. Jarvis and Benjamin P. Fay for League of California Cities and California State Association of Counties as Amicus Curiae on behalf of City of Huntington Beach.

I. INTRODUCTION

Taxpayers living in Huntington Beach have been paying two taxes which taxpayers in next door Sunset Beach haven"t. First, Huntington Beach taxpayers have been paying a utility tax of five percent. Second, they have been paying a "retirement property tax" of about $15 per each $100,000 of assessed valuation, on top of Proposition 13"s one-percent limit, for Huntington Beach pension costs incurred prior to the passage of Proposition 13 in 1978.[1]

Until now the taxpayers of Sunset Beach have been spared those taxes. Sunset Beach is a relatively small strip of land, consisting of about 133 acres, which, for over a century, has been an unincorporated part of the County of Orange. Because of this small size, Huntington Beach was able, with the approval of Orange County"s local agency formation commission (OC LAFCO), to annex Sunset Beach without a vote under California"s "island annexation" statute. (See Gov. Code, § 56375.3.[2])

Another California statute provides that any territory annexed to a city shall be subject to that city"s previously authorized taxes. (§ 57330.) So, with the annexation,

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[1] Huntington Beach"s retirement tax over and above the Proposition 13 limit only collects for retirement benefits incurred prior to Proposition 13 in 1978, and does not apply to "„new" retirement benefits" liability for which was incurred after Proposition 13. (See *Howard Jarvis Taxpayers Assn. v. County of Orange* (2003) 110 Cal.App.4th 1375, 1385-1387 (*Jarvis v. Huntington Beach*).) Huntington Beach cannot fund retirement benefits incurred after Proposition 13 from this "excess levy." (*Id*. at p. 1385.)

[2] All undesignated statutory references in this opinion are to the Government Code.

Sunset Beach residents have now found themselves subject to the two additional taxes levied on taxpayers in Huntington Beach for which no one in Sunset Beach voted.

A group of Sunset Beach residents calling themselves the Citizen‟s[3] Association of Sunset Beach (the Citizens Association) brought this litigation just before the annexation, seeking either to prevent the annexation, or at least to require a vote by the electorate in Sunset Beach to approve the application of the two additional taxes that would otherwise accompany the annexation. Their argument is that Proposition 218 (the Right to Vote on Taxes Act), added to the California Constitution as articles XIII C and XIII D, requires that Sunset Beach residents be given the chance to vote on the two "new" taxes.[4] The trial court eventually denied the Citizens Association‟s petition, allowed the annexation to go through, and the Citizens Association has brought this appeal.

We conclude Proposition 218 was never intended to require votes incident to annexations of territory by local governments. It was intended to prevent politicians from trying to circumvent Proposition 13 by inventing so-called assessment districts which supposedly could impose taxes without any vote of the electorate. Nor does the text of Proposition 218, even liberally construed, require an election on tax differentials in connection with an annexation. Most dispositive are the dual track elections on taxes expressly required by Proposition 218: majority votes for general taxes, supermajority votes for special taxes. If the proponents of Proposition 218 had intended to require votes on annexations whenever there is a difference in the taxes between the annexing territory and the territory to be annexed, they would, at the very least, have made provision for the fact that some of the taxes would require only a majority vote, but other taxes would

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[3] While the transcript of the proceedings below refers to appellant as "Citizen‟s," the appellate materials, including the briefs, generally delete the apostrophe. We adopt the more recent and explicable usage.

[4] The full text of Proposition 218 is set out as an appendix to *Keller v. Chowchilla Water Dist.* (2000) 80 Cal.App.4th 1006, 1018-1022.

require a two-thirds vote. None of that is in the text of Proposition 218. We therefore affirm the trial court‟s denial of the petition brought by the Citizens Association.

II. BACKGROUND

A. *The Move to Annex Sunset Beach*

Both Sunset Beach and its larger neighbor Huntington Beach got their start in 1904 in response to a railway extension connected with the construction of the Huntington Beach Pier depot. At the time, the land that is now Huntington Harbor (which lies generally behind Sunset Beach to the inland) was marshland. Until Huntington Harbor was developed in the early 1960‟s, Sunset Beach was almost a literal "island," with train tracks running along the beach, housing tracts built on the inland side of the train tracks, and marshland behind it.

Unlike Huntington Beach, though, Sunset Beach never incorporated as a city, in part due to its relatively small size. Today, Sunset Beach consists of less than 134 acres, tucked into the northwestern corner of Orange County. There are roughly two beach acres for every residential acre. There are about 1200 permanent residents and most of the community is on the ocean side of Pacific Coast Highway. All parties agree the community retains an identity distinctly separate from Huntington Beach.

As an unincorporated county area, Sunset Beach has been receiving a number of its local government services from the County of Orange, including police protection from the Orange County Sheriff‟s Department. Fire protection has been shared by the Orange County Fire Authority and Huntington Beach‟s fire department. However, since the 1990‟s the County of Orange has wanted to pull back from "municipal-type services," thus raising the question of whether Sunset Beach might incorporate as a city on its own or be annexed by nearby Huntington Beach or Seal Beach. A feasibility study prepared in May 2010 to explore the possibility of Sunset Beach incorporating on its own projected total revenue would exceed costs by about 10 percent and found incorporation feasible under three scenarios, albeit each of the three

scenarios under consideration contemplated "expanded" utility taxes. Nothing came of the self-incorporation option.

But each California county has its own LAFCO, or "local agency formation commission" to oversee annexations and formations of local governments. (See *Community Water Coalition v. Santa Cruz County Local Agency Formation Com.* (2011) 200 Cal.App.4th 1317, 1323-1324 [overview of Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000].)[5] As part of the county"s general desire to divest itself of municipal-type services, OC LAFCO had been eyeing the possible annexation of Sunset Beach by an adjacent city since at least 2005. Sometime before April 2010, OC LAFCO initiated the idea of having Huntington Beach annex Sunset Beach.

A representative from OC LAFCO acknowledged the "request was not initiated" by Huntington Beach. It came up at a Huntington Beach City Council meeting in August 2010. The Huntington Beach City Council voted to direct its staff to prepare the necessary paperwork for a formal application to OC LAFCO for annexation. Huntington Beach then applied to annex Sunset Beach. OC LAFCO staff recommended approval on December 8, 2010.

The next day the Citizens Association filed this action.

B. *The Litigation*

The Citizens Association"s petition sought a writ of mandate immediately prohibiting OC LAFCO from taking any further action on Huntington Beach"s annexation petition. The Citizens Association also sought an order directing OC LAFCO to either reject the annexation petition or impose as a condition "a favorable vote" by the

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[5] In Orange County, for example, the LAFCO that eventually approved Huntington Beach"s annexation of Sunset Beach consisted of two city councilmembers (from Lake Forest and Fountain Valley), two members of the county board of supervisors, a water district director, a sanitary district director, and a representative of the general public.

residents of Sunset Beach "in an election pursuant to Proposition 218 regarding imposition of all of the City‟s special taxes, including but not limited to the utility tax and the property tax override." Lastly, the Citizens Association asked for a preliminary injunction. The trial court granted the preliminary injunction on January 19, 2011, reasoning that the Citizens Association had shown a likelihood of success and would be entitled to some kind of protest proceeding or election "on the annexation or taxation" issue.

But when the matter was considered on the merits after briefing and oral argument in August 2011, the result was different. The court determined Proposition 218 does not apply to "„island‟" annexations under the Government Code (specifically section 56375.3). The court further concluded the annexation of Sunset Beach by Huntington Beach would not "involve the imposition, extension or increase of any new general or special taxes." Rather, the taxes at issue had already "been established and approved by the electorate of Huntington Beach."

The trial court‟s thorough (three pages, single-spaced, covering the parties‟ major arguments) minute order was filed August 18, 2011. But the minute order did not deal with the existing preliminary injunction that had been in effect since January 19.

The Citizens Association thought the status of that preliminary injunction in need of clarification. Huntington Beach thought the denial of the petition for writ of mandate to be clear and self-executing. In any event, OC LAFCO didn‟t wait for further briefing. It filed its notice of completion of annexation four days later, on August 22. Two days after that, the trial court denied an ex parte request for a stay of execution of judgment pending appeal. The formal judgment was filed September 20, and the Citizens Association filed this appeal.

III. DISCUSSION

A. *Mootness*

Respondent Huntington Beach argues the case is moot because the annexation is now final, but even so invites this court to reach the merits since the case is a matter of public interest and likely to arise anew. Respondent OC LAFCO, by contrast, apparently does not think the case is moot at all.

The case is not moot, because the Citizens Association raises a constitutional argument against the application of the annexation statutes to Sunset Beach. If, indeed, Proposition 218 requires an election before either of the two Huntington Beach taxes at issue in this case may be applied to citizens of Sunset Beach, then it makes no difference whether the annexation itself is a fait accompli. Constitutions trump conflicting statutes. (*Delaney v. Superior Court* (1990) 50 Cal.3d 785, 800-801, fn. 11.) Local governments cannot avoid application of a constitutional provision simply by ramming through an annexation to completion and then argue the constitutional provision doesn"t apply to a fait accompli.

B. *General Considerations*

Since this appeal centers on the possible application of Proposition 218, a constitutional provision enacted by initiative, our task is ascertaining the intent of the voters. "When construing a constitutional provision enacted by initiative, the intent of the voters is the paramount consideration." (*Davis v. City of Berkeley* (1990) 51 Cal.3d 227, 234.) To determine intent, courts look first to the language of the provision, giving its words their ordinary meaning. If that language is clear in relation to the problem at hand, there is no need to go further. (*Ibid.*) If, on the other hand, the language is ambiguous, we turn to extrinsic indicia of voter intent, particularly what the ballot pamphlet said about the initiative. (*People v. Rizo* (2000) 22 Cal.4th 681, 685.)

In construing the language of an initiative, we consider not only the ordinary meaning of the bare words, but how those words fit into the initiative as a

whole. (*People v. Superior Court (Pearson)* (2010) 48 Cal.4th 564, 571; *Professional Engineers in California Government v. Kempton* (2007) 40 Cal.4th 1016, 1037.) Here, the context is key.

Structurally, Proposition 218 sets up a dual system of voting on taxes. It contains two parallel subdivisions, now set forth respectively in article XIII C, section 2, subdivision (b) and article XIII, section 2, subdivision (d), of the state Constitution. They govern two different kinds of taxes. The language in each subdivision is *almost* identical. A vote is required before a tax may be imposed, extended or increased. But the required quantum of support for the tax varies with the kind of tax being imposed, extended or increased. If, as provided for in subdivision (b), a tax is a "general" one, the quantum is a simple majority. But if the tax is "special," a super-majority of two-thirds is required.[6] We conclude this dual structure undercuts any argument there was an intent to require a vote in connection with an annexation. But to explain our conclusion, a little history is needed.

Originally, section 4 of Proposition 13 passed in 1978 (Cal. Const., art. XIII A) provided that cities and counties "may" impose "special taxes" by a two-thirds vote. But four years later, in 1982, a divided Supreme Court upheld an increase in what was arguably a special tax by only 55 percent of the vote.[7] In 1986, in specific response to

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[6] Article XIII C, section 2, subdivision (b) of the state Constitution provides : "No local government may impose, extend, or increase any general tax unless and until that tax is submitted to the electorate and approved by a majority vote. A general tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved. The election required by this subdivision shall be consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by a unanimous vote of the governing body."

Article XIII C, section 2, subdivision (d) of the state Constitution provides: "No local government may impose, extend, or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote. A special tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved."

[7] The tax was a payroll and gross receipts tax passed by 55 percent of the voters in a June 1980 election. While the high court majority construed San Francisco"s payroll and gross receipts tax not to be a special tax within the meaning of Proposition 13"s section 4, the dissent thought that the majority adopted an overly "restricted interpretation of the term „special tax.'" (See *City and County of San Francisco v. Farrell* (1982) 32 Cal.3d 47, 53, 57; see *id*. at p. 57 (dis. opn. of Richardson, J.).)

that particular Supreme Court decision, the backers of Proposition 13 placed Proposition 62 on the ballot.[8] Unlike Proposition 13 before it, Proposition 62 was a statutory initiative, not an amendment to the Constitution. Proposition 62 added sections 53721, 53722, and 57723 to the Government Code. Section 53721 specifies that all taxes "are either special taxes or general." Section 53722 states that all special taxes must be approved by two-thirds of the voters. And section 54723 states that no general tax may be imposed without a majority vote.

With the passage of Proposition 62 in 1986 came the possibility of a gallimaufry of differing tax regimes among California cities and counties. For example, voters in some counties could enact "special" sales taxes by a two-thirds supermajority to fund construction of county jails (cf. *Rider v. County of San Diego* (1991) 1 Cal.4th 1 (*Rider*)[9]), or to fund county transportation projects (cf. *Santa Clara County Local Transportation Authority v. Guardino* (1995) 11 Cal.4th 220 (*Guardino*)[10]). Likewise county voters could impose "general" sales tax increases by majority vote to fund general county objectives (e.g., *Coleman v. County of Santa Clara* (1998) 64 Cal.App.4th 662 (*Coleman*)[11]). And city voters might enact certain parcel taxes which, if properly classified as general taxes, could have squeaked by with a "bare majority" of the voters. (See *Neecke v. City of Mill Valley* (1995) 39 Cal.App.4th 946, 950-951.)

This history suggests strongly that if there was any intent in Proposition 218 to provide for elections in connection with annexations, that intent would have manifested itself in some provision for the multitude of elections that would be required.

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[8] See *City of Westminster v. County of Orange* (1988) 204 Cal.App.3d 623, 637 (*Westminster*). Howard Jarvis himself was among the three writers of the ballot argument in favor of Proposition 62. (*Ibid.*)

[9] In this case the sales tax failed because it only got 50.8 percent of the vote. (*Rider, supra*, 1 Cal.4th at p. 6.)

[10] Again, this particular sales tax increase failed because it fell short of the two-thirds needed, there receiving 54.1 percent. (See *Guardino, supra*, 11 Cal.4th at p. 228.)

[11] Because the tax increase went for general purposes, this one passed with 51.8 percent of the vote. (*Coleman, supra*, 64 Cal.App.4th at p. 664.)

While much of the briefing in this case centers on the assumed confluence between Proposition 218 and the *normal* requirement of a majority election when unincorporated county territory is annexed by a city (§ 57075), we cannot assume that an election on annexation is synonymous with an election on a tax. Some voters might wish to vote one way on the annexation and another way on the tax.

So, if Proposition 218 were intended to apply to annexations, up to three separate elections might be required any time an annexation occurred: first an election by majority vote on any general tax which the annexing jurisdiction had which the to-be-annexed territory did not have; second an election on any special tax which the annexing jurisdiction had and which the to-be-annexed territory did not have; and third – at least in the case of non-island annexations – an election on the annexation per se.

And those are only the vanguard of the structural complications. Given the diversity of tax regimes among local governments contemplated by Proposition 62, some mechanism would also be needed to determine in the first place whether an annexation really would, or would not, result in additional taxes to be paid by the citizens of the to-be-annexed territory.[12] Beyond that, there would be the problem of ascertaining, before any vote required by Proposition 218, whether any tax differentials between the annexing jurisdiction and the annexed territory were to be classified as "special," requiring a two-thirds vote.

In short, there is much in the very structure of Proposition 218 that, if it had been intended to apply to annexations, should have been there, but isn"t. Just as the silence of a dog trained to bark at intruders suggests the absence of intruders, this silence speaks loudly. It is indicative of a lack of voter intent to affect annexation law. (See *In*

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[12] For example, suppose a county had a business license tax that applied only to county territory, while the annexing city had no business license tax but did have a tax on cell phone calls. Would the annexation of county territory by the city result in a net increase or decrease in taxes – and for which taxpayers?

re DirecTV Early Cancellation Litigation (2010) 738 F.Supp.2d 1062, 1075 [citing the Arthur Conan Doyle short story *Silver Blaze*].)

But quite apart from this context, the words themselves undermine appellant‟s position. Both subdivisions (b) and (d) use the same set of verbs – "may impose, extend, or increase." For the Citizens Association, the verbs "impose, extend, or increase" are unambiguous, and demand a simple application of Proposition 218‟s election requirements to the taxes at issue.

There is, however, a rule of construction – well known prior to the passage of Proposition 218 – that courts are required to try to harmonize constitutional language with that of existing statutes if possible. (*Penziner v. West American Finance Co.* (1937) 10 Cal.2d 160, 176; *Metropolitan Water District v. Dorff* (1979) 98 Cal.App.3d 109, 114 (*Dorff*).) Put another way, the implied repeal of statutes by later constitutional provisions is not favored. Accordingly, if it is possible to reconcile the language of Proposition 218 with the annexation statutes existing at the time of its passage, we must do so. (See *Dorff, supra*, 98 Cal.App.3d at p. 114.)

It turns out that at least two annexation statutes were on the books prior to the passage of Proposition 218 which would be impliedly repealed by a construction of the measure that required an election any time an annexation involved a negative tax differential between the annexed jurisdiction and the annexing jurisdiction.

One was the island annexation statute. The Citizens Association argues that involuntary "island annexations" were the product of amendments to the Government Code in 2000 enacting section 56375.3, hence Proposition 218 need not be harmonized with such involuntary annexations. Says the Citizens Association, "The island annexation statute, and the amendments accompanying it (Government Code sections 56375.3-56375.5), were not added to the Code until 2000," therefore "[i]t would have been impossible for the drafters of Proposition 218 to anticipate the island annexation law and make special provision for it." The argument, however, is not

persuasive because involuntary island annexations long pre-existed Proposition 218"s enactment in 1996.

Involuntary annexations of relatively small parcels of territory have been a part of our state"s statutory framework since 1939. (See *Weber v. City Council of Thousand Oaks* (1973) 9 Cal.3d 950, 962 (*Weber*).) Before 1939, annexations were only for uninhabited contiguous territory. (*Ibid*., citing Stats. 1899, ch. 41, p. 37; see Stats. 1939, ch. 297, § 1, pp. 1567-1568.) But beginning in 1939, the Legislation began amending annexation statutes to include territory with voters, first only 3 acres, then 12 acres, and in 1977 providing for involuntary annexations of territory not exceeding 100 acres. (See *Weber*, *supra*, 9 Cal.3d at p. 962; *I.S.L.E. v. County of Santa Clara* (1983) 147 Cal.App.3d 72, 74-75, fn. 2 [quoting former section 35150 as it stood in 1978].) "The entire island concept was introduced into the statute to prevent piecemeal annexation of large surrounded or substantially surrounded areas, thus prohibiting the circumvention of the 100-acre limitation and/or the annexation of smaller areas within larger substantially surrounded areas." (*Fig Garden Park No. 2 Assn. v. Local Agency Formation Com.* (1984) 162 Cal.App.3d 336, 343.)

The 100-acre threshold was cut back to 75 acres by legislation in 1985 (the original Cortese Local Government Reorganization Act of 1985) with the codification of section 56375. The legislation still provided for annexations of islands "without an election." (Stats. 1985, ch. 541, § 3, p. 1950 [enacting former § 56375].)

In 1996, on the eve of Proposition 218, section 56375 still gave local LAFCOs the power to allow annexation of unincorporated islands that did not exceed 75 acres to cities surrounding, or substantially surrounding, those islands without an election. (Stats. 1995, ch. 91, § 55, p. 289.) The amendments of 2000 simply gave the island annexation law its own code section. (See Stats. 2000, ch. 761, § 68.5, p. 3933, West"s No. 9 Cal. Legis. Service.) Finally, in 2004, the then-existing 75-acre threshold was increased to 150 acres (Stats. 2004, ch. 95, § 1, pp. 398-399.)

The island annexation statute works in combination with another statute, section 57330 (passed in 1993, three years prior to the passage of Proposition 218), which provides that "[a]ny territory annexed to a city or district *shall* be subject to the levying or fixing and collection of any previously authorized taxes . . . of the city . . . ." (Italics added.) Read together, the island annexation statute (in 1996, section 56375) and the automatic-taxation-of-annexed- territory-statute (in 1996, section 57330) would necessarily be repealed by any interpretation of Proposition 218 that required a vote whenever an "island" annexation involved a "taxpayer unfriendly" annexation.[13] But more would be repealed than just these two statutes. Even non-island annexations would be impliedly repealed.

In non-island annexations (now those involving territory over 150 acres), a protest procedure, and sometimes a vote, is required when one local government annexes territory. (See § 57075.) If a majority of the voters residing within the territory to be annexed file written protests (see § 57078) the annexation automatically terminates. If less than 25 percent of the voters file written protests, the annexation automatically goes through. But if at least 25 percent but not more than 50 percent file written protests, there must be an election, and that election is only by majority vote.[14]

But what happens when the annexing jurisdiction has a special tax originally passed with a two-thirds vote? As alluded to above, a majority vote on the annexation itself would be inadequate to account for Proposition 218's requirement that special taxes be passed with a two-thirds majority. We note in this regard that section 57330 makes no differentiation between "previously authorized" special taxes and

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[13] And as we have discussed above, even figuring out whether an annexation is taxpayer friendly or taxpayer unfriendly itself presents a problem.

[14] In the language of the statute, annexation is "subject to confirmation by the registered voters residing within the affected territory." (§ 57075, subd. (a)(2).) But there is nothing to indicate that an annexation procedure requires a supermajority vote. Given that votes are only triggered if the written protests fall between 25 and 50 percent, the obvious import of section 57075 is that annexation elections are decided by simple majority vote.

general taxes, thus underscoring the point that if Proposition 218 had been intended to affect annexations, it would have needed some mechanism to accommodate the need for a supermajority vote for special taxes. Thus, at the very least, application of Proposition 218 to annexations would also result in the implied repeal of section 57075 when read in conjunction with section 57330.

Of course, Citizens Association is correct Proposition 218 *can* be read to effect the repeal of section 56375 (now section 56375.3) or sections 57075 and 57330. But for analytical purposes, the point is it does not *have* to be. (See *Dorff*, *supra*, 98 Cal.App.3d at p. 115 [declining to imply repeal of existing statutes where language was not "clear-cut."].) The words "impose," "extend" and "increase" all have meanings which would not necessarily apply to the tax effects of an annexation.

The word "impose" usually refers to the first enactment of a tax, as distinct from an extension through operation of a process such as annexation.[15] Huntington Beach"s utility tax and property tax surcharge have already been imposed in this sense of the word. And the active voice syntax in article XIII C, section 2, subdivisions (b) and (d) ("No local government may impose, extend or increase . . . .") indicates the actual subject of the sentence is a local government, not an abstract *process* like an annexation conducted under the auspices of a county LAFCO.

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[15] Black"s Law Dictionary defines "impose" as meaning "To levy or exact," which suggests a discrete, initiating event. (Black"s Law Dict. (7th ed. 1999) p. 759, col. 2.) Similarly, the very first definition of "impose" in the exhaustive Oxford English Dictionary suggests an origination of a burden ("To lay on or set on; to place or set in a position; to put, place or deposit") as does the definition given with specific reference to taxation ("To put or levy (a tax, price, etc.) on or upon (goods, etc.)"). (7 Oxford English Dict. (2d ed. 1989) at pp. 730-731.)

The first three references to taxes being "imposed" in published opinions this year all use the word "impose" to refer to the time of a tax"s *initial enactment*. (See *NetJets Aviation, Inc. v. Guillory* (2012) 207 Cal.App.4th 26, 32; *Diageo-Guinness USA, Inc. v. Board of Equalization* (2012) 205 Cal.App.4th 907, 913; *Goldman v. Franchise Tax Bd.* (2012) 202 Cal.App.4th 1193, 1203.)

Similarly, "extend" is normally thought of in terms of time, not geographic areas, particularly in the context of taxation.[16] Here, there is no chronological *prolongation* of either the utility tax or the property tax surcharge.

And "increase" most often refers to a change in the amount of an existing tax *rate* a taxpayer owes, as figured on some sort of base (e.g., instead of paying 25 percent on $X net income, you pay 27 percent on $X net income). Here, the annexation is independent of the rates by which the utility tax and property tax surcharges are calculated.

Any doubt about our conclusion is removed by examination of the history behind Proposition 218. Its proponents simply never intended it to apply to annexations.

We begin with Proposition 13, passed in 1978. Section 1 of Proposition 13 contained language that indicated a two-thirds vote might be required for any special "assessments" made by a local government. (Cal. Const., art XIII A, § 1 (b).) While assessments levied by local governments are not, strictly speaking, the same as ordinary taxes, the proponents of Proposition 13, fearing the potential for abuse by local governments, wanted them treated as ordinary taxes. The problem was, Proposition 13's language on assessments was not well conceived. Proposition 13's basic one-percent limit in section 1 did not mention special assessments; it only mentioned ad valorem property taxes. And, the two-thirds vote provision in section 4 only mentioned "special taxes," and did not use the words "assessments" or "special assessments." Consequently, a series of appellate court decisions between 1979 and 1982 held that Proposition 13 did not apply to special assessments.

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[16] For example, this statement from a Web site called "Ballotpedia": "If Proposition 1A had passed, $10 billion in „temporary" sales, use, income and vehicle taxes imposed as part of the 2009-2010 budget agreement would each have been *extended for one or two years*, resulting in a further tax increase of some $16 billion." (Italics added.) (Ballotpedia, California Proposition 1A, Temporary Tax Increase (May 2009) <http://ballotpedia.org/wiki/index.php/California_Proposition_1A (May 2009)>. (As of July 27, 2012.)

The predictable result came to pass. As proponents of Proposition 218 would point out in 1996, special districts increased their assessments by over 2400 percent over 15 years, while cities raised benefit assessments by almost 10 times. And so, in 1996, Proposition 218 was proposed as a constitutional amendment to plug the loophole the courts had discovered (or, depending on your point of view, punched) in Proposition 13 by allowing unrestricted special assessments.

Both sides submitted ballot materials. Ballot materials are windows into voter intent (see *Strong v. State Bd. of Equalization* (2007) 155 Cal.App.4th 1182, 1188, fn. 3), and the words "annex" or "annexation" do not appear in Proposition 218, or in any of the ballot materials provided to the voters, pro, con, or otherwise.

The ballot arguments in favor of Proposition 218 emphasized the guarantee of the right to vote on taxes even if denominated "fees," including the right to vote on utility taxes. ("Proposition 218 guarantees your right to vote on taxes imposed on your water, gas, electric, and telephone bills.") They also emphasized that Proposition 218 was necessary to do what Proposition 13"s backers hoped would have been accomplished in the first place. ("Proposition 218 simply extends the long standing constitutional protection against politicians imposing tax increases without voter approval.")

The main emphasis was on plugging the loophole that allowed assessments to be imposed without a vote: "After voters passed Proposition 13, politicians created a loophole in the law that allows them to raise *taxes without voter approval by calling taxes 'assessments' and 'fees.'* [¶] Once this loophole was created, one lawyer working with politicians wrote, assessments „are now limited only by the limits of human imagination." [¶] How imaginative can the politicians be with assessments? Here are a few examples among thousands: . . . ." (Italics added.) The ballot argument then listed as among the abuses of assessments a "view tax," assessments for an equestrian center, assessments for a park 27 miles away, and for a college football field in the Central Valley."

The rebuttal to the argument in favor of Proposition 218 focused largely on the mechanics of the measure‟s voting provisions, in which votes on assessments are proportional to a landowner‟s exposure to the assessment. Thus the phrase "voting power" was a main argument in the rebuttal, stressing that Proposition 218 could reduce the "voting power" of nonlandowners. The rebuttal also emphasized the prospect of service cutbacks, and the inability of local governments to impose emergency assessments in the wake of "earthquakes floods and fires." And, echoing a point also made by the analyst, the rebuttal stressed that Proposition 218 would require more elections and hence generate its own administrative costs.

In response, the backers of Proposition 218 repeated the theme that Proposition 218 would not have been necessary at all except for the interim circumvention of Proposition 13. ("Proposition 218 simply gives taxpayers the right to vote on taxes and stops politicians‟ end-runs around Proposition 13.") They ended with the general theme of voting on taxes. ("Do you believe taxpayers should have the right to vote on taxes?")[17]

In none of this do we find any discussion – any mention – of annexation.[18] Proposition 218‟s silence on the subject of annexations is indicative of the voters‟ understanding of what they were doing. The gravamen of the Proposition was ending what its proponents saw as the end-run around Proposition 13 by the gambit of imposing special assessments without any vote at all. Annexations were simply not on the radar of the initiative‟s proponents.

But if the ballot arguments are not clear enough, the existence of the *Dorff* case, decided in 1979, shows plainly that Proposition 218 was not intended to apply to

---

[17] The ballot materials were considered by the trial court and are thus part of the regular appellate record. Huntington Beach also filed in this court, on March 26, 2012, an unopposed request for judicial notice of various related legislative materials. The motion is granted as to all materials therein.

[18] There are no references to annexations in the legislative analyst‟s summary either.

the tax effects of annexations. More than a decade and a half *prior* to Proposition 218, *Dorff* directly held that Proposition 13 did not preclude the application of a preexisting property tax to land previously not part of an annexing water district to pay for that water district"s outstanding obligations.

As in the case before us, in *Dorff* the *effect* of the annexation was to apply a preexisting tax to property previously free of that tax. But the court noted Proposition 13 had not directly addressed the problem of whether its exception for payment of indebtedness approved before Proposition 13 applied only to property subject to such taxation before its date. The *Dorff* court reasoned the absence of "a more clear-cut mandate" on the issue did not prohibit the levy of the annexing water district"s tax to the parcels being annexed. (*Id*. at p. 115.)

Dorff recognized that annexations could have possible adverse tax effects on property being annexed, and these adverse tax effects *were known as early as 1979*, and courts had held them not to offend Proposition 13. Had Proposition 218 been intended to satisfy or avoid the effects of *Dorff*, we would have expected *some* attempt somewhere in Proposition 218 to address the issue. We have found none.

The Citizens Association relies on *AB Cellular, supra,* 150 Cal.App.4th 747 for the proposition that the tax effects of annexation require a vote under Proposition 218. But *AB Cellular* is not an annexation case involving the application of a tax to a new territory. It is a calculation case, in which the same electorate kept paying the same tax, only more of it. *AB Cellular* involved the methodology of how, and on how much air time, a city collected its cell phone tax. The court held the *methodology* of calculation had changed, requiring a Proposition 218 election.

The *AB Cellular* court used the phrase "tax base" to refer to the quantum of cell phone calls that would be subject to the city"s tax, much the same way that the income tax requires taxpayers to pay a tax on wages but not gifts. So, for example, the city"s "tax base" for purposes of the cell phone tax went from calls originating and

terminating within the city to simply all calls, or "air time." (See *AB Cellular, supra*, 150 Cal.App.4th at p. 753.) In that context, the court observed: "In practical terms, a tax is increased if the math behind it is altered so that either a larger tax rate or a larger tax base is part of the calculation." (*Id*. at p. 763.)

To be sure, one could say that Huntington Beach"s "tax base" has been increased (one might as well also say extended) by the addition of Sunset Beach. But application of the very different "tax base" terminology of *AB Cellular* to annexations is anything but clear cut. As used in *AB Cellular*, the phrase "tax base" applied to a "base" of cell phone calls, not the extension of a city"s boundaries by an annexation statute. While the case would be compatible with the application of Proposition 218 to annexations, it does not compel that result. And given the problems of structure and implied repeal discussed above, we decline to extend the rule of AB Cellular to annexations.

In all of this, we are not unmindful that section 5 of Proposition 218 requires liberal construction "to effectuate its purposes of limiting local government revenue and enhancing taxpayer consent." But, a rule of liberal construction cannot trump the rule against implied repeal, much less require us to blind ourselves to the history and language of the proposition. The very structure of Proposition 218 – which would have had to take into account the difference between two-thirds requirement for special taxes and a majority requirement for ordinary taxes – is simply inimical to its application.

One other loose end remains. County LAFCOs have the *discretionary* authority to condition annexations upon "the approval by the voters of general or special taxes." (§ 56886, subd. (s) [using "may"]; accord, 89 Ops.Cal.Atty.Gen. 173, 174 (the Sansone Opinion) [county LAFCO has authority to condition approval of incorporation of a city upon approval by city"s voters of a general tax for the proposed city].) On the other hand, LAFCOs *must* approve "island" annexation if the relevant criteria are present

(§ 56375.3 [using "shall"]), the idea being that island annexations must be allowed without elections. The question thus arises as to whether OC LAFCO might have conditioned the annexation of Sunset Beach by Huntington Beach on a vote by the citizens of Sunset Beach on the two "new" taxes which would apply to them in the wake of annexation.

The question is academic here. The theory of the Citizens Association has been that the annexation statute can only be reconciled with Proposition 218 by *compelling* OC LAFCO to condition the annexation on a vote. However, since Proposition 218 does not apply to annexations of either the voted-on or involuntary island variety, there was no constitutional *compulsion* to hold an election. Whether OC LAFCO *could have* conditioned annexation on approval of the voters is not properly before us.

IV. DISPOSITION

The trial court was correct. Proposition 218 does not apply to annexations. The judgment is affirmed. Respondents shall recover their costs on appeal.

BEDSWORTH, J.

WE CONCUR:

RYLAARSDAM, ACTING P. J.

ARONSON, J.

SCANNED

Superior Court of California
County of San Bernardino
247 W. Third Street, Dept. S-26
San Bernardino, CA 92415-0210

FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF SAN BERNARDINO
SAN BERNARDINO DISTRICT
JUN 10 2019
BY ERIN MUELLER, DEPUTY

SUPERIOR COURT OF CALIFORNIA

COUNTY OF SAN BERNARDINO, SAN BERNARDINO DISTRICT

SAN ANTONIO HEIGHTS ASSOCIATION, Petitioner, v. COUNTY OF SAN BERNARDINO, LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY; CITY OF UPLAND Respondents	Case No.: CIVDS 1715504 (Related Case No. CIVDS- 1712771) **STATEMENT OF DECISION**

I

Background

In 2016, the City of Upland (the "City") determined it was no longer economically feasible to provide fire protection and emergency medical services to City residents. Accordingly, the City sought to outsource such services to the San Bernardino County Fire Protection District (the "District"). To accomplish this, an application was submitted

to the Local Agency Formation Commission for San Bernardino County ("San Bernardino LAFCO") to initiate proceedings to annex the City to the District and into the District's "Valley Service Zone" and "Service Zone FP-5." During the annexation proceedings, San Bernardino LAFCO determined that a nearby unincorporated area of the county known as San Antonio Heights, which was already part of the District but was not part of the services zones, should be annexed into the service zones along with the City. San Bernardino LAFCO ultimately approved the reorganization.

Before the annexation proceedings began, the District had imposed a tax on County residents within the District's Valley Service Zone and Service Zone FP-5 to pay for fire protection and emergency services. Upon annexation, this tax was extended to residents of the newly annexed territory.

An organization of residents in San Antonio Heights, known as the San Antonio Heights Association (SAHA), objected to the tax on the ground that taxpayers in San Antonio Heights were not provided an opportunity to vote on the tax. SAHA filed a lawsuit in this court, seeking to invalidate the tax. (San Bernardino Superior Court Case No. CIVDS- 1712771—the "Tax Case.") SAHA sought a preliminary injunction to enjoin the tax, but the court denied the preliminary injunction, based largely on the rule of law announced in *Citizens Association of Sunset Beach v. Orange County Local Agency Formation Commission* (2013) 209 Cal.App.4th 1182, 1186. In *Sunset Beach*, the Court of Appeal upheld taxes imposed on residents living in a previously untaxed area known as Sunset Beach, when Sunset Beach became incorporated into the City of Huntington Beach, even though taxpayers living in Sunset Beach never had an opportunity to vote on the pre-existing Huntington Beach tax.

Nevertheless, the tax imposed on taxpayers in the City and in San Antonio Heights would be valid under *Sunset Beach* only if the underlying annexation is valid; nothing in *Sunset Beach* suggests that taxpayers could not challenge a tax *indirectly*, by challenging the validity of an underlying annexation. Accordingly, after this court denied the preliminary injunction in the Tax Case, SAHA filed the present action challenging not only the tax, but also challenging the annexation that provided the basis for the extension of the tax under *Sunset Beach*. (San Bernardino Superior Court No. CIVDS-1715504—the "Annexation Case.")[1] Pending a determination in the Annexation Case, the parties agreed stay the Tax Case.

II

Summary of Decision

While the annexation of the City to the *District* was proper, the subset of that annexation—annexation of the City and San Antonio Heights into the District's Valley Service *Zone* and Service *Zone* FP-5—was not, for two related reasons. First, the annexation of the City was not only to the District but also into the District's *service zones*, but, as explained below, under Government Code sections 56017 and 56036, annexations can be made to *districts* but not into *zones*. Second, the annexation expanded the District's service zones to include the City and San Antonio Heights, but, under Health & Safety Code section 13592, Local Agency Formation Commissions "have *no power* . . . to review and approve . . . a proposal to change the boundaries of a *zone* . . . ." (Emphasis added.)

The *District*, however, has an independent statutory power to expand its service zones to include new areas. The *District* could have expanded the boundaries of its

[1] These lawsuits are often called "Reverse Validation" actions. (See Code Civ. Proc., § 863.)

service zones to include the City and San Antonio Heights simultaneously with the annexation of the City to the District. But the District did not do that.[2] Instead, it relied on the purported annexation into the zones where the tax had been previously imposed. While the broader annexation of the City to the *District* is valid, the narrower annexation of the City and San Antonio Heights into the service zones *within* the District is not.

III

Standard of Judicial Review

Local Agency Formation Commissions act in a quasi-legislative capacity when exercising discretion in making determinations on proposals. (*Sierra Club v. San Joaquin Local Agency Formation Comm'n* (1999) 21 Cal.4th 489, 495.) Their decisions are generally upheld, so long as statutory procedures are followed and any substantial evidence supports the decision. Technical noncompliance with certain statutory procedures will not invalidate the affected proceedings. Government Code section 56107 provides:

> (a) This division shall be liberally construed to effectuate its purposes. No change of organization or reorganization ordered under this division and no resolution adopted by the commission making determinations upon a proposal shall be invalidated because of any defect, error, irregularity, or omission in any act, determination, or procedure which does not adversely and substantially affect the rights of any person, city, county, district, the state, or any agency or subdivision of the state.
>
> (b) All determinations made by a commission under, and pursuant to, this division shall be final and conclusive in the absence of fraud or prejudicial abuse of discretion.
>
> (c) In any action or proceeding to attack, review, set aside, void, or annul a determination by a commission on grounds

[2] Such proceedings were undertaken later, presumably as a prophylactic measure in the event this court were to rule in SAHA's favor in this case. Those proceedings are now the subject of separate litigation.

> of noncompliance with this division, any inquiry shall extend only to whether there was fraud or a prejudicial abuse of discretion. Prejudicial abuse of discretion is established if the court finds that the determination or decision is not supported by substantial evidence in light of the whole record.

In this case, there is no allegation of fraud. The issue is whether there was a prejudicial abuse of discretion. As explained below, annexation into *zones* is unauthorized by statute, and Local Agency Formation Commissions are specifically *disempowered* from approving *expansions* of zones. Even with the great deference courts must give to decisions by Local Agency Formation Commissions, and with the ability to overlook technical deviations from statutory provisions that do not result in substantial prejudice, these unauthorized actions constitute a prejudicial abuse of the agency's discretion.

IV

Annexation to the District was Valid, But Not into the District's Service Zones.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, California Government Code section 56000 *et seq.* ("Cortese-Knox") governs reorganizations of public agencies. The definitions of two terms used in this statutory scheme demonstrate that annexation of the City and San Antonio Heights into the District's service zones was not statutorily authorized. The two statutory terms are "annexation" and "district."

First, Government Code section 56017 states:

> "Annexation" means the inclusion, attachment, or addition of territory to a city or *district*. [Emphasis added.]

Second, Government Code section 56036(a) states:

> "District" or "Special District" are *synonymous* and mean an agency of the state, formed . . . for the local performance of governmental . . . functions within limited boundaries . . . . [Emphasis added.]

Finally, Government Code section 53036(b) states:

> "District" or "special district" includes a county service area, but *excludes* all of the following:
> . . .
>
> (10) A *zone* of any special district. [Emphasis added.]

These three statutory provisions, construed together, demonstrate that the portion of the annexation which placed the City and San Antonio Heights into the District's Valley Service Zone and Service Zone FP-5 was improper: First, annexation means addition of territory to a *district*. Second, while a district includes a county service area, it *excludes* a *zone* of any *special district*, and the term "special district" is *synonomous* with the term district. Therefore, this *aspect* of the annexation was invalid because it annexed the City and San Antonio Heights into *zones* of the District.

While Cortese-Knox governs "any *change* of organization or reorganization of a district" (emphasis added), a related but *different* statutory scheme —the Fire Protection District Law of 1987, Health & Safety Code sections 13800 *et seq.* (the "Fire Protection District Law") [3]—governs the "*organization and powers* of fire protection districts." (Health & Saf. Code, § 13803, subd. (a), emphasis added.) Under Health & Safety Code section 13802, the term "district" means a "fire protection district" and the term "zone" means a service zone formed pursuant to Chapter 10 of the Fire Protection District Law, commencing with section 13950. Chapter 10 is entitled "Service Zones," and section 13950 provides that a fire protection district "may form one or more service zones" when it "determines that it is in the public interest to provide different services, to

[3] The Fire Protection District Law of 1987 is also known as the Bergeson Fire District Law. (*Ibid.*)

provide different levels of service, or to raise additional revenues within specific areas of the district." To form a *new* service zone within a fire protection district:

> The district board shall initiate proceedings for the formation of a new zone by adopting a resolution which shall do all of the following:
>
> (1) State that the proposal is made pursuant to this chapter.
> (2) Set forth a description of the boundaries of the territory to be included in the zone.
> (3) State the different services, different levels of service, or additional revenues which the zone will provide.
> (4) Set forth the methods by which those services or levels of service will be financed.
> (5) State the reasons for forming the zone.
> (6) Propose a name or number for the zone.
> (7) Fix the date, time, and place for the public hearing on the formation of the zone.

(Health & Safety Code § 13950, subd. (b).)

A district board may also "*change the boundaries* of a service zone . . . by following the procedures in Section 13950." (Health & Safety Code § 13951, emphasis added.) These statutes would authorize the District to change the boundaries of its service zones, to include both the City and San Antonio Heights once San Bernardino LAFCO finalized the annexation of the City to the District.[4] But the District did not take such action,[5] and section 13952 does not confer on San Bernardino LAFCO the authority to undertake it: "A local agency formation commission [such as San Bernardino LAFCO] *shall have no power or duty* to review and approve or disapprove a proposal to create a service zone, a proposal to change the boundaries of a zone, or a proposal to dissolve a zone." (*Id.* at § 13952, emphasis added.) Thus the approval of the geographic expansion of the service zones within the District by San Bernardino

[4] Presumably, these actions could have occurred concurrently.

[5] See fn. 2.

LAFCO was simply beyond its statutory authority. By doing so, San Bernardino LAFCO committed a prejudicial abuse of its discretion.

V

Conclusion

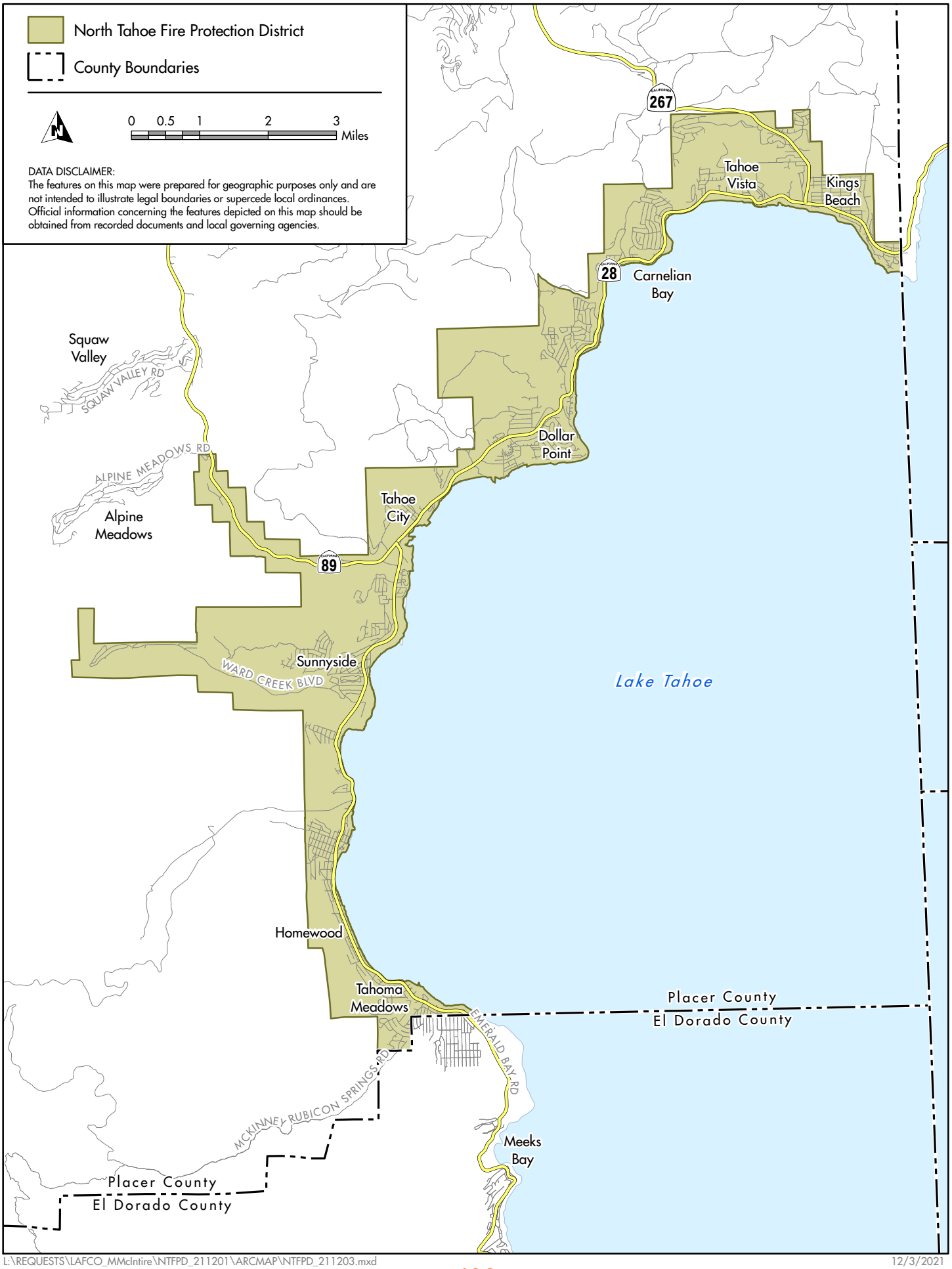
As explained above, the annexation of the City to the *District* was valid, but the annexation of the City and San Antonio Heights into the District's *services zones* was not, because annexation into zones is not statutorily authorized. That aspect of the annexation is therefore void. While the District has separate statutory authority to expand its service zones, it did not do so.[6] SAHA is ordered to prepare a proposed judgment.

Dated: June 10, 2019

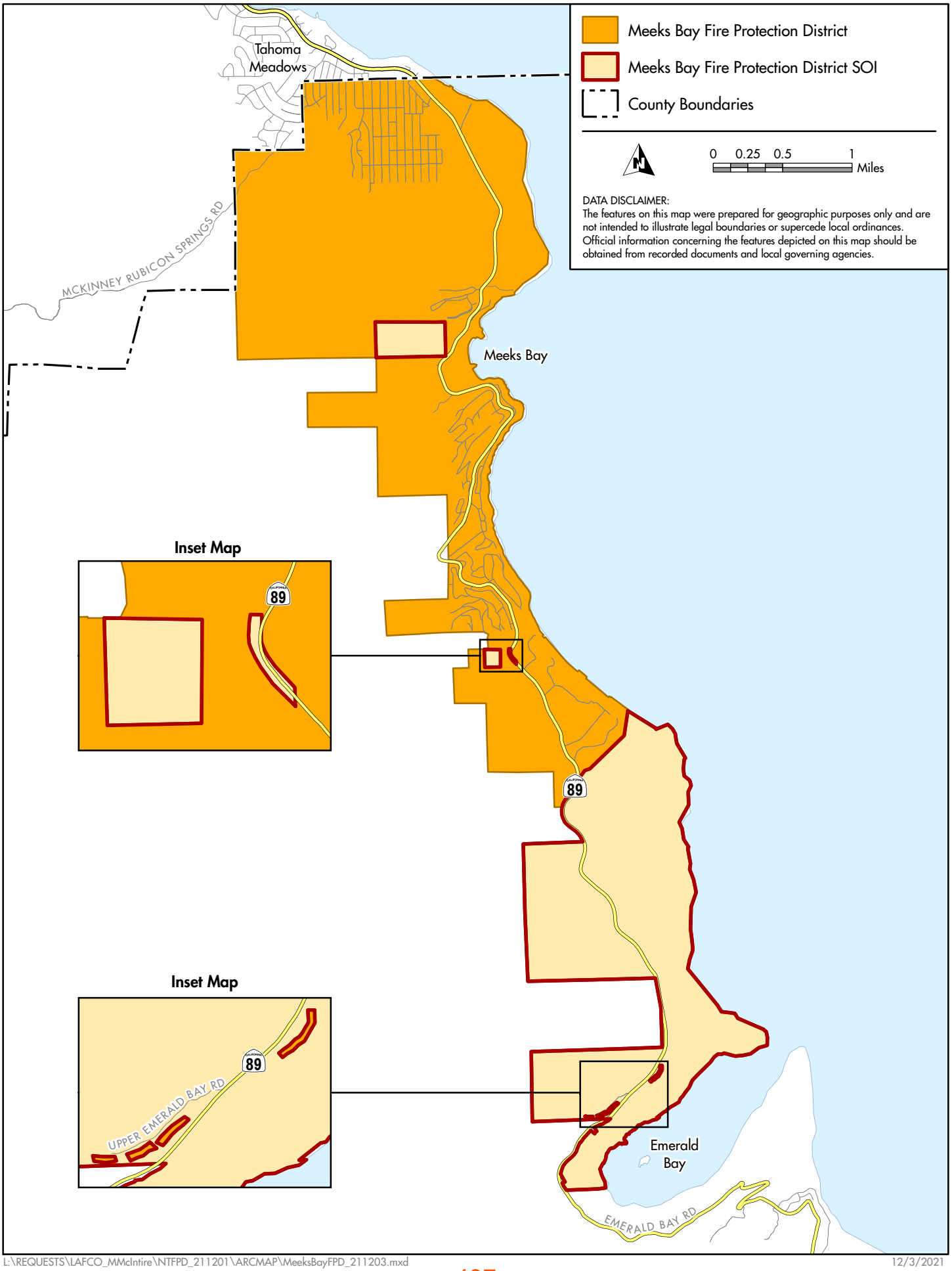
David Cohn,
Judge of the Superior Court

[6] See fn. 2.

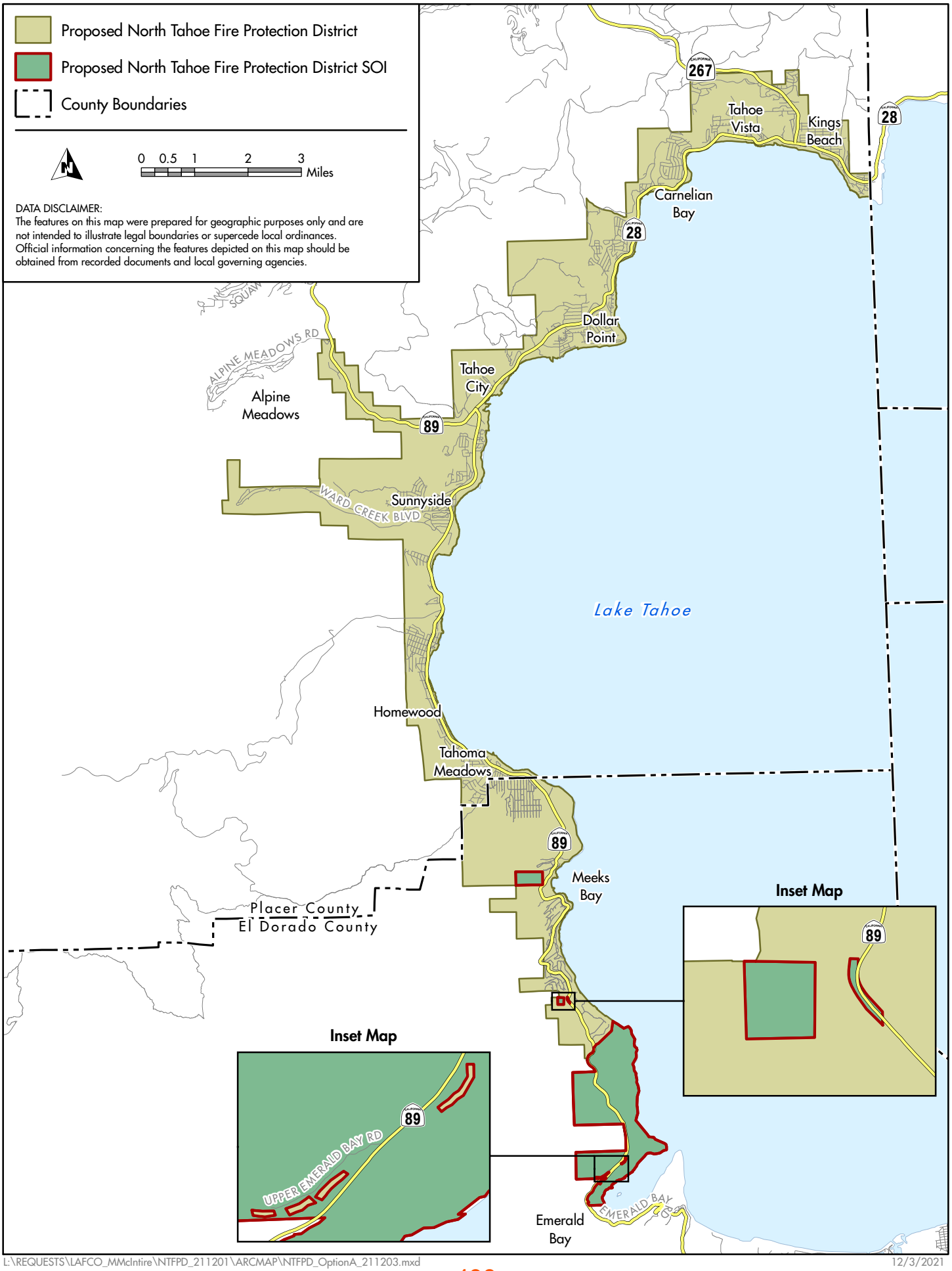
North Tahoe Fire Protection District & SOI



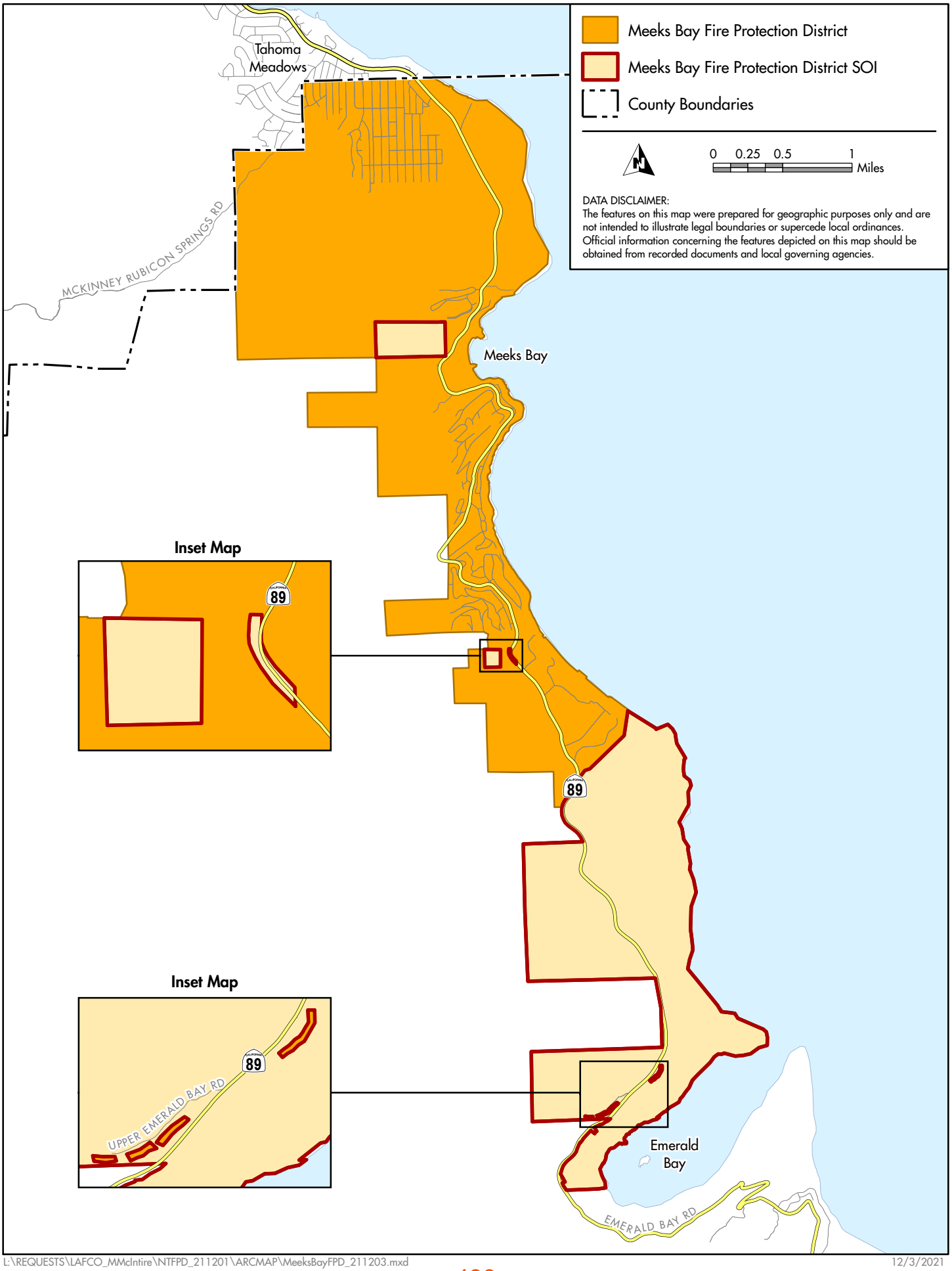
Meeks Bay Fire Protection District & SOI



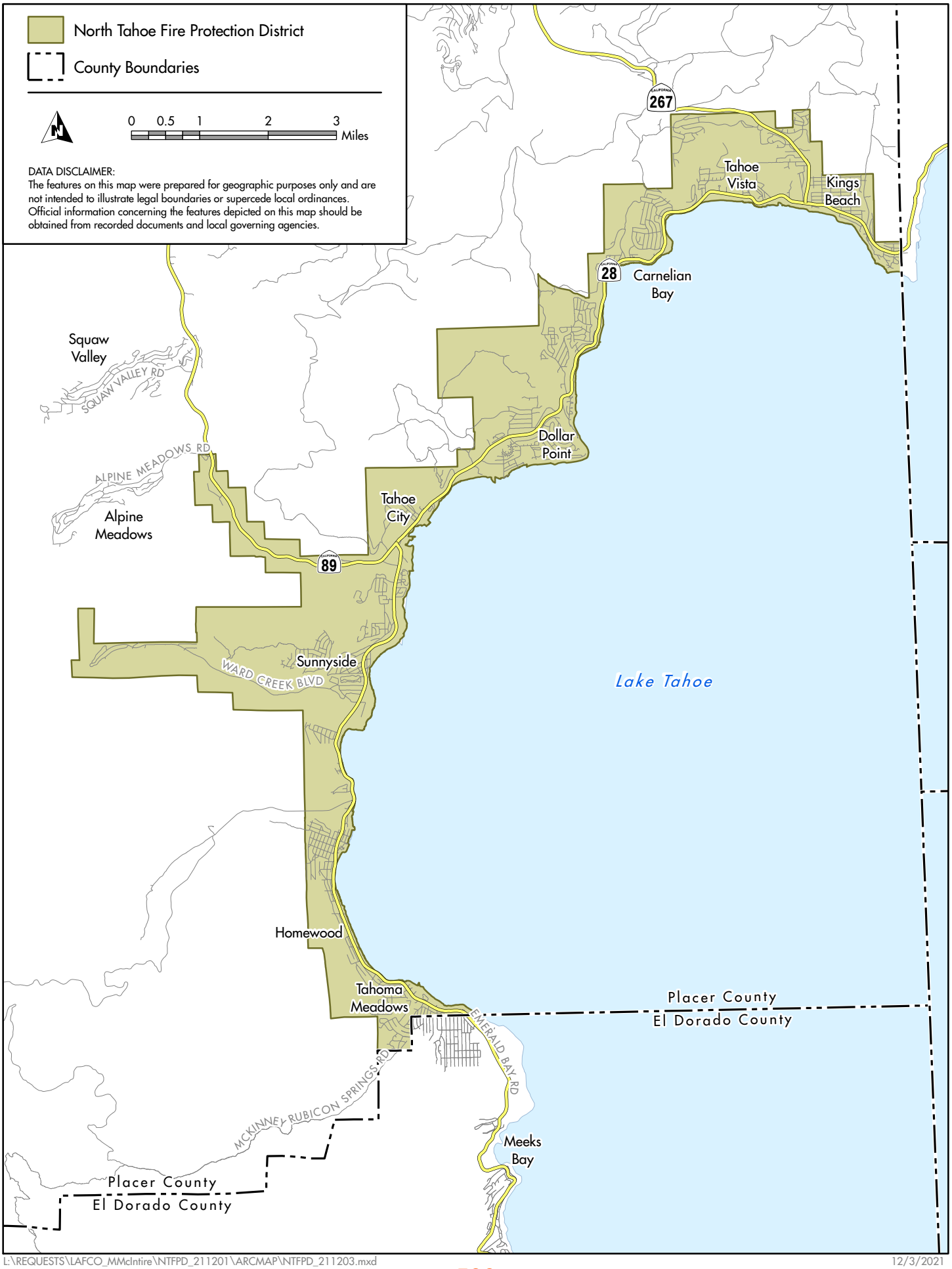
Proposed North Tahoe Fire Protection District & SOI



Meeks Bay Fire Protection District & SOI



North Tahoe Fire Protection District & SOI



Before the Board of Supervisors
County of Placer, State of California

In the matter of:
A Resolution related to the Meeks Bay Fire Protection District dissolution and annexation of District Areas to the North Tahoe Fire Protection District and Annual Property Tax Increment Transfer.

Resolution No.: 2024-135

The following Resolution was duly passed by the Board of Supervisors of the County of Placer

at a Regular Meeting held July 09, 2024, by the following vote:

AYES: GORE, LANDON, HOLMES, GUSTAFSON, JONES

NOES: NONE

ABSENT: NONE

THE FOREGOING INSTRUMENT IS A CORRECT COPY OF THE ORIGINAL ON FILE IN THIS OFFICE
ATTEST

MEGAN WOOD
Clerk of the Board of Supervisors, County of Placer, State of California

Deputy Clerk

Signed and approved by me after its passage.

Chair, Board of Supervisors

Attest:

Clerk of said Board

WHEREAS, the North Tahoe Fire Protection District ("NTFPD") has been providing fire protection and advanced life support services to the Lake Tahoe West Shore area of El Dorado County through a shared services agreement with Meeks Bay Fire Protection District ("MBFPD") since 2014; and

WHEREAS, the MBFPD and NTFPD have applied to the Placer County Local Agency Formation Commission ("Placer LAFCo") (LAFCo Project Number 2022-01) to propose the dissolution of the MBFPD and annexation of said District Area to NTFPD ("LAFCo Application"), as depicted in **Exhibit 1**; and

WHEREAS, pursuant to Revenue and Taxation Code Section 99(b)(5), in the event that a jurisdictional change would affect the service area or service responsibility of one or more special districts, such as this LAFCo Application, the board of supervisors of the county or counties in which the districts are located shall, on behalf of the district or districts, negotiate any exchange of property tax revenues; and

WHEREAS, a request was made to both the Board of Supervisors of Placer County and the Board of Supervisors of the County of El Dorado to conduct such negotiations pursuant to Revenue and Taxation Code sections 99 and 99.01; and

WHEREAS, negotiations for a redistribution of property tax revenues have concluded, and the property tax revenue distribution plan was conceptually approved by the MBFPD Board of Directors and the NTFPD Board of Directors on March 20, 2024, and March 26, 2024, respectively; and

WHEREAS, California Revenue and Taxation Code Section 99.02(b) authorizes local agencies to agree to transfer of any portion of property tax revenues that are allocable from tax rate areas shared by the local agencies and Revenue and Taxation Code Section 99.02(e) requires that each affected local agency hold a duly noticed public hearing to consider the effects of any proposed tax revenue transfer on fees, charges, assessments, taxes, or other revenues; prior to approval of such transfer; and

WHEREAS, on May 14, 2024, the County of El Dorado Board of Supervisors held a noticed public hearing to consider the effect of the proposed transfer on fees, charges, assessments, taxes, or other revenues and thereafter adopted Resolution No. 074-2024 and Exhibit A thereto (hereinafter referred to collectively as "EDC Resolution" and attached hereto as **Exhibit 2**); and

WHEREAS, the EDC Resolution identifies the distribution of El Dorado County General Fund Annual Tax Increment to the NTFPD per existing Tax Rate Area; and

WHEREAS, the Placer County Board of Supervisors held a noticed public hearing, pursuant to Government Code Section 6061, on July 9, 2024, to consider the effect of the proposed transfer on fees, charges, assessments, taxes, or other revenues; and

WHEREAS, to assess the effect of the proposed transfer, Placer County retained the services of Goodwin Consulting Group, an experienced public sector financial consulting firm, to prepare an independent fiscal impact analysis ("Fiscal Analysis"); and

WHEREAS, the Fiscal Analysis prepared by Goodwin Consulting Group recommended NTFPD make future operations changes and/or gains in new efficiencies during the next ten (10) years to keep up with projected increases to expenses for service costs for the expanded boundaries of NTFPD, if the same is approved by LAFCo; and

WHEREAS, pursuant to Revenue and Taxation Code Section 99.01, the Placer County Board of Supervisors recognizes the NTFPD Board of Directors' reaffirmation determination made at its March 26, 2024, regular meeting (NTFPD Resolution No. 30-2022), and NTFPD's choice to negotiate on its own behalf regarding the proposed dissolution of the MBFPD and annexation of said District's Area into the NTFPD. As such, any potential future fiscal deficit because of the same will be the sole responsibility of the NTFPD; and

WHEREAS, the Placer County Board of Supervisors' actions herein shall not serve as precedent and shall not be construed as an expectation the Placer County Board of Supervisors shall be responsible or obligated to share its tax revenue Increment with NTFPD now or in the future should a potential fiscal deficit arise, present or future, as a result of completion of the LAFCo Application.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors, County of Placer, State of California as follows:

1. Pursuant to Revenue and Taxation Code Section 99.02(e), the Placer County Board of Supervisors ("Board") has considered the effect of the proposed transfer on fees, charges, assessments, taxes, or other revenues and makes the following findings pursuant to Revenue and Taxation Code Section 99.02(f):

    a. The Board has reviewed **Exhibit 2** in its entirety and relies upon the calculations set forth therein. The Board approves and/or otherwise concurs with the proposed transfer of the identified Annual Tax Increment to the NTFPD as set forth and calculated in **Exhibit 2**.

    b. Pursuant to **Exhibit 2**, the Board relies upon the findings set forth in EDC's Resolution, Section 2(b).

    c. Subject to the above findings (a) and (b) and the recitals in this resolution and based on the recommendations of the Fiscal Analysis, the proposed transfer set forth in **Exhibit 2** will not impair the ability of the County of Placer or NTFPD to provide existing services.

    d. The proposed transfer would not result in a reduction of property tax revenues to school entities pursuant to the calculations set forth in **Exhibit 2**.

BE IT FURTHER RESOLVED, the Placer County Board of Supervisors approves and/or otherwise concurs with the transfer of the Annual Tax Increment and acceptance of the same in reliance of El Dorado County's calculations of the same as set forth and to be distributed as shown in **Exhibit 2**.

BE IT FURTHER RESOLVED, that pursuant to Revenue and Taxation Code Section 99.02(c) and 99.02(e), the Placer County Board of Supervisors hereby notifies the County Auditor of the Board's concurrence with the proposed Annual Tax Increment transfer as set forth in **Exhibit 2** and directs the County Auditor to make necessary adjustments to accept the transfer of the same.

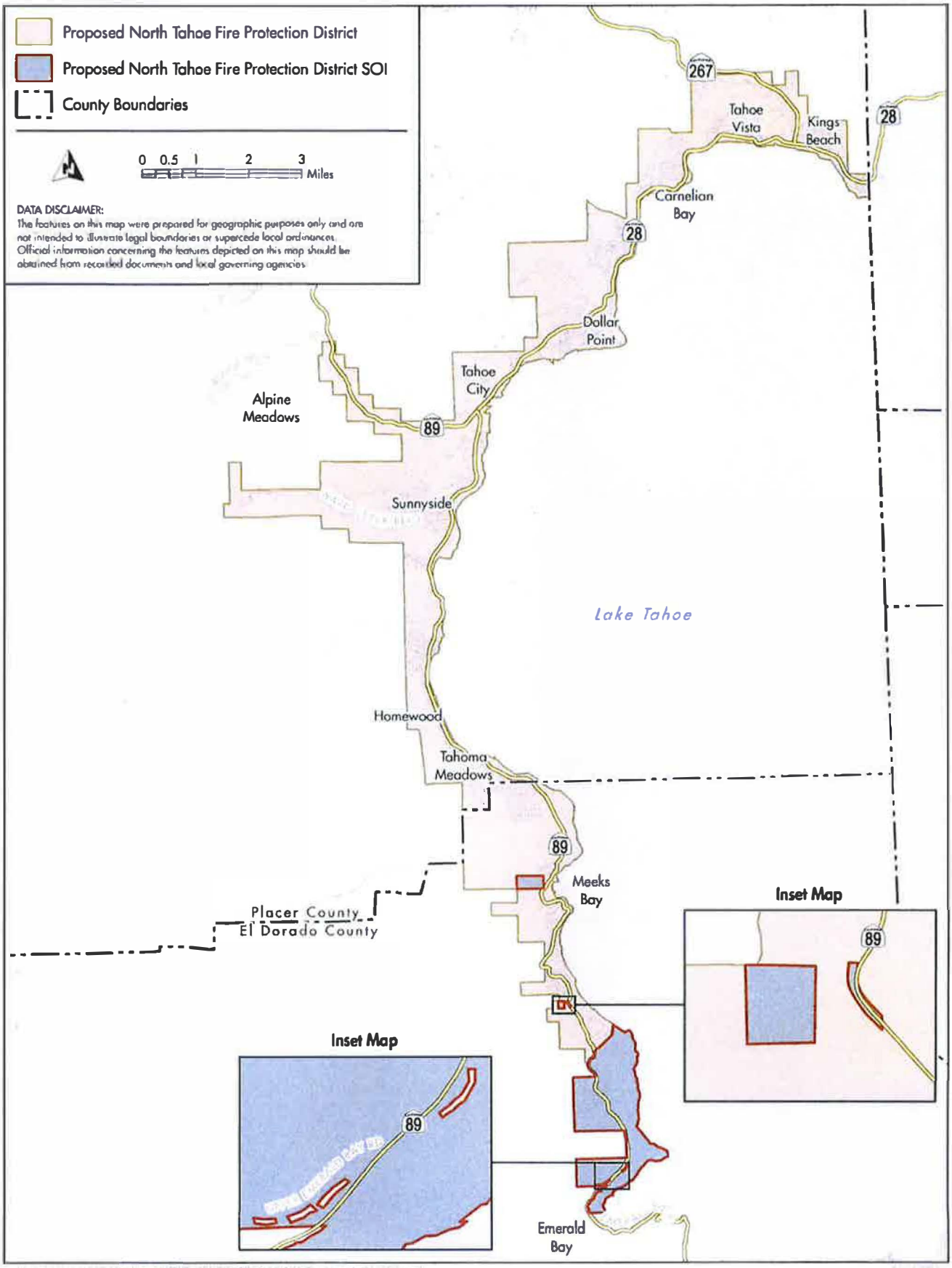
BE IT FURTHER RESOLVED, that Placer County recognizes that no Annual Tax Increment transfer will occur unless or until the completion of the proceedings set forth in the LAFCo Application.

BE IT FURTHER RESOLVED, that the Clerk to the Placer County Board of Supervisors is hereby directed to transmit a certified executed copy of this resolution to the affected agencies and the Placer County LAFCo.

Exhibit 1: Proposed Reorganization Area Boundary with Sphere of Influence Map
Exhibit 2: El Dorado County Resolution No. 074-2024 and its Exhibit A

Attachment A - Exhibit 1: Proposed Reorganization Area Boundary with Sphere of Influence Map

Proposed North Tahoe Fire Protection District & SOI



Attachment A - Exhibit 2: El Dorado County Resolution No. 074-2024 and its Exhibit A

RESOLUTION NO. 074-2024

OF THE BOARD OF SUPERVISORS OF THE COUNTY OF EL DORADO

Meeks Bay Fire Protection District dissolution and annexation of District Area to the North Tahoe Fire Protection District; LAFCO Project No. 2022-01.

WHEREAS, request has been made to the Board of Supervisors of the County of El Dorado for negotiations with respect to property tax revenue in accordance with Section 99 and 99.01 of the Revenue and Taxation Code; and

WHEREAS, this request related to the dissolution of the Meeks Bay Fire Protection District and the annexation of all parcels within the Meeks Bay Fire Protection District, into the North Tahoe Fire Protection District (Placer LAFCO Project Number 2022-01); and

WHEREAS, negotiations for a redistribution of property tax revenues (base and annual tax increment) have been concluded, and the property tax revenue distribution plan was conceptually approved by the Meeks Bay Fire Protection District Board of Directors and the North Tahoe Fire Protection District Board of Directors on March 20, 2024 and March 26, 2024, respectively; and

WHEREAS, the conceptually-approved revenue distribution plan includes the transfer of a portion of the County's General Fund Annual Tax Increment; and

WHEREAS, California Revenue and Taxation Code Section 99.02(b) authorizes local agencies to agree to an exchange of their property tax revenues that are allocable from tax rate areas shared by the local agencies and Revenue and Taxation Code Section 99.02(e) requires that each affected local agency hold a duly noticed public hearing to consider the effects of any proposed base property tax revenue transfer on fees, charges, assessments, taxes, or other revenues prior to approval of such transfer; and

WHEREAS, the Board of Supervisors has conducted a public hearing May 14, 2024, to consider the effect of the proposed transfer on fees, charges, assessments, taxes, or other revenues. Notice of the hearing was published pursuant to Section 6061 of the Government Code; and

WHEREAS, this transfer shall not serve as a precedent and shall not be construed to set an expectation for the Board to consent to similar transfers in the future.

NOW, THEREFORE, BE IT RESOLVED by the El Dorado County Board of Supervisors that:

1. The Annual Tax Increment with respect to the parcels to be annexed to the North Tahoe Fire Protection District shall, upon completion of the dissolution of the Meeks Bay Fire Protection District and annexation by the North Tahoe Fire Protection District, be distributed as shown on Exhibit A.
2. Pursuant to Revenue and Taxation Code section 99.02(f), the County hereby makes the following findings with regard to this transfer of the County General Fund Annual Tax Increment to the North Tahoe Fire Protection District:
    a. Revenues are available for this purpose. The proposed transfer is limited to a small portion of future revenue growth in the territory to be annexed. The County's base property tax revenue will not be affected. The value of the foregone future revenue is de minimis and will be offset by the projected property tax revenue growth in future fiscal years.
    b. The transfer will not result in any increase in the ratio between the amount of County General Fund revenues that are generated by regulatory licenses, use charges, user fees, or assessments

and the amount of revenues of the County used to finance its current level of service. The County will not increase any fee, fine, charge, or assessment as a result of this transfer. The impact of the transfer is de minimus and will not result in a reduction in property tax revenues below current levels.

c. The transfer will not impair the ability of the County to provide existing services. The proposed transfer is limited to a small portion of future revenue growth in the territory to be annexed. The County's base property tax revenue will not be affected. The value of the foregone future revenue is de minimis and will be offset by the projected property tax revenue growth in future fiscal years.

d. The transfer will not result in a reduction of property tax revenues to school entities. The proposed transfer affects only the County's General Fund Annual Tax Increment and will not reduce property tax revenues to schools.

3. County shall not be obligated to effect the transfer of General Fund Annual Tax Increment authorized hereunder unless and until North Tahoe Fire Protection District has provided documentation to County that it has conducted a public hearing pursuant to Revenue and Taxation Code section 99.02(e), and that notice of such hearing has been published pursuant to section 6061 of the California Government Code.

BE IT FURTHER RESOLVED that the Clerk to the Board of Supervisors is hereby directed to transmit notice of this resolution to the affected agencies, the Placer County Local Agency Formation Commission, and the El Dorado County Local Agency Formation Commission.

PASSED AND ADOPTED by the Board of Supervisors of the County of El Dorado at a regular meeting of said Board, held the 14th day of May, 2024, by the following vote of said Board:

Ayes: Thomas, Hidahl, Turnboo, Parlin, Laine
Noes: None
Absent: None

Attest:
Kimberly Dawson
Clerk of the Board of Supervisors

By: Kyra Schoyfield
Deputy Clerk

Wendy Thomas
Chair, Board of Supervisors
Wendy Thomas

ANNUAL PROPERTY TAX INCREMENT DISTRIBUTION

EXHIBIT A

LAFCO Project #: 2022-01
Project Name: Meeks Bay FPD Dissolution and Annexation into North Tahoe FPD
Annexation Per R&T Code Section 99
Existing Tax Rate Area # (TRA): 069-014

Agency	County Agency Number	SBE District Code Number	Current Share of Tax Levy in Exisiting TRA (note 1)	Possible Exchange of Tax Increment Shares	Possible New Future Tax Increment Shares
County General Fund	11101	N/A	44.8600%	-1.3030%	43.5570%
County Capital Outlay Fund	11111	N/A	0.9330%	0.0%	0.9330%
Road District Tax	11112	N/A	4.3490%	0.0%	4.3490%
CSA#3 - Mosquito Abatement	13102	0114	1.0240%	0.0%	1.0240%
Meeks Bay Fire Protection District	14407	0062	9.6100%	-9.6100%	0.0000%
North Tahoe Fire Protection District	N/a	N/a	0.0000%	10.9130%	10.9130%
Tahoe Joint Resource Conservation	14601	0051	0.1470%	0.0%	0.1470%
County Water Agency	14801	0207	1.4770%	0.0%	1.4770%
Total Local Agencies:			**62.4000%**	**0.0000%**	**62.4000%**
Tahoe-Truckee Joint Unified School	15303	0042	30.614%	0.0000%	30.6140%
Los Rios Jt Community College	15402	0046	6.9860%	0.0000%	6.9860%
Total School Agencies:			**37.6000%**	**0.0000%**	**37.6000%**
Grand Total:			**100.0000%**	**0.0000%**	**100.0000%**

ANNUAL PROPERTY TAX INCREMENT DISTRIBUTION

EXHIBIT A

LAFCO Project #: 2022-01
Project Name: Meeks Bay FPD Dissolution and Annexation into North Tahoe FPD
Annexation Per R&T Code Section 99
Existing Tax Rate Area # (TRA): 069-015

Agency	County Agency Number	SBE District Code Number	Current Share of Tax Levy in Exisiting TRA (note 1)	Possible Exchange of Tax Increment Shares	Possible New Future Tax Increment Shares
County General Fund	11101	N/A	35.9634%	-3.1489%	32.8145%
County Capital Outlay Fund	11111	N/A	0.7459%	0.0%	0.7459%
Road District Tax	11112	N/A	3.6090%	0.0%	3.6090%
CSA#3 - Mosquito Abatement	13102	0114	0.8252%	0.0%	0.8252%
CSA#5, Tahoma-Tahoe Cedars Area	13103	0121	1.6327%	0.0%	1.6327%
Meeks Bay Fire Protection District	14407	0062	7.7641%	-7.7641%	0.0000%
North Tahoe Fire Protection District	N/a	N/a	0.0000%	10.9130%	10.9130%
Tahoe Joint Resource Conservation	14601	0051	0.1175%	0.0%	0.1175%
Tahoe -Truckee Joint Sanitation	14701	0082	1.7296%	0.0%	1.7296%
County Water Agency	14801	0207	1.1775%	0.0%	1.1775%
Tahoe City PUD, Annex II	14807	0204	14.2715%	0.0%	14.2715%
Total Local Agencies:			**67.8364%**	**0.0000%**	**67.8364%**
Tahoe-Truckee Joint Unified School	15303	0042	26.1878%	0.0000%	26.1878%
Los Rios Jt Community College	15402	0046	5.9758%	0.0000%	5.9758%
Total School Agencies:			**32.1636%**	**0.0000%**	**32.1636%**
Grand Total:			**100.0000%**	**0.0000%**	**100.0000%**

ANNUAL PROPERTY TAX INCREMENT DISTRIBUTION

EXHIBIT A

LAFCO Project #: 2022-01
Project Name: Meeks Bay FPD Dissolution and Annexation into North Tahoe FPD
Annexation Per R&T Code Section 99
Existing Tax Rate Area # (TRA): 069-017

Agency	County Agency Number	SBE District Code Number	Current Share of Tax Levy in Exisiting TRA (note 1)	Possible Exchange of Tax Increment Shares	Possible New Future Tax Increment Shares
County General Fund	11101	N/A	32.9122%	0.0%	32.9122%
County Capital Outlay Fund	11111	N/A	0.6848%	0.0%	0.6848%
Road District Tax	11112	N/A	3.1904%	0.0%	3.1904%
CSA#3 - Mosquito Abatement	13102	0114	0.7513%	0.0%	0.7513%
Meeks Bay Fire Protection District	14407	0062	13.0000%	-13.0000%	0.0000%
North Tahoe Fire Protection District	N/a	N/a	0.0000%	13.0000%	13.0000%
Tahoe Joint Resource Conservation	14601	0051	0.1074%	0.0%	0.1074%
Tahoe -Truckee Joint Sanitation	14701	0082	1.5828%	0.0%	1.5828%
County Water Agency	14801	0207	1.0833%	0.0%	1.0833%
Tahoe City PUD, Annex II	14807	0204	12.2838%	0.0%	12.2838%
Total Local Agencies:			**65.5960%**	**0.0000%**	**65.5960%**
Tahoe-Truckee Joint Unified School	15303	0042	28.0120%	0.0000%	28.0120%
Los Rios Jt Community College	15402	0046	6.3920%	0.0000%	6.3920%
Total School Agencies:			**34.4040%**	**0.0000%**	**34.4040%**
Grand Total:			**100.0000%**	**0.0000%**	**100.0000%**

ANNUAL PROPERTY TAX INCREMENT DISTRIBUTION

EXHIBIT A

LAFCO Project #: 2022-01
Project Name: Meeks Bay FPD Dissolution and Annexation into North Tahoe FPD
Annexation Per R&T Code Section 99
Existing Tax Rate Area # (TRA): 075-050

Agency	County Agency Number	SBE District Code Number	Current Share of Tax Levy in Exisiting TRA (note 1)	Possible Exchange of Tax Increment Shares	Possible New Future Tax Increment Shares
County General Fund	11101	N/A	31.5046%	0.0%	31.5046%
County Capital Outlay Fund	11111	N/A	0.6534%	0.0%	0.6534%
Road District Tax	11112	N/A	3.1615%	0.0%	3.1615%
CSA#3 - Mosquito Abatement	13102	0114	0.7228%	0.0%	0.7228%
Happy Homestead Cemetery	14201	0049	0.5530%	0.0%	0.5530%
Meeks Bay Fire Protection District	14407	0062	13.0000%	-13.0000%	0.0000%
North Tahoe Fire Protection District	N/a	N/a	0.0000%	13.0000%	13.0000%
Tahoe Joint Resource Conservation	14601	0051	0.1029%	0.0%	0.1029%
County Water Agency	14801	0207	1.0316%	0.0%	1.0316%
Total Local Agencies:			**50.7298%**	**0.0000%**	**50.7298%**
Tahoe-Truckee Joint Unified School	15303	0042	37.7144%	0.0000%	37.7144%
Los Rios Jt Community College	15402	0046	9.0793%	0.0000%	9.0793%
County School Services	15501	n/a	2.4765%	0.0000%	2.4765%
Total School Agencies:			**49.2702%**	**0.0000%**	**49.2702%**
Grand Total:			**100.0000%**	**0.0000%**	**100.0000%**

ANNUAL PROPERTY TAX INCREMENT DISTRIBUTION

EXHIBIT A

LAFCO Project #: 2022-01
Project Name: Meeks Bay FPD Dissolution and Annexation into North Tahoe FPD
Annexation Per R&T Code Section 99
Existing Tax Rate Area # (TRA): 069-003

Agency	County Agency Number	SBE District Code Number	Current Share of Tax Levy In Exisiting TRA (note 1)	Possible Exchange of Tax Increment Shares	Possible New Future Tax Increment Shares
County General Fund	11101	N/A	29.3159%	-4.5840%	24.7319%
County Capital Outlay Fund	11111	N/A	0.6080%	0.0%	0.6080%
Road District Tax	11112	N/A	2.9419%	0.0%	2.9419%
CSA#3 - Mosquito Abatement	13102	0114	0.6726%	0.0%	0.6726%
CSA#5, Tahoma-Tahoe Cedars Area	13103	0121	1.3309%	0.0%	1.3309%
Meeks Bay Fire Protection District	14407	0062	6.3290%	-6.3290%	0.0000%
North Tahoe Fire Protection District	N/a	N/a	0.0000%	10.9130%	10.9130%
Tahoe Joint Resource Conservation	14601	0051	0.0957%	0.0%	0.0957%
Tahoe -Truckee Joint Sanitation	14701	0082	1.4099%	0.0%	1.4099%
County Water Agency	14801	0207	0.9599%	0.0%	0.9599%
McKinney Water District	14805	0208	18.4843%	0.0%	18.4843%
Tahoe City PUD, Annex II	14807	0204	11.6335%	0.0%	11.6335%
Total Local Agencies:			**73.7816%**	**0.0000%**	**73.7816%**
Tahoe-Truckee Joint Unified School	15303	0042	21.347%	0.0000%	21.347%
Los Rios Jt Community College	15402	0046	4.8712%	0.0000%	4.8712%
Total School Agencies:			**26.2184%**	**0.0000%**	**26.2184%**
Grand Total:			**100.0000%**	**0.0000%**	**100.0000%**

ANNUAL PROPERTY TAX INCREMENT DISTRIBUTION

EXHIBIT A

LAFCO Project #: 2022-01
Project Name: Meeks Bay FPD Dissolution and Annexation into North Tahoe FPD
Annexation Per R&T Code Section 99
Existing Tax Rate Area # (TRA): 069-007

Agency	County Agency Number	SBE District Code Number	Current Share of Tax Levy in Exisiting TRA (note 1)	Possible Exchange of Tax Increment Shares	Possible New Future Tax Increment Shares
County General Fund	11101	N/A	37.7290%	-2.8310%	34.8980%
County Capital Outlay Fund	11111	N/A	0.7850%	0.0%	0.7850%
Road District Tax	11112	N/A	3.6580%	0.0%	3.6580%
CSA#3 - Mosquito Abatement	13102	0114	0.8610%	0.0%	0.8610%
Meeks Bay Fire Protection District	14407	0062	8.0820%	-8.0820%	0.0000%
North Tahoe Fire Protection District	N/a	N/a	0.0000%	10.9130%	10.9130%
Tahoe Joint Resource Conservation	14601	0051	0.1230%	0.0%	0.1230%
Tahoe -Truckee Joint Sanitation	14701	0082	1.8140%	0.0%	1.8140%
County Water Agency	14801	0207	1.2420%	0.0%	1.2420%
Tahoe City PUD, Annex II	14807	0204	14.0820%	0.0%	14.0820%
Total Local Agencies:			**68.3760%**	**0.0000%**	**68.3760%**
Tahoe-Truckee Joint Unified School	15303	0042	25.748%	0.0000%	25.7480%
Los Rios Jt Community College	15402	0046	5.8760%	0.0000%	5.8760%
Total School Agencies:			**31.6240%**	**0.0000%**	**31.6240%**
Grand Total:			**100.0000%**	**0.0000%**	**100.0000%**

PLACER COUNTY
LOCAL AGENCY FORMATION COMMISSION

COMMISSIONERS:

Cindy Gustafson
Chair
(County)

Joshua Alpine
Vice Chair
(Special District)

Trinity Burruss
(City)

Dan Karleskint
(City)

Shanti Landon
(County)

Susan Rohan
(Public)

Vacant
(*Special District*)

ALTERNATE COMMISSIONERS:

David Bass
(City)

Judy Friedman
(Special District)

Jim Holmes
(*County*)

Jenny Knisley
(City)

Cherri Spriggs
(*Public*)

COUNSEL:

Michael Walker
General Counsel

STAFF:

Michelle McIntyre
Executive Officer

Amy Engle
Commission Clerk

PUBLIC HEARING

Staff Report

DATE: August 21, 2024

TO: Chair Gustafson and members of the Commission

FROM: Michelle McIntyre, Executive Officer
Amanda Ross, Project Manager

SUBJECT: **LAFCO Project No. 2022-01: Reorganization of the Meeks Bay and North Tahoe Fire Protection Districts -** Action 2: Concurrent dissolution of the Meeks Bay Fire Protection District and annexation to the North Tahoe Fire Protection District.

SUMMARY

The Placer County Local Agency Formation Commission (LAFCO) will consider approving a reorganization proposal filed by North Tahoe Fire Protection District (North Tahoe FPD or NTFPD) to transfer services set forth in the Fire Protection District Law of 1987, California Health and Safety Code § 13801, *et seq.*, which include the provision of fire protection, rescue, emergency medical, hazardous material emergency response, ambulance, and other services relating to the protection of lives and property, from Meeks Bay Fire Protection District (Meeks Bay FPD or MBFPD) to North Tahoe FPD. The proposed transfer involves dissolving the Meeks Bay FPD and concurrently annexing 3,880.4 acres or 6 square miles of the MBFPD jurisdictional boundary (affected territory) with an estimated permanent population of 2,576 and fluctuating visitor population of approximately 7,000 annually to the North Tahoe FPD as successor agency to all duties, assets, and liabilities. The areas in Meeks Bay FPD's sphere of influence will remain in the sphere of influence post-reorganization.

North Tahoe FPD has provided all services to Meeks Bay FPD since April 2014 through the "Agreement for Fire Services Management and Related Services" contract. As of March 24, 2022, Meeks Bay FPD employs no personnel. The purpose of the negotiated proposal is to economize the delivery of services within the affected territory through the expanded resources of the North Tahoe FPD.

Staff recommends adoption of the draft resolution (Attachment A) conditionally approving the reorganization proposal as submitted (without modifications) and make exemption findings under the California Environmental Quality Act (CEQA). It is also recommended the Commission delegate the conducting authority proceeding (protest hearing) to the Executive Officer.

BACKGROUND

Applicant Filing and Requested Approval Terms

Placer LAFCO has received a resolution of application from North Tahoe FPD requesting approval to reorganize 19,438 acres or 30.5 square miles of the entire jurisdictional boundaries of both NTFPD and MBFPD (21.5 square miles for NTFPD and 9 square miles for MBFPD). The resolution to initiate proceedings for the reorganization was approved by the NTFPD Board on December 7, 2021 (4 to 1 vote) and by the Meeks Bay FPD Board on December 8, 2021 (4 to 0 vote) (Attachment B). The reorganization request involves the concurrent dissolution of MBFPD and annexation to NTFPD as the proposed successor agency to the current provision of fire protection, rescue, emergency medical, hazardous material emergency response, ambulance, and other services as set forth in the Fire Protection District Law of 1987, California Health and Safety Code §13801, *et seq*. Overall, the affected territory consists of 3,086 legal parcels with a total assessed land value of $1 billion.

North Tahoe FPD has provided all services to Meeks Bay FPD since April 2014 through the “Agreement for Fire Services Management and Related Services” contract. As of March 24, 2022, Meeks Bay FPD employs no personnel. The two agencies work as one, with a single Fire Chief overseeing the combined organization. The proposal includes the continuation of the level of services being provided to Meeks Bay FPD by North Tahoe FPD and other negotiated terms between the agencies as follows:

- Continued provision of the current level of service provided by the staff of the respective districts, consistent with local demand, expectations, and available financing;

- Station 67 or a station that will meet standards of coverage for the Meeks Bay area will continue to be staffed and operated at the current level of service;

- The ambulance services North Tahoe FPD will provide are under the existing contract for Prehospital Advanced Life Support Services and Dispatch Services between El Dorado County and North Tahoe FPD dated July 1, 2023, through June 30, 2026. This contract will remain in full force and affect until the contract expiration date or renegotiation of the contract. North Tahoe FPD will be the exclusive provider of ambulance services in the affected territory;

- Meeks Bay FPD special taxes and assessments will equalize, assuming North Tahoe FPD's tax rates per the accepted terms with the County of El Dorado, excluding the special Tax 53202 CSA #3 Ambulance W Shore, which will remain unchanged. NTFPD will keep cost recovery fees, which include but are not limited to mitigation fees, in place and extend into the affected territory providing uniformity of such fees;

- One-time lump sum payment from the County of El Dorado to North Tahoe FPD: Equivalent of 3 years of TOT funding for tourism-related calls at the FY 2023/2024 amount of $264,000 per year, plus an additional $200,000, for a total of $992,000;

    - Represents payment for each fiscal year since the policy change to include mitigation of tourism impacts in which Meeks Bay FPD did not receive reimbursement for tourism-related calls (FYs 2020/2021, 2021/2022, 2022/2023). The El Dorado County BOS approved adding $200,000 from the TOT designation for special projects;

- Bring the annual property tax increment distribution in all in tax rate areas (TRAs) in the Meeks Bay FPD service area up to at least the average for all TRAs in the North Tahoe FPD service area as follows:

    - Four TRAs increase to 10.913%
    - Two TRAs remain at 13%

  The new average for the entire area becomes 11.61%, terms accepted by the County of El Dorado;

- All assets and liabilities, including, but not limited to, liabilities for payment of principal interest on contractual obligations for real property, furnishings, and equipment, operating expenses, supplies, licenses and permits, and any contingent liabilities for existing civil litigation belonging to North Tahoe FPD and Meeks Bay FPD shall accrue to the reorganized North Tahoe FPD;

- Upon the effective date of the annexation through December 31, 2024, the Board will be comprised of seven members as follows:

  Baffone (NTFPD) – term ending 2024
  Correa (NTFPD) – term ending 2024
  Fielding (MBFPD) – term ending 2024
  Loverde (NTFPD) – term ending 2024
  Doyle (NTFPD) – term ending 2026
  Kromydas (MBFPD) – term ending 2026
  Ragan (NTFPD) – term ending 2026

Effective January 1, 2025 the Board will be comprised of five members as follows:

Doyle (NTFPD) – term ending 2026
Kromydas (MBFPD) – term ending 2026
Ragan (NTFPD) – term ending 2026
Elected director – term ending 2028
Elected director – term ending 2028;

- For a period of one year from the effective date of the reorganization, all agendas for future board meetings shall be posted at locations currently used for posting agendas for both agencies, except for the Meeks Bay FPD website if it ceases to exist.

Regional Setting

The affected territory comprises the entire MBFPD jurisdictional boundary in El Dorado County. It includes portions of the communities of Tahoma, Meeks Bay, and the Meeks Bay Campground. A map showing the jurisdictional boundary and previously approved SOI for MBFPD can be found in Attachment C. State Route 89 serves as the regional connector within and through the affected territory. There are large variations in topography within the affected area as the Desolation wilderness forms the western boundary of a portion of Meeks Bay FPD.

Summary of Subject Agencies

The proposed reorganization filed with Placer LAFCO involves two subject agencies: North Tahoe FPD and Meeks Bay FPD[1]. Data for this section comes from multiple sources including: the 2018 North Tahoe FPD and Meeks Bay FPD Performance Review and Examination of Alternative Governance Models conducted by ESCI (2018 ESCI Study) (Attachment D); the 2022 Fiscal Analysis conducted by AP Triton (2022 AP Triton Study) (Attachment E); the 2022 Countywide Fire Protection and Emergency Medical Services MSR & SOI Update for El Dorado County conducted by South Fork Consulting (2022 El Dorado County MSR/SOI Update); and the most recent audits for both agencies (Attachment F).

A summary of the subject agencies in terms of governance, population, services, and financial standings is provided as follows:

[1] *State law defines "subject agency" to mean any district or city for which a change of organization or reorganization is proposed.*

- **North Tahoe FPD**

NTFPD is an independent special district governed by a five-member board of directors. An appointed general manager (fire chief) oversees day-to-day activities, including a current full-time budgeted staff of 63 and 4 part-time employees (3 seasonal and one year-round), including administrative staff. North Tahoe FPD was formed in 1993 with an existing jurisdictional boundary spanning 13,733 acres or 21.5 square miles. The District is comprised of a mix of residential, commercial, and tourist-serving land uses and related amenities with an assessed valuation of $6.5 billion. In addition to the District's formal service area, fire-based services are provided to the Alpine Springs County Water District (Alpine Springs CWD) and the Meeks Bay FPD. These extended services are provided via contract. Through these contracts, NTFPD services a total combined area of 23,176 acres or 36.5 square miles. The estimated number of persons served by the District is 19,328.

There are eight fire stations managed by NTFPD either within its jurisdictional boundary or through contracts with Meeks Bay FPD and Alpine Springs CWD. Of the eight fire stations, five are staffed year-round by NTFPD. NTFPD Station 55 is staffed during fire season via a contract with CAL FIRE, NTFPD Station 54 is the District's maintenance shop, and Meeks Bay FPD Station 68 is utilized for storage. The District responds to over 2,700 calls for service annually (this does not include automatic or mutual aid to other agencies) to fires, both structural and wildland, rescue, advanced life support, ambulance/emergency medical services, hazardous materials calls, and assorted alarms.

Placer LAFCO last updated North Tahoe FPD's sphere of influence (SOI) in 1993. Elsewhere on this agenda, the Commission will consider updating the North Tahoe FPD's SOI. The analysis for this reorganization assumes the Commission has considered and approved the District's SOI update and amendment as recommended by its Executive Officer. The existing jurisdictional boundary for NTFPD can be found in Attachment G.

The most recent audit conducted by the District shows the District's cash and investment balance was $13,021,511 as of June 30, 2023. Of this balance, $11,718,015 was unassigned. Capital assets, net of accumulated depreciation, totaled $9,159,818. At year end the majority of the District's long-term obligations consisted of the financing obligation for Station 51, long term post-retirement benefits, apparatus, and accrued leave payouts. The total long-term liabilities were $46,133,276. The net position for the District ended with a deficit of $11,410,531. The 2022 AP Triton Study included additional findings for the District as follows:

- The existing revenue stream is strained to provide for the anticipated future costs of the existing NTFPD operations.

- Growth in expenses will continue to outpace growth in revenues, leading to a drawdown of reserves year over year moving forward by approximately $500k.

- **Meeks Bay FPD**

MBFPD is an independent special district governed by a five-member board of directors. The District employs no staff. All staffing and Board support for MBFPD is provided by NTFPD through the "Agreement for Fire Services Management and Related Services" contract. Meeks Bay FPD was formed in 1973 with an existing jurisdictional boundary spanning 5,744 acres or 8.9 square miles. The community is a mix of residential, recreational, and commercial land uses and related amenities with an assessed valuation of over $1 billion. Estimated persons served by the District is 1,050.

There are two fire stations in the District. One of the fire stations is staffed per the Operating Agreement for Providing Safety Personnel and Employee Association Unification agreement with NTFPD, Meeks Bay FPD Station 67. The other station, Meeks Bay FPD Station 68, is utilized for storage. The District responds to over 500 calls for service annually (this does not include automatic or mutual aid to other agencies) to fires both structural and wildland, rescue, advanced life support, ambulance/emergency medical services, hazardous materials calls, and assorted alarms.

As the entirety of Meeks Bay FPD lies within El Dorado County, El Dorado LAFCO is the principal LAFCO for MBFPD. El Dorado LAFCO last updated Meeks Bay FPD's sphere of influence in 2022 with a zero sphere designation in anticipation of a future annexation into North Tahoe FPD in Placer County.

The most recent audit conducted by the District shows the District's cash and investment balance was $1,122,840 as of June 30, 2023. Of this balance, $123,358 was unassigned. Capital assets, less accumulated depreciation, totaled $657,258. At year end, the majority of the District's long-term obligations consisted of long term post-retirement benefits and other post-employment benefits. The total long-term liabilities were $2,488,899. The net position for the District ended with a deficit of $13,755. The 2022 AP Triton Study included additional findings for the District as follows:

- MBFPD revenues do not provide sufficient funding to pay for the delivery of fire protection services to the residents.
- Growth in expenses will continue to outpace growth in revenues year over year by approximately $300k, with reserves anticipated to be depleted by FY 2026.

Combined, the two districts have responded to over 2,400 calls for service annually, including fire (structural and wildland), rescue, advanced life support emergency medical services, ambulance transportation, hazardous materials response, and others over the last three years. The districts service a resident population of approximately 15,000 with approximately 17,000 visitors in seasonal tourists annually to the Districts' boundaries and second homeowner visitors of between 75,000 and 100,000 annually. It is anticipated that calls for service will increase by five percent year over year, with 4,000 calls anticipated by 2026. A breakdown of the most recent incident totals and daily average from 2021 through August 8, 2024, is provided below.

Year	Total Calls	Average per Day
2021	2,751	7.54
2022	2,700	7.40
2023	2,719	7.45
2024 to 8/8/24	1,792	4.91

Eight facilities and/or fire stations serve the current need for housing of apparatus and response crews and fleet maintenance of the combined operation of the two Districts. A majority of the stations are located in or near the busiest service demand areas. Most of the stations are aging, and current needs have exceeded size and design. Apart from NTFPD Station 51, none of the stations are appropriately configured, including dual gender accommodations, adequate space, or sufficient crew accommodations. All stations have emergency generators, apart from Meeks Bay FPD Station 68. Overall, the two Districts follow industry standards with respect to apparatus maintenance and replacement.

Deployment of emergency response resources for the combined Districts is consistent with most calls for service, but the level of staffing is minimal. The four primary paramedic ambulance units are cross-staffed and utilize engine company crews. This is beneficial as the majority of the fire service calls are for medically related emergencies. The combined operation of both Districts has resulted in enhanced service to the community served by MBFPD as well as mutual operational efficiencies. Due to the challenges presented by road/highway limitations, seasonal traffic patterns, station locations, configuration and staffing; the combined operation of the two districts is challenged to meet currently established performance goals. As a standalone agency, the MBFPD, even with support of mutual aid, would be unable to assemble an effective response force.

The 2022 AP Triton Study concluded that when combining revenues and expenses for both organizations and considering opportunities for expense reduction, the newly formed agency will likely experience a deficit. However, this deficit appears to be a manageable amount that may be further reduced or eliminated by additional efficiencies or economies of scale opportunities. With the proposed reorganization, the new

agency's reserves will be roughly $10.5 million, giving some runway to enact additional efficiencies to reduce or eliminate the deficit.

Placer County hired the Goodwin Consulting Group to conduct a fiscal analysis of the proposed annexation of Meeks Bay FPD into North Tahoe FPD for Fiscal Year 2024 (Attachment H). The analysis utilized multiple assumptions and provided a scenario of the combined agencies based on the FY 2023/2024 budgets for each agency. The analysis predicted an allocation of approximately $1.1 million to the reorganized NTFPD in ERAF funding or 3.2 percent for FY 2024/2025 and future fiscal years. Other findings from the study are as follows:

- Total net revenue for the combined Districts based on the FY 2023/2024 budgets is anticipated to be approximately $17.9 million, and net expenses at approximately $18.5 million. This leads to a net operating deficit of $642,514.
- When analyzing additional non-recurring expenses and revenues, the operating fiscal impact deficit drops to $178,988.
- NTFPD future projections through FY 2033/2034 suggest the District is expected to operate at a deficit starting next fiscal year, FY 2024/2025, and exhaust the fund balance in eight years (by FY 2031/2032).
- MBFPD future projections through FY 2023/2034 suggest the District is expected to continue operating at a deficit and exhaust the fund balance in two years (by FY 2025/2026).
- Combined, the Districts are expected to operate at a deficit and exhaust the combined fund balance in seven years (FY 2030/2031).

The 2022 AP Triton Study included recommendations for the newly reorganized North Tahoe FPD in order to stabilize the District. These recommendations are summarized as follows:

- Consider an increase in the NTFPD Special Fire Tax.
- Consider an increase in the MBFPD Special Tax or Special Assessment.
- Review the Ambulance Fee Revenue for opportunities to increase the fees, increase the collection rate, or otherwise improve the revenue from that source.
- Explore the development of First Responder Fees to recover the costs associated with sending a fire apparatus on an EMS response.
- Explore the implementation of a separate $50 ambulance fee per parcel throughout the combined district.

Affected Local Agencies

The affected territory lies within the jurisdictional boundaries and/or spheres of influence of several special districts in Placer and El Dorado Counties. The affected agencies were noticed in accordance with the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) and provided an opportunity to comment. As of the writing of this report staff has received the following comments:

- El Dorado County Assessor's Department: The Assessor noted that the assessor data and maps will need to be updated to change the TRA for all affected parcels and that the change may affect appraised values, etc. (Attachment I).

DISCUSSION

This public hearing item is for the Placer LAFCO Commission to consider approving the reorganizational proposal and its underlying action to dissolve Meeks Bay FPD and transfer the services set forth in the Fire Protection District Law of 1987, California Health and Safety Code § 13801, *et seq.*, and functions to North Tahoe FPD via concurrent annexation. The Commission may also consider applying conditions that do not directly regulate land use, property development, or subdivision requirements. Additional discussion with respect to the proposal purpose, related development opportunities, and Commission focus is as follows:

Proposal Purpose

The purpose of the proposed reorganization is to help economize services as set forth in the Fire Protection District Law of 1987, California Health and Safety Code §13801, *et seq.*, within the affected territory through the expanded resources of North Tahoe FPD. The Districts completed the ESCI Standards of Coverage and Deployment Plan in 2018 and Placer LAFCO contracted with AP Triton to update the financial information within this document in 2022. The timing of the reorganization proposal follows successful negotiations between both FPDs, and both Placer and El Dorado Counties for the redistribution of property tax revenues (Attachment J).

As noted above, the North Tahoe FPD has been providing all services to Meeks Bay FPD since April 2014 through an intergovernmental agreement. As of March 24, 2022, Meeks Bay FPD employs no personnel. The two agencies work as one with a single Fire Chief overseeing the combined organization. The reorganization of MBFPD into NTFPD would eliminate duplication of governance and further enhance economy of scale, thereby providing the most cost effective delivery of services in the affected territory.

Current and Planned Development & Related Policies

No development plans are associated with the reorganization proposal. Population estimates within the affected territory have not changed significantly since the 2010 census, as the Tahoe Basin has severe development restrictions. Building permits are issued by lottery, and no new parcels may be created within the Tahoe Basin.

Commission Focus

The proposed reorganization requires Placer LAFCO to consider several factors and whether modifications or approval terms are appropriate. The Commission must also

consider other relevant statutes in and outside LAFCO law as detailed. As conforming sphere of influence actions for the two subject agencies have been met to achieve consistency with the requested jurisdictional changes as required by law, no consideration of the spheres for each agency is needed for this action.

Placer LAFCO's consideration of the proposed reorganization draws on analyzing baseline factors required in statute as well as applicable policies set by the Commission. Most of the baseline factors in statute focus on disclosing and otherwise addressing compatibility issues with external goals and policies of other State, regional, and local agencies.[2] Applicable local policies prompted for consideration by Placer LAFCO are numerous in relation to reorganizations, annexations, and dissolutions of services.

- **Reorganization Factor No. 1:**
  Regional Policies and Service Relationships
  State law details the mandatory consideration of certain multifaceted factors when LAFCOs consider jurisdictional changes. These factors vary in subject from disclosures (such as the affected territory's current land uses, assessed values, registered voter counts, and others) to discretionary analyses. Discretionary analyses include evaluating the proposed jurisdictional changes' relationship to community needs as well as the service capacities and related financial resources of the subject agencies with an emphasis on the annexing agency. A summary of key conclusions in the review of these discretionary matters for the proposed reorganizations regarding (a) service needs, (b) service availability and capacities, and (c) related financial considerations is as follows:

  - With respect to **service needs**, the present and planned land uses of the affected territory merit organized fire protection, emergency medical, and ambulance transport services. This need is established by a residential population of approximately 20,000 and 15,000 to 100,000 visitors annually. This need is also reflected in providing front-line defense for wildland fire events from surrounding public and open-space wilderness areas. The need is further quantified with overall demand of an average of 7.5 incidents per day over the last three years.

  - With respect to **service availability and capacities**, the reorganization and associated transfer of services set forth in the Fire Protection District Law of 1987, California Health and Safety Code 13801, *et seq.*, which include the provision of fire protection, rescue, emergency medical, hazardous material emergency response, ambulance, and other services relating to the protection of lives and property, from Meeks Bay FPD to North Tahoe FPD will maintain existing service levels. Staffing will

[2] Reference to Government Code Section 56668

continue at 24 hours a day, seven days a week, 365 days a year. Career firefighters will continue to provide advanced life support (ALS) services. Meeks Bay FPD Station 67 will continue to be staffed at current levels. The other station, Meeks Bay FPD Station 68, will continue to be utilized for storage.

- With respect to **related financial considerations**, North Tahoe FPD has sufficient financial resources and administrative controls to continue fire protection, emergency medical, and ambulance transport to the affected territory for the next eight years. However, forecast analysis provided herein anticipates an operational deficit and drawdown in reserves for the combined agencies. Both Districts are primarily funded through property and special tax revenues, and understand the need to reduce expenditures or increase revenues to maintain financial solvency. The Districts anticipate the reorganization to lower expenditures while maintaining current service delivery, thereby providing the most cost-effective delivery of fire and emergency services in the affected territory.

- **Reorganization Factor No. 2:**
  Consideration of Placer LAFCO Policies
  Placer LAFCO has adopted numerous policies related to the annexation of territory into special districts[3]. In the case of Section I, Policies C(4) and C(6), both North Tahoe FPD and Meeks Bay FPD have initiated the reorganization of the districts, evaluating the opportunity to merge the Districts through resolution and timely studies as identified herein.

  As this reorganization relates to Section II, Policy 2, the CKH Act discourages the premature conversion of farmland and open space to other uses. The dissolution of Meeks Bay FPD and annexation into North Tahoe FPD does not include any development proposal, nor is there one that is speculative in nature. The purpose of this reorganization is to economize fire protection services, emergency medical services, and ambulance transport services for the affected territory. Though open space within the affected territory is substantial, the Tahoe Basin has severe development restrictions. This reorganization will not cause, nor initiate the possibility for development of open space within the affected territory.

[3] Section I, Policy C(4): The initiation of consolidations, mergers, dissolutions, and the formation of subsidiary districts by the affected governing bodies and/or the affected landowners and voters shall be encouraged; Section I, Policy C(6): The Commission encourages special districts and other affected agencies to identify and evaluate possible opportunities to consolidate, merge, or dissolve local agencies; Section II, Policy 2: Unless the subject area is substantially developed to its ultimate use, annexation to a city or special district will be linked to a proposal to develop and not be speculative in nature. Development plans, including a timetable, will be required as part of the LAFCO application for annexation.

The reorganization to transfer services as set forth in the Fire Protection District Law of 1987, California Health and Safety Code §13801, *et seq.* in the affected territory from Meeks Bay FPD to North Tahoe FPD is warranted. The reorganization represents an appropriate and reasonable outcome given the extensive services already provided to Meeks Bay FPD from North Tahoe FPD and the forecasting of Meeks Bay FPD's financial instability and likely insolvency within the next two years. The existing agreement between the two agencies will allow North Tahoe FPD to immediately assume service responsibilities and related debts for the affected territory and, in doing so, aid its ability to coordinate fire protection for the affected territory effectively. Additional analysis supporting the conclusion is provided in Attachment A, Exhibit A.

Modifications and Terms

No modifications to the submitted reorganization have been identified by Placer LAFCO staff to require Commission consideration at this time. This includes confirmation that the annexation of the affected territory would not generate any corridors and/or otherwise illogical jurisdictional features for North Tahoe FPD.

Approval terms are recommended and include standard LAFCO provisions under Government Code Section 57302 for all jurisdictional changes. Special terms are also recommended to incorporate the conditions included in North Tahoe FPD and Meeks Bay FPD resolutions of application and the result of negotiations between Placer and El Dorado Counties. A listing of all proposed terms is provided in the draft resolution of approval presented as Attachment A.

In summary, no modifications appear warranted. Terms are recommended and include both standard provisions under LAFCO statute as well as incorporating all conditions requested by both agencies in their resolutions of application.

Exchange of Property Tax Revenues

California Revenue and Taxation Code (RTC) Section 99(b)(6) requires the adoption of a property tax exchange agreement by the affected local agencies before LAFCOs can consider jurisdictional changes. RTC Section 99(b)(5) allows the County Board of Supervisors to adopt a single resolution establishing a tax exchange on behalf of special districts. Because this reorganization involves two counties, both Placer County and El Dorado County Boards of Supervisors adopted resolutions to this affect. On July 9, 2024, the Placer County Board of Supervisors adopted annual property tax increment distributions for the subject tax rate areas covering the proposal to transfer 100% of all property tax proceedings assigned to Meeks Bay FPD to North Tahoe FPD. On May 14, 2024, the El Dorado County Board of Supervisors adopted the same. In addition, the TRA Increment transfers bring all TRAs in the Meeks Bay FPD service area up to at least the average for all TRAs in the North Tahoe FPD service area as follows:

- Four TRAs increase to 10.913%
- Two TRAs remain at 13%

The new average for the entire area becomes 11.61%.

ENVIRONMENTAL REVIEW

North Tahoe FPD serves as lead agency under CEQA for consideration of the physical effects of the reorganization proposal as the initiating party. In this role as lead agency, the North Tahoe FPD has determined the reorganization proposal is a "project" under CEQA, but is exempt from environmental review under provisions of State CEQA Guidelines Section 15320(b) (Changes in Organization of Local Agencies) because it can be seen with certainty that there is no possibility that the proposed reorganization would have any significant effect on the environment. Staff independently concurs with North Tahoe FPD's finding.

PROTEST PROCEEDINGS

An approval of the reorganization by Placer LAFCO would require protest proceedings under CKH. As allowed under State Law and further contemplated under local policy, it is recommended the Commission delegate these proceedings to the Executive Officer and hold a noticed hearing to accept written objections filed by registered voters and/or landowners within the affected territory. The following threshold would apply in valuing protests and determining next steps:

- Order the reorganization without an election should less than 25% of (a) registered voters and/or (b) landowners who own at least 25% of the assessed value of land within the affected territory file written protests

- Order the reorganization subject to an election to be held at a future date should written protests be filed by (a) at least 25% but less than 50% of registered voters residing in the affected territory and/or (b) at least 25% of landowners who own at least 25% of the assessed value of land within the affected territory.

- Order the reorganization terminated if 50% or more of registered voters residing within the affected territory file written protests.

Should the Commission proceed with an approval, staff has tentatively scheduled a protest hearing for the reorganization at 5:00 pm on September 26, 2024, in the western area of Lake Tahoe; the address will be provided on the notice. Notice for the protest hearing would be provided to landowners and voters in a manner provided under statute no less than 21 days in advance.

STAFF RECOMMENDATION

The Executive Officer recommends conditional approval of the reorganization proposal as submitted. This recommendation and ancillary actions are consistent with Alternative One set forth below.

Alternatives for Action
The following alternative actions are available to Placer LAFCO:

> **Alternative One (Recommended):** Adopt the draft resolution (Attachment A and Exhibits) conditionally approving the reorganization proposal as submitted (without modifications) along with making required findings under CEQA.
>
> **Alternative Two:** Continue consideration to the next regular meeting.
>
> **Alternative Three:** Disapprove the reorganization proposal with direction to staff to return at the next a regular meeting with a conforming resolution for adoption.

PROCEDURES FOR CONSIDERATION

This item has been placed on Placer LAFCO's agenda for action as part of a noticed public hearing. The following procedures are suggested:

1. Commissioner disclosures, if any;
2. Receive verbal presentation from staff unless waived;
3. Open the public hearing and invite testimony beginning with the applicant(s); and
4. Discuss item and consider the staff recommendation.

Submitted on behalf of the Executive Officer.

Amanda Ross,
Project Manager

ATTACHMENTS:
A – Draft Resolution No. 24-08
  Exhibit A – Government Code Section 56668, Mandatory Proposal Review Factors
  Exhibit B – Proposed North Tahoe FPD District and SOI

B – North Tahoe and Meeks Bay FPD Resolutions to initiate reorganization proceedings
C – Meeks Bay FPD Boundary and Approved SOI
D – 2018 ESCI Study
E – 2022 AP Triton Study
F – June 30, 2023, Audits for both North Tahoe FPD & Meeks Bay FPD
G – North Tahoe FPD Boundary and SOI
H – Goodwin Consulting Group 2024 Fiscal Analysis
I – Affected Agency Comments
J – Placer County Board of Supervisors Resolution No. 2024-135

RESOLUTION NO. 24-08

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF PLACER COUNTY MAKING DETERMINATIONS AND APPROVING A REORGANIZATION

"THE REORGANIZATION OF THE MEEKS BAY AND NORTH TAHOE FIRE PROTECTION DISTRICTS"

DISSOLUTION OF MEEKS BAY FIRE PROTECTION DISTRICT AND CONCURRENT
ANNEXATION TO NORTH TAHOE FIRE PROTECTION DISTRICT

(LAFCO Project No. 2022-01)

WHEREAS, the North Tahoe Fire Protection District (FPD) filed a resolution of application on August 23, 2022, with the Placer Local Agency Formation Commission (Commission) pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, the application seeks approval for reorganization of approximately 3,880.4 acres or 6 square miles of unincorporated territory in the County of El Dorado involving the dissolution of Meeks Bay FPD and concurrent annexation to the North Tahoe FPD as successor agency; and

WHEREAS, on December 7, 2021, the Board of Directors of the North Tahoe FPD adopted a resolution to initiate proceedings for the reorganization and the Board of Directors of the Meeks Bay FPD adopted the same on December 8, 2021; and

WHEREAS, the subject agencies have agreed that the efficiency, effectiveness, and the economy of fire protection services to individuals within the affected territory can be improved by the reorganization of the two districts into one entity; and

WHEREAS, the subject agencies have agreed to a property tax exchange applicable to the proposed reorganization adopted by the County of Placer on July 9, 2024, and the County of El Dorado on May 14, 2024; and

WHEREAS, the Commission's Executive Officer has reviewed the reorganization proposal and prepared a report with recommendations; and

WHEREAS, the Executive Officer's report and recommendations on the proposal have been presented to the Commission in the manner provided by law; and

WHEREAS, staff published a notice of public hearing regarding this proposal in the Sierra Sun on June 28, 2024;

WHEREAS, the Commission heard and fully considered all the evidence presented at a noticed public hearing on the proposal on August 21, 2024;

WHEREAS, the Commission considered all the factors required by law under Government Code Sections 56425(e) and 56668 as well as adopted local policies and procedures;

NOW, THEREFORE, BE IT HEREBY RESOLVED, DETERMINED, AND ORDERED AS FOLLOWS:

1. The hearing was held on the date set therefor, and due notice of said hearing was given in the manner required by law.
2. At the hearing, the Commission called for, heard, and considered all public comments by interested parties and read and considered the Executive Officer's report.
3. The Commission makes the following finding under the California Environmental Quality Act:
    a) The Commission serves as responsible agency under CEQA for considering the physical effects of the proposal. The Commission has considered and independently concurs with the finding of the lead agency – North Tahoe FPD – that the proposal is a "project" under CEQA but is exempt from environmental review under provisions of State CEQA Guidelines Section 15320. This exemption appropriately applies given the proposal involves the transfer of municipal service functions, specifically fire protection, emergency medical, and ambulance transport, that are already provided within the affected territory.
4. The Commission **CONDITIONALLY APPROVES** the reorganization as submitted (no modifications) and subject to conditions as provided under No. 5. Approval involves all of the following:
    a) Dissolution of the Meeks Bay FPD as shown in Exhibit C
    b) Annexation of the entire 3,880.4-acre affected territory to the North Tahoe FPD as shown in Exhibit D for the purposes of assuming successor agency status from Meeks Bay FPD and providing fire protection, emergency medical, and ambulance transport.
5. Proposal **APPROVAL CONDITIONS** consist of all of the following:
    a) North Tahoe FPD will assume responsibility for services set forth in the Fire Protection District Law of 1987, California Health and Safety Code 13801, *et seq.*, which include the provision of fire protection, rescue, emergency medical, hazardous material emergency response, ambulance, and other services relating to the protection of lives and property within the affected territory in the same manner as currently provided with the following key features:

- Continued provision of the current level of service provided by the staff of the respective districts, consistent with local demand, expectations, and available financing;

- Station 67 or a station that will meet standards of coverage for the Meeks Bay area will continue to be staffed and operated at the current level of service;

- The ambulance services North Tahoe FPD will provide are under the existing contract for Prehospital Advanced Life Support Services and Dispatch Services between El Dorado County and North Tahoe FPD dated July 1, 2023, through June 30, 2026. This contract will remain in full force and affect until the contract expiration date or renegotiation of the contract. North Tahoe FPD will be the exclusive provider of ambulance services in the affected territory;

- Meeks Bay FPD special taxes and assessments will equalize, assuming North Tahoe FPD's tax rates per the accepted terms with the County of El Dorado, excluding the special Tax 53202 CSA #3 Ambulance W Shore, which will remain unchanged. NTFPD will keep cost recovery fees, which include but are not limited to mitigation fees, in place and extend into the affected territory providing uniformity of such fees;

- One-time lump sum payment from the County of El Dorado to North Tahoe FPD: Equivalent of 3 years of TOT funding for tourism-related calls at the FY 2023/2024 amount of $264,000 per year, plus an additional $200,000, for a total of $992,000;

    - Represents payment for each fiscal year since the policy change to include mitigation of tourism impacts in which Meeks Bay FPD did not receive reimbursement for tourism-related calls (FYs 2020/2021, 2021/2022, 2022/2023). The El Dorado County BOS approved adding $200,000 from the TOT designation for special projects;

- Bring the annual property tax increment distribution in all tax rates areas (TRAs) in the Meeks Bay FPD service area up to at least the average for all TRAs in the North Tahoe FPD service area as follows:

    - Four TRAs increase to 10.913%
    - Two TRAs remain at 13%

The new average for the entire area becomes 11.61%, terms accepted by the County of El Dorado;

- All assets and liabilities, including but not limited to, liabilities for payment of principal interest on contractual obligations for real property, furnishings, and equipment, operating expenses, supplies, licenses and permits, and any contingent liabilities for existing civil litigation belonging to North Tahoe FPD and Meeks Bay FPD shall accrue to the reorganized North Tahoe FPD;

- Upon the effective date of the approval as defined below through December 31, 2024, the Board will be comprised of seven members as follows:

  Baffone (NTFPD) – term ending 2024
  Correa (NTFPD) – term ending 2024
  Fielding (MBFPD) – term ending 2024
  Loverde (NTFPD) – term ending 2024
  Doyle (NTFPD) – term ending 2026
  Kromydas (MBFPD) – term ending 2026
  Ragan (NTFPD) – term ending 2026

  Effective January 1, 2025 the Board will be comprised of five members as follows:

  Doyle (NTFPD) – term ending 2026
  Kromydas (MBFPD) – term ending 2026
  Ragan (NTFPD) – term ending 2026
  Elected director – term ending 2028
  Elected director – term ending 2028;

- For a period of one year from the effective date of the approval as defined below, all agendas for future board meetings shall be posted at locations currently used for posting agendas for both agencies, except for the Meeks Bay FPD website if it ceases to exist.

b) As of the effective date of the approval as defined below, all real property (including but not limited to Station No. 67 and No. 68 and any and all lands owned by the Meeks Bay FPD) and personal property, including but not limited to all vehicles or other rolling stock (with remaining fire apparatus to be disposed by the Meeks Bay FPD as approved by North Tahoe FPD), tools, office furniture, fixtures, equipment, books, records, papers, office, equipment, supplies, money, funds, appropriations, licenses, permits, entitlements, agreements, contracts, claims, judgments, and all other assets shall transfer

from the Meeks Bay FPD to North Tahoe FPD in “as-is” condition, without any payment or report obligation from the Meeks Bay FPD.

6. The Commission’s approval is further subject to the following terms being satisfied by November 15, 2024, unless an extension is requested of and approved by the Executive Officer.

    a) Completion of the 30-day reconsideration period provided under Government Code Section 56895.

    b) Submittal to the Commission of the following payments:

        - A check made payable to the State Board of Equalization for processing fees in the amount of $300.
        - Any other fees required under the adopted LAFCO fee schedule as attested by the Executive Officer.

7. Upon the Commission’s order giving approval of the reorganization, Meeks Bay FPD is prohibited from taking any of the actions contained in Government Code Section 56885.5, including:

    a) Approving any increase in compensation or benefits for members of the governing board, its officers, or the executive officer of the agency.

    b) Appropriating, encumbering, expending, or otherwise obligating, any revenue of the agency beyond that provided in the current budget at the time the dissolution is approved by the Commission.

8. The proposal is assigned the following distinctive short-term designation:

    “The Reorganization of the Meeks Bay and North Tahoe Fire Protection Districts”

9. The affected territory as designated by the Commission is inhabited as defined in Government Code 56046.

10. The Commission delegates to the Executive Officer the performance of all conducting authority proceeding requirements under Government Code Section 57000 *et seq*.

11. North Tahoe FPD utilizes the regular assessment roll of the County of Placer and Meeks Bay FPD utilizes the regular assessment roll of the County of El Dorado.

12. As applicable, the affected territory will be liable for any existing bonds, contracts, and/or obligations of the annexing subject agency provided under Government Code Section 57328, and will be subject to any previously authorized taxes, benefit assessments, fees, or charges under Government Code Section 57330.

13. Per Government Code Section 57202, the effective date of the approval shall be the date of execution of the Certificate of Completion. The operations of the reorganized district are expected to become effective on January 1, 2025. The North Tahoe Fire Protection District is expected to use one budget beginning July 1, 2025, for the fiscal year 2025-2026.
14. As allowed under Government Code 56107, the Commission authorizes the Executive Officer to make non-substantive corrections to this resolution to address any technical defect, error, irregularity, or omission.
15. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Section 56882 of the Government Code.
16. All general terms governing annexations authorized under Government Code Section 57300-57354 apply to this reorganization.
17. The Executive Officer is further authorized and directed to prepare and, when required, execute and record a Certificate of Completion, and make required filings with the County Assessor, County Auditor, and the State Board of Equalization.

The foregoing resolution was duly passed and adopted by the Local Agency Formation Commission of Placer County at a regular meeting thereof, held on August 21, 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____
Cindy Gustafson, Chair Local Agency Formation Commission County of Placer, State of California

Attest:

_____
Amy Engle, Clerk to the Commission

EXHIBIT A
PLACER LAFCO RESOLUTION NO. 24-08

CONSIDERATION OF FACTORS FOR REVIEW
CALIFORNIA GOVERNMENT CODE (GC) SECTION 56668

(LAFCO Project No. 2022-01)

a) Population and population density; land area and land use; assessed valuation; topography, natural boundaries, and drainage basins; proximity to populated areas; the likelihood of significant growth in the area, and adjacent areas, in the next 10 years.

The affected territory comprises the entire MBFPD jurisdictional boundary in El Dorado County. It includes portions of the communities of Tahoma, Meeks Bay, and the Meeks Bay Campground. State Route 89 serves as the regional connector within and through the affected territory. There are large variations in topography within the affected area as the Desolation wilderness forms the western boundary of a portion of Meeks Bay FPD and the shores of Lake Tahoe form the eastern portion. The community is a mix of residential, recreational, and commercial land uses and related amenities with an assessed valuation of over $1 billion. Population estimates within the affected territory have not changed significantly since the 2010 census, as the Tahoe Basin has severe development restrictions. Building permits are issued by lottery, and no new parcels may be created within the Tahoe Basin. Therefore, significant growth is unlikely to occur. Visitor populations vary during the summer months and can bring up to 100,000 visitors annually to the affected territory.

b) The need for governmental community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.

El Dorado County serves as the primary purveyor of general governmental services to the affected territory. These services include community planning, road maintenance, law enforcement, snow removal, and others. The El Dorado County Service Area No. 3 (CSA 3) is empowered to provide emergency medical services, drainage and erosion control, mosquito abatement and vector control, and snow removal and equipment to the affected territory. Meeks Bay FPD provides fire protection, emergency medical, and automatic aid to neighboring fire agencies and the Cal Tahoe JPA. The proposal affects only the Meeks Bay FPD's functions and the proposed transfer to North Tahoe FPD and is the focus of the following analysis:

- **Fire Protection, Emergency Medical, and Ambulance Transport**

The Meeks Bay FPD current service levels are dictated by the existing intergovernmental agreement with North Tahoe FPD by which a minimum of two personnel staff the Meeks Bay FPD Station No. 67 daily, 24/7/365. Should the reorganization be approved by the Commission, North Tahoe FPD has committed to maintaining the existing staffing levels. Service demands for MBFPD for the last three years are shown below:

Annual Incidents for MBFPD	
Year	**Total Calls**
2021	482
2022	379
2023	359

Combined Meeks Bay FPD and North Tahoe FPD recent service demands for the last three years are shown below:

Annual Incidents for NTFPD & MBFPD		
Year	**Total Calls**	**Average per Day**
2021	2,751	7.54
2022	2,700	7.40
2023	2,719	7.45

Meeks Bay FPD is currently operating at a deficit. Based on fiscal analysis presented herein, the District is likely to become insolvent in two years (by FY 2025/2026). The combined Districts are expected to operate at a deficit, however the proposed reorganized agency will be in a better financial position in the recent future with the combined fund balance anticipated to be exhausted in seven years (FY 2030/2031) if no other financial revenues are realized.

c) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on local governmental structure.

The affected territory recommended for reorganization would formalize social and economic ties existing between North Tahoe FPD and the affected territory. These existing ties relate to North Tahoe FPD's current role in managing fire protection and related services for the affected territory through the existing intergovernmental agreement. Reorganization would formalize and expand these social and economic ties and clarify North Tahoe FPD's expanding role and charge in managing services throughout the affected territory.

d) The conformity of the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies/priorities set forth in G.C. Section 56377.

Approval of the recommended reorganization is consistent with the Commission's preference to consolidate services under one service provider – North Tahoe FPD – when opportunities arise. Meeks Bay FPD's decision by its elected representatives to file for dissolution, coupled with the analysis of the factors required under LAFCO law, serve to sufficiently quantify the opportunity to proceed at this time. Additionally, the proposal would not induce or otherwise facilitate the loss of open-space lands, and as such, does not conflict with the provisions of Government Code Section 56377.

e) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by G.C. Section 56016.

No portions of the affected territory recommended for reorganization qualify as agricultural land under LAFCO law.

f) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters.

LAFCO is in receipt of a map of the affected territory consistent with the standards of the State Board of Equalization.

g) A regional transportation plan adopted pursuant to G.C. Section 65080.

The recommended reorganization would not conflict with the 2020 Linking Tahoe Regional Transportation Plan, the regional transportation plan established by the Tahoe Regional Planning Agency (TRPA).

h) The proposal's consistency with the city or county general and specific plans.

The affected territory recommended for reorganization is entirely unincorporated and subject to the land use policies of El Dorado County and the TRPA. The County's implementing land use policy document for the affected territory is the Lake Tahoe Regional Plan produced by the TRPA. This document guides development in the Tahoe Basin to achieve balance between the natural and built environment.

i) The sphere of influence of any local agency affected by the proposal.

See agenda report analysis.

j) The comments of any affected local agency or other public agency.

Notice of the submitted reorganization proposal was distributed to all affected and subject agencies as required under LAFCO law. One written comment was received by the El Dorado County Assessor which noted that the assessor data and maps will need to be updated to change the TRA for all affected parcels and that the change may affect appraised values, etc. No other written comments on the proposal were received ahead of preparing this agenda report for distribution on August 14, 2024.

k) The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.

When combining revenues and expenses for both organizations and considering opportunities for expense reduction, the newly formed agency will likely experience a deficit. However, this deficit appears to be a manageable amount that may be further reduced or eliminated by additional efficiencies or economies of scale opportunities. With the proposed reorganization, the new agency's reserves will be roughly $10.5 million, giving some runway to enact additional efficiencies to reduce or eliminate the deficit.

l) Timely availability of water supplies adequate for projected needs as specified in G.C. Section 65352.5.

The affected territory lies within the Tahoe City Public Utility District and private water purveyors (Tamarack Mutual Water Company and Glenridge Mutual Water Company). In addition, a number of private tanks and water company tanks assist MBFPD with water supply. Water can also be obtained from local, natural, or neighborhood sources such as rivers, lakes, and ponds. Specifically, the District has the ability to draft water from Lake Tahoe if necessary. The reorganization does not change these baseline conditions.

m) The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs.

The proposed reorganization would not impact any local agencies in accommodating their regional housing needs.

n) Any information or comments from the landowners, voters, or residents of the affected territory.

No written or formal comments have been submitted to Placer LAFCO staff as of the date of the posting of the agenda report on August 14, 2024.

o) Any information relating to existing land use designations.

See above analysis in item (h).

p) The extent to which the proposal will promote environmental justice.

There are no environmental justice issues identified.

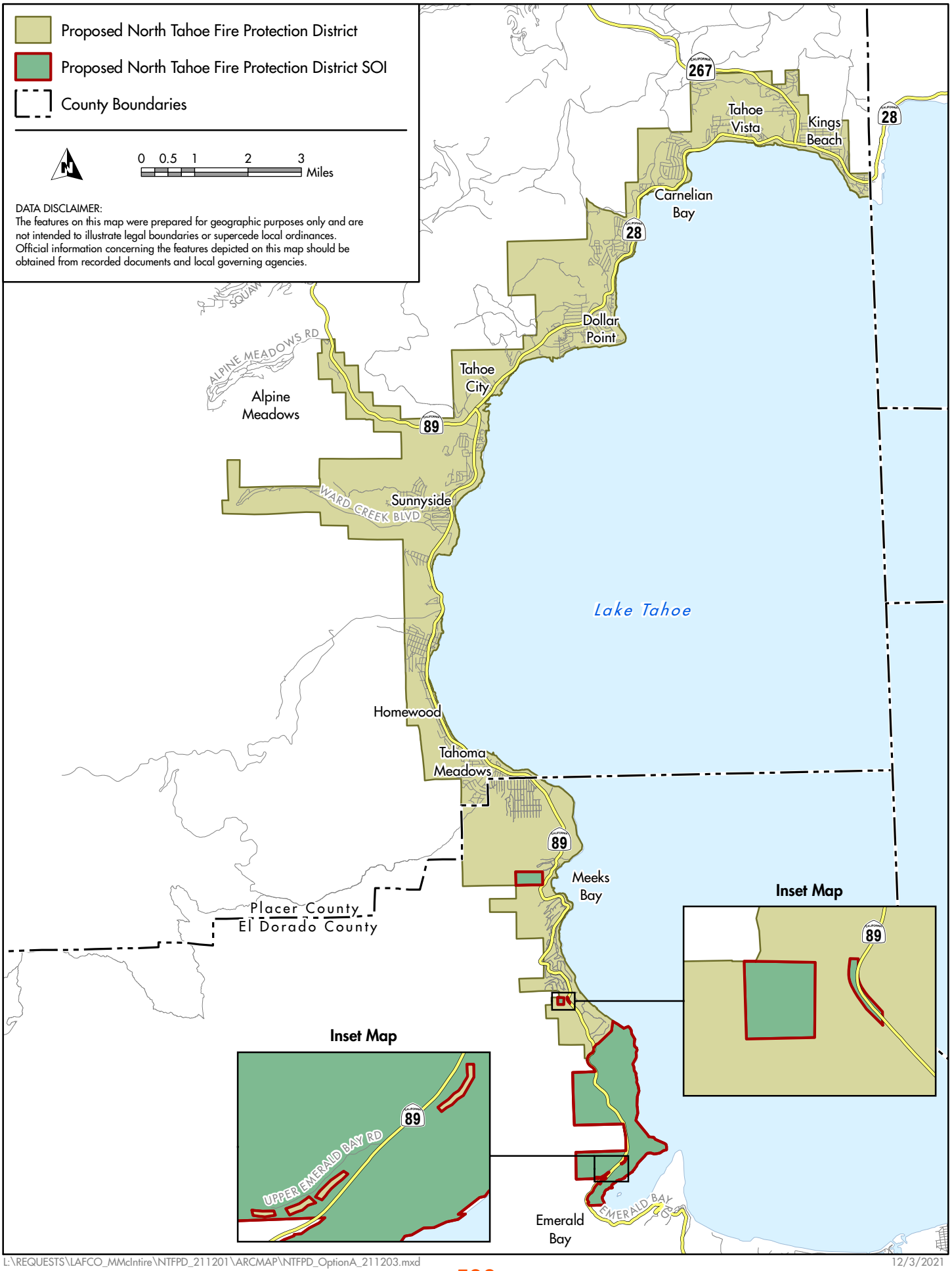
q) Information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, and any maps that identify land as a very high fire hazard zone or maps that identify land determined to be in a state responsibility area, if it is determined that such information is relevant to the affected territory.

The El Dorado County General Plan contains a hazard mitigation plan for potential fire, flooding, and earthquakes. The affected territory lies in a Very-High Fire Hazard Severity Zone.

r) G.C. Section 56668.3(a)(1) Whether the proposed annexation will be for the interest of the landowners or present or future inhabitants within the district and within the territory proposed to be annex to the district.

Approval of the reorganization would be in the best interest of the current and future landowners and/or residents of the affected territory by providing streamlined fire protection, emergency medical and ambulance transport services going forward.

Proposed North Tahoe Fire Protection District & SOI



Meeks Bay Fire Protection District

RESOLUTION

of the Board of Directors

No: 2021-12

MEEKS BAY FIRE PROTECTION DISTRICT BOARD OF DIRECTORS REQUESTING THE PLACER LOCAL AGENCY FORMATION COMMISSION INITIATE PROCEEDINGS FOR THE REORGANIZATION OF THE NORTH TAHOE FIRE PROTECTION DISTRICT AND THE MEEKS BAY FIRE PROTECTION DISTRICT

WHEREAS, the MBFPD desires to initiate proceedings with the Placer Local Agency Formation Commission (LAFCO) pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code (CKH), and more specifically a reorganization consistent with Government Code (GC) Section 56853 of the North Tahoe Fire Protection District and the Meeks Bay Fire Protection District; and

WHEREAS, the 2017 El Dorado County Grand Jury Report #17-04, Finding F3 specifically cites supporting Fire Districts' reorganization and consolidation as a priority. in reviewing this proposal.

> "F3. The Board of Supervisors, in conjunction with LAFCO, is best positioned to champion fire agency consolidation."

WHEREAS, the County of El Dorado Board of Supervisors and the El Dorado County Strategic Plan demonstrated support of fire agency consolidation.

> "The Board of Supervisors agrees with this finding. However, the County and LAFCO cannot effect consolidation alone. Efforts at agency consolidation can only be successful with interest from potentially affected fire districts, sufficient support from the community, and with dedicated leader to coordinate the effort."; and

WHEREAS, the Board of Directors of the MBFPD desires to implement and support 2017 El Dorado County Grand Jury Report #17-04, Finding F3 and the El Dorado County's Strategic Plan; and

WHEREAS, the Board of Directors of the MBFPD desires the reorganization to consist of the following concurrent actions:

- Dissolution of the Meeks Bay Fire Protection District
- Annexation of the Meeks Bay Fire Protection District to the North Tahoe Fire Protection District; and

WHEREAS, the NTFPD and the MBFPD were both established pursuant to the same enabling legislation, the Fire Protection District Law of 1987, Health and Safety Code Section 13800, et seq.; and

WHEREAS, the territory proposed to be reorganized is inhabited and encompasses the area depicted in the map exhibit attached to and incorporated herein by this reference as Map Exhibit; and

WHEREAS, the interests of the residents, property owners and visitors of the areas serviced by the NTFPD and the MBFPD are best served by the reorganization of the two districts into one entity; and

WHEREAS, the efficiency, effectiveness, and the economy of fire protection services to individuals within the affected territory can be improved by the reorganization of the two districts into one entity; and

WHEREAS, the reorganization of the two fire protection districts into one entity will facilitate the continued provision of the current levels of service provided by the staff of the respective districts, consistent with local demand, expectations, and available financing; and

WHEREAS, this sphere of influence amendment and update request is categorically exempt from the California Environmental Quality Act (CEQA), Public Resources Code Section 21000, et seq., pursuant to Class 20 (Changes in Organization of Local Agencies), Title 14, Chapter 3, Section 15320(b) of the California Code of Regulations.

NOW, THEREFORE, BE IT RESOLVED THAT the Meeks Bay Fire Protection Board of Directors finds, and orders as follows:

1. The above recitals are true and correct.

2. This Resolution constitutes the application of the Meeks Bay Fire Protection District to Placer LAFCO to initate the reorganization of the NTFPD and the MBPFD to provide the best fire protection services, including administration and operations, fire prevention, training, fire suppression and rescue, equipment and apparatus maintenance, and emergency medical services to the affected territories subject to the following:

    a. For a period of one year from the effective date of the reorganization, and all agendas for future board meetings of the newly reorganized North Tahoe Fire Protection District shall be posted at the locations currently used for posting agenda for both the North Tahoe Fire Protection District and the Meeks Bay Fire Protection District, except on the Meeks Bay Fire Protection District website if it ceases to exist during such time.

    b. All assets and liabilities, including, but not limited to, liabilities for payment of principal and interest on contractual obligations for real property, furnishings, and equipment, operating expenses, supplies, licenses and permits, and any contingent liabilities for existing civil litigation belonging to the North Tahoe Fire Protection District and the Meeks Bay Fire Protection District shall accrue to the reorganized North Tahoe Fire Protection District.

3. The President of the Meeks Bay Fire Protection District Board of Directors, or designee, is authorized to effectuate this application and proposal and to do and perform any and all necessary acts and functions to carry out the intent of the Meeks Bay Fire Protection District in enacting this Resolution.

4. The application made to the Placer LAFCO for the reorganization of the North Tahoe Fire Protection District and the Meeks Bay Fire Protection District shall consist of the annexation of

the Meeks Bay Fire Protection District with its current sphere of influence and the simultaneous dissolution of the existing Meeks Bay Fire Protection District. The future reorganized territory shall include all territory presently included within each of the districts and the sphere of influence of each of the districts subject to this reorganization application.

5. Within the 90-day of period prior to the effective date of the reorganization, neither the North Tahoe Fire Protection District nor the Meeks Bay Fire Protection District shall purchase or dispose of fixed assets or execute contracts for services and/or supplies without the approval of the Board of Directors of both the North Tahoe Fire Protection District and the Meeks Bay Fire Protection District.

6. The Meeks Bay Fire Protection District requests that Placer LAFCO take proceedings in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 upon the adoption of a substantially similar resolution by the Board of Directors by the Meeks Bay Fire Protection District and the North Tahoe Fire Protection District in accordance with Section 56853 of the California Government Code.

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF MEEKS BAY FIRE PROTECTION DISTRICT OF THE COUNTY OF EL DORADO AT A REGULAR MEETING OF THE BOARD, HELD ON THE 8TH DAY OF DECEMBER 2021 BY THE FOLLOWING VOTE OF SAID BOARD:

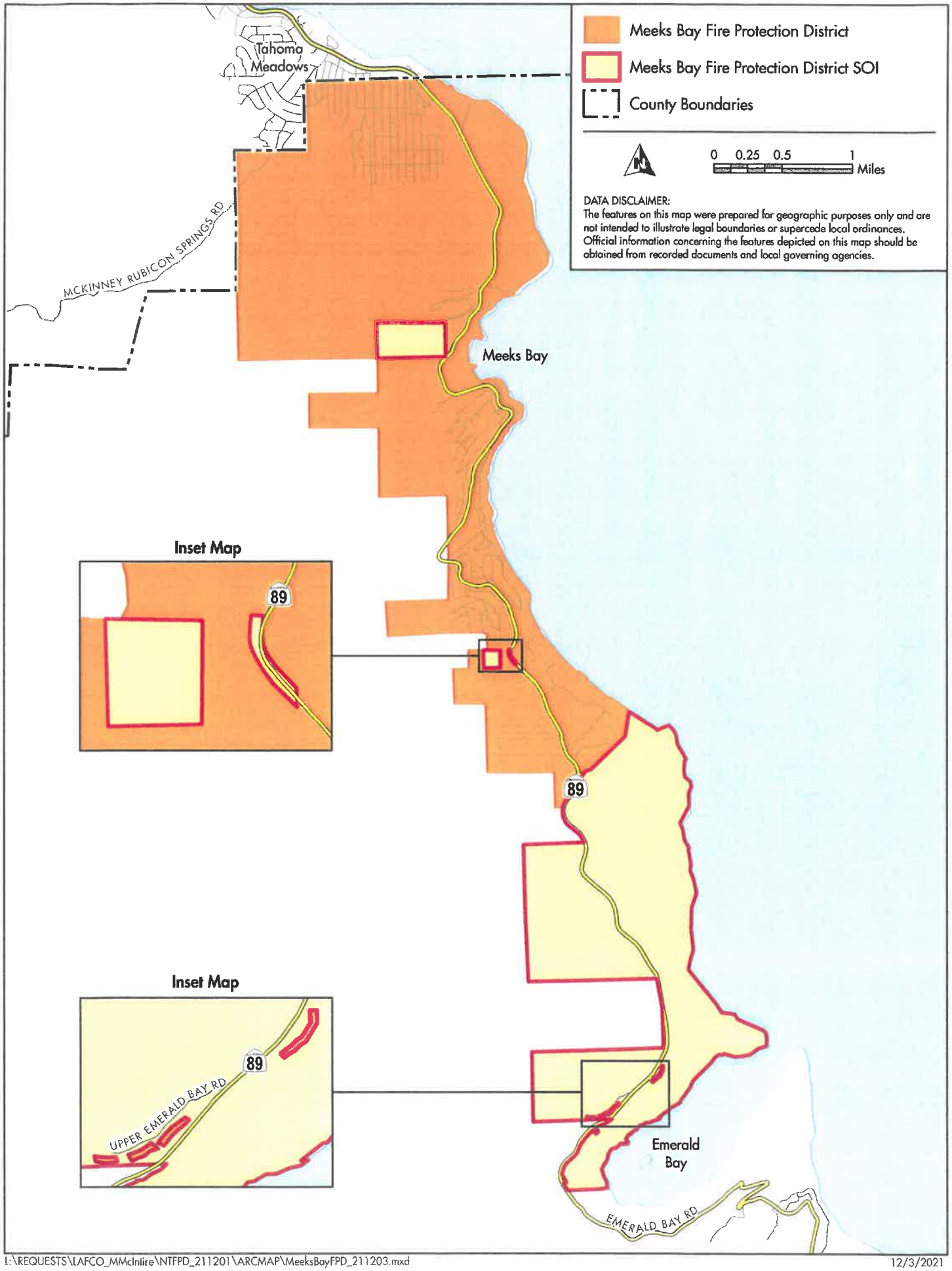
AYES: Directors Fielding, Kromydas, Lemke, and Miller
NOES: None
ABSTENTIONS: None
ABSENT: None

PRESIDENT, BOARD OF DIRECTORS
BY: Edward I. Miller

I CERTIFY THAT THE FOREGOING IS A CORRECT COPY OF A RESOLUTION DULY ADOPTED BY SAID BOARD OF DIRECTORS ON THE DATE THEREIN SET FORTH.

CLERK OF THE BOARD OF DIRECTORS
BY: Kelly Martin

Meeks Bay Fire Protection District & SOI



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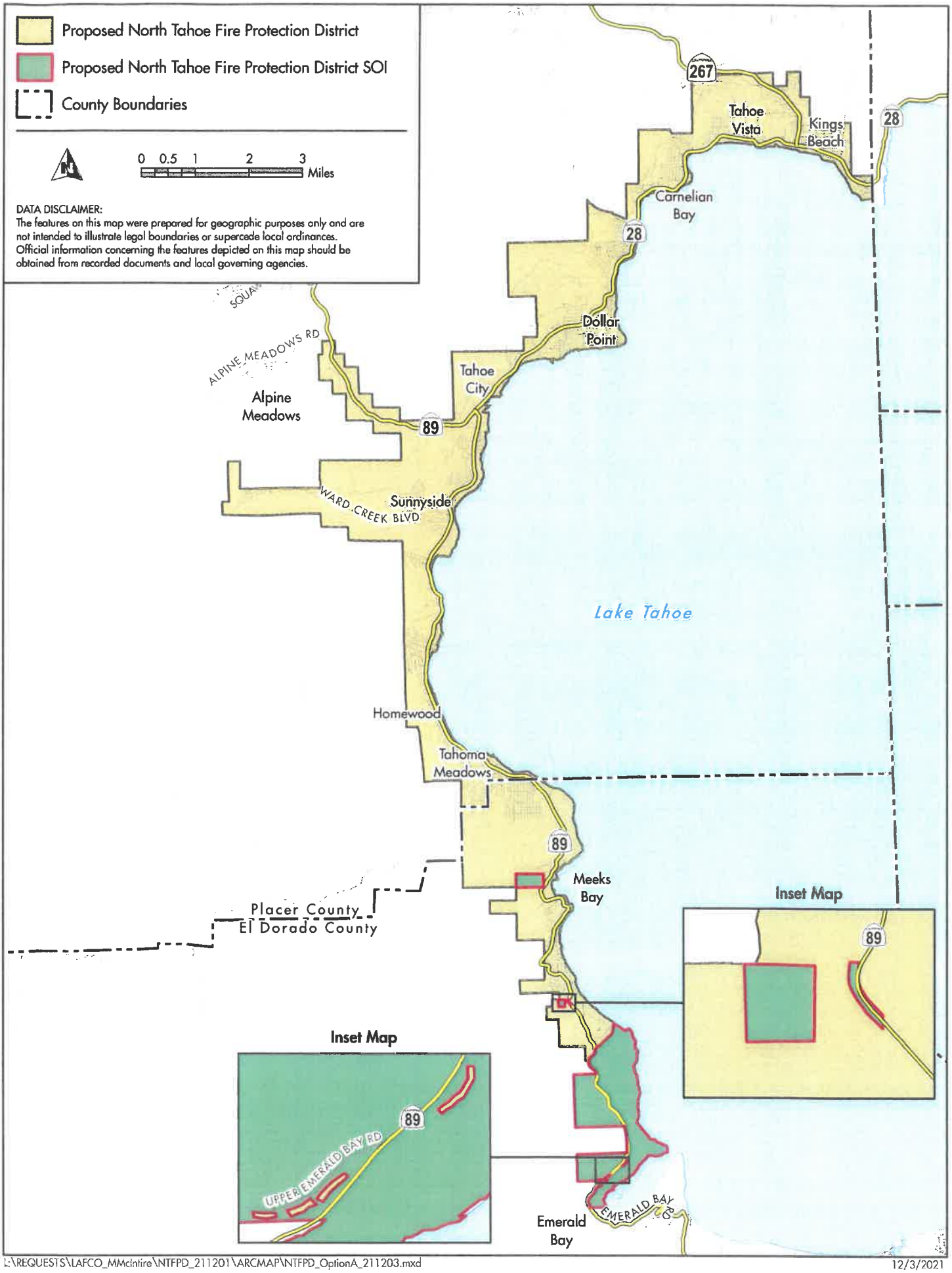
Proposed North Tahoe Fire Protection District & SOI



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RESOLUTION 23-2021 OF THE NORTH TAHOE FIRE PROTECTION DISTRICT BOARD OF DIRECTORS REQUESTING THE PLACER LOCAL AGENCY FORMATION COMMISSION INITIATE PROCEEDINGS FOR THE REORGANIZATION OF THE NORTH TAHOE FIRE PROTECTION DISTRICT AND THE MEEKS BAY FIRE PROTECTION DISTRICT

WHEREAS, the NTFPD desires to initiate proceedings with the Placer Local Agency Formation Commission (LAFCO) pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code (CKH), and more specifically a reorganization consistent with Government Code (GC) Section 56853 of the North Tahoe Fire Protection District and the Meeks Bay Fire Protection District (MBFPD); and

WHEREAS, Placer LAFCO conducted a municipal service review (MSR) in 2018 of NTFPD and made determinations including Determination No. 9.11.17 which states:

> Through service contracts with Alpine Springs County Water Agency and Meeks Bay Fire Protection District, NTFPD provides fire protection services including administration and operations, fire prevention, training, fire suppression and rescue, equipment and apparatus maintenance, and emergency medical services to these areas. Inclusion of these two service areas within the NTFPD's SOI and possible future annexation for the purpose of providing fire services could alleviate some duplication in costs through sharing of administrative staff, repair facilities, and various other items; and

WHEREAS, the Board of Directors of the NTFPD desires to implement said Determination 9.11.17 from the Placer LAFCO's 2018 Commission Adopted MSR; and

WHEREAS, the Board of Directors of the NTFPD desires the reorganization to consist of the following concurrent actions:

- Dissolution of the Meeks Bay Fire Protection District
- Annexation of the Meeks Bay Fire Protection District to the North Tahoe Fire Protection District; and

WHEREAS, the NTFPD and the MBFPD were both established pursuant to the same enabling legislation, the Fire Protection District Law of 1987, Health and Safety Code Section 13800, et seq.; and

WHEREAS, the territory proposed to be reorganized is inhabited and encompasses the area depicted in the map exhibit attached to and incorporated herein by this reference as Map Exhibit; and

WHEREAS, the interests of the residents, property owners and visitors of the areas serviced by the NTFPD and the MBFPD are best served by the reorganization of the two districts into one entity; and

WHEREAS, the efficiency, effectiveness, and the economy of fire protection services to individuals within the affected territory can be improved by the reorganization of the two districts into one entity; and

WHEREAS, the reorganization of the two fire protection districts into one entity will facilitate the continued provision of the current levels of service provided by the staff of the respective districts, consistent with local demand, expectations, and available financing; and

WHEREAS, this reorganization request is categorically exempt from the California Environmental Quality Act (CEQA), Public Resources Code Section 21000, et seq., pursuant to Class 20 (Changes in Organization of Local Agencies), Title 14, Chapter 3, Section 15320(b) of the California Code of Regulations.

NOW, THEREFORE, BE IT RESOLVED THAT the North Tahoe Fire Protection Board of Directors finds and orders as follows:

1. The above recitals are true and correct.

2. This Resolution constitutes the application of the North Tahoe Fire Protection District to Placer LAFCO to initate the reorganization of the NTFPD and the MBPFD to provide the best fire protection services, including administration and operations, fire prevention, training, fire suppression and rescue, equipment and apparatus maintenance, and emergency medical services to the affected territories subject to the following:

    a. For a period of one year from the effective date of the reorganization, and all agendas for future board meetings of the newly reorganized North Tahoe Fire Protection District shall be posted at the locations currently used for posting agenda for both the North Tahoe Fire Protection District and the Meeks Bay Fire Protection District, except on the Meeks Bay Fire Protection District website if it ceases to exist during such time.

    b. All assets and liabilities, including, but not limited to, liabilities for payment of principal and interest on contractual obligations for real property, furnishings, and equipment, operating expenses, supplies, licenses and permits, and any contingent liabilities for existing civil litigation belonging to the North Tahoe Fire Protection District and the Meeks Bay Fire Protection District shall accrue to the reorganized North Tahoe Fire Protection District.

3. The President of the North Tahoe Fire Protection District Board of Directors, or designee, is authorized to effectuate this application and proposal and to do and perform any and all necessary acts and functions to carry out the intent of the North Tahoe Fire Protection District in enacting this Resolution.

4. The application made to the Placer LAFCO for the reorganization of the North Tahoe Fire Protection District and the Meeks Bay Fire Protection District shall consist of the annexation of the Meeks Bay Fire Protection District to the North Tahoe Fire Protection District and the simultaneous dissolution of the existing Meeks Bay Fire Protection District. The future reorganized territory shall include all territory presently included within each of the districts subject to this reorganization application.

5. Within the 90-day period prior to the effective date of the reorganization, neither the North Tahoe Fire Protection District nor the Meeks Bay Fire Protection District shall purchase or dispose of fixed assets or execute contracts for services and/or supplies without the approval of the Board of Directors of both the North Tahoe Fire Protection District and the Meeks Bay Fire Protection District.

6. The North Tahoe Fire Protection District requests that Placer LAFCO take proceedings in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 upon the adoption of a substantially similar resolution by the Board of Directors by the North Tahoe Fire Protection District and the Meeks Bay Fire Protection District in accordance with Section 56853 of the California Government Code.

PASSED AND ADOPTED this 7th day of December, 2021 by the Board of Directors of the North Tahoe Fire Protection District, Placer County, State of California, by the following roll call vote:

AYES: Directors Baffone, Correa, Doyle, and Ragan
NOES: Director Loverde
ABSTAIN: None
ABSENT: None

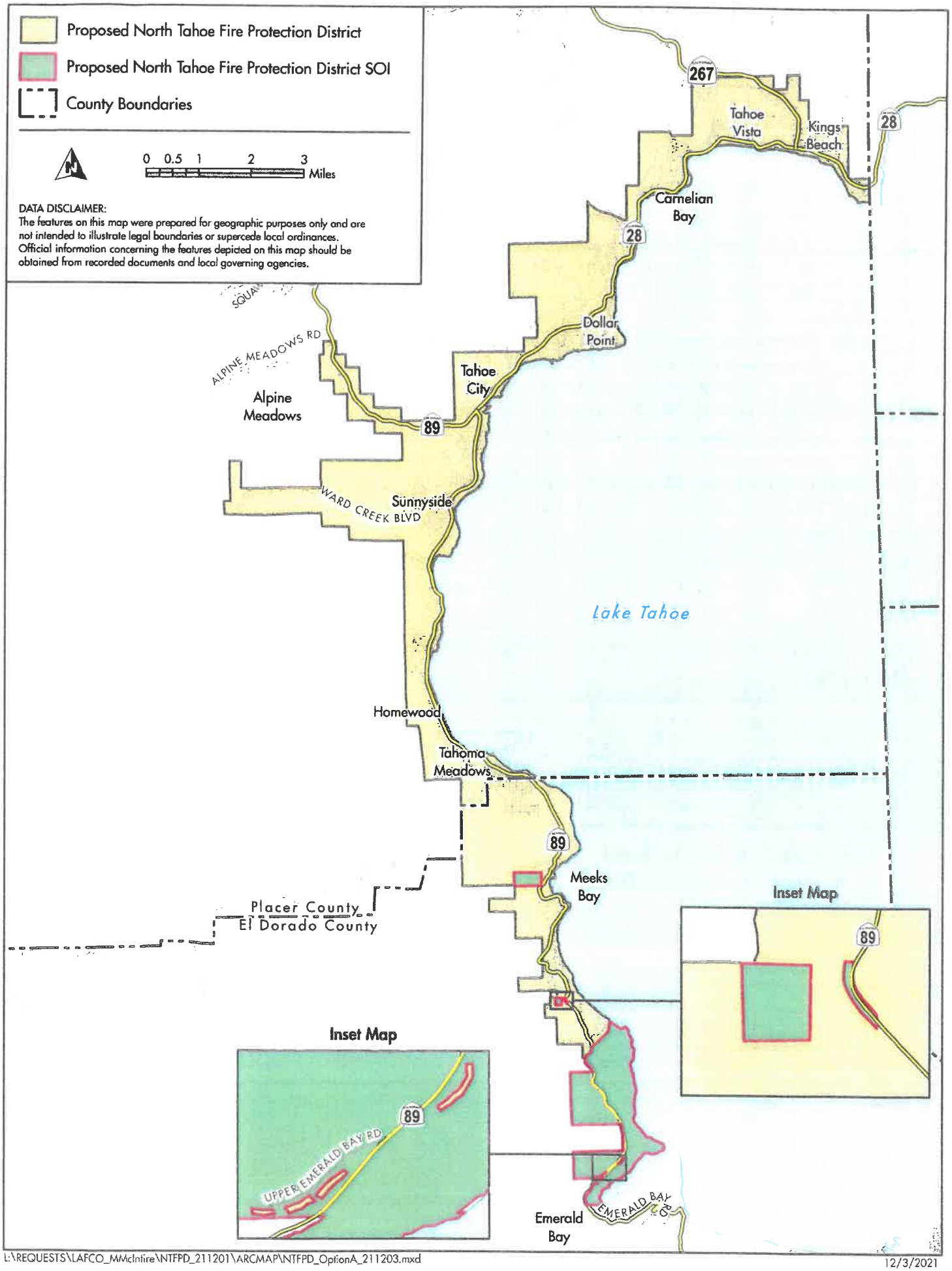
ATTEST:

Mike Baffone, President of the Board
NORTH TAHOE FIRE PROTECTION DISTRICT

Kelly Martin

Kelly Martin, Clerk of the Board
North Tahoe Fire Protection District

Proposed North Tahoe Fire Protection District & SOI



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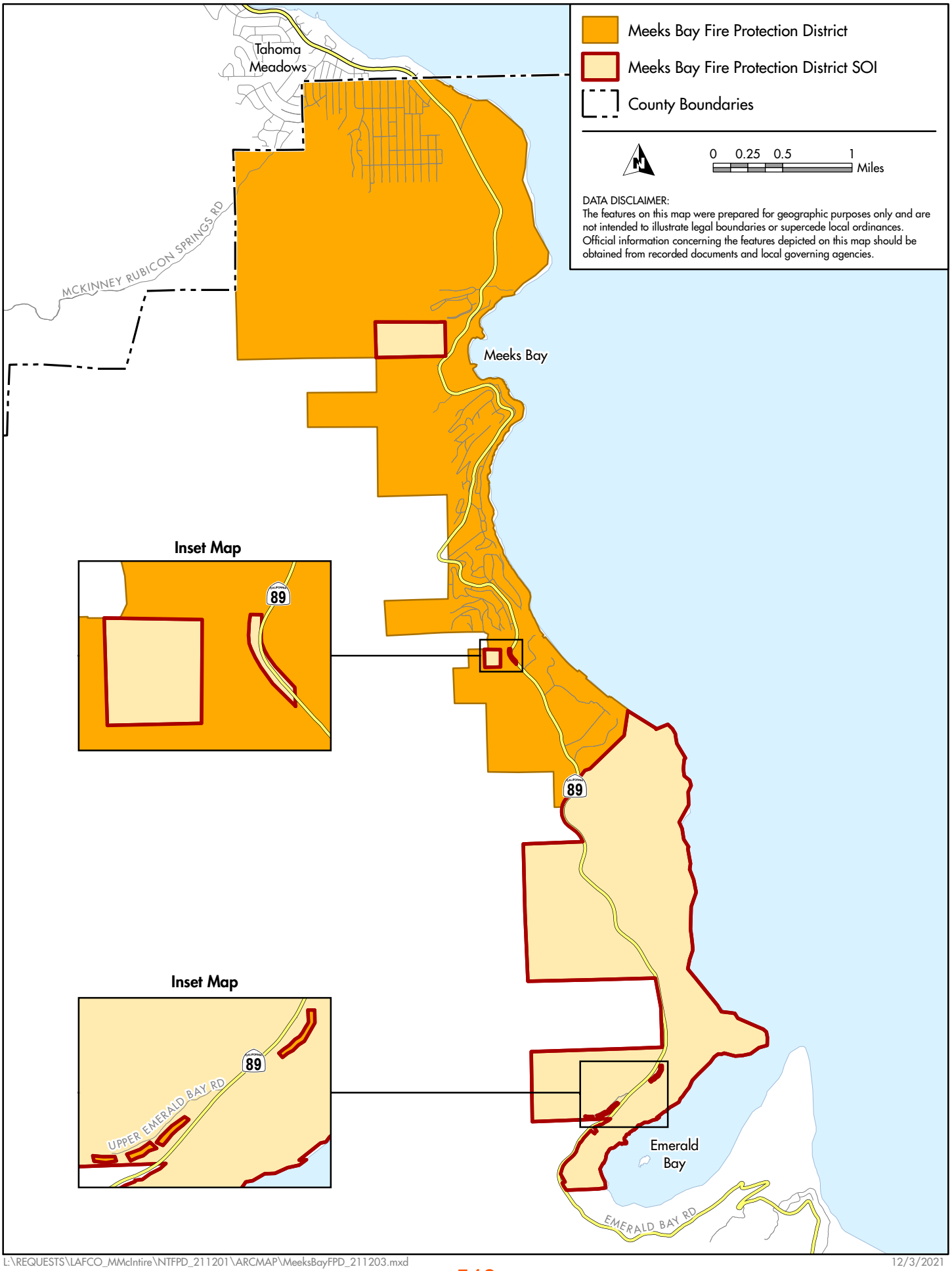
Meeks Bay Fire Protection District & SOI



North Tahoe Fire Protection District
and
Meeks Bay Fire Protection District

California

PERFORMANCE REVIEW AND EXAMINATION OF ALTERNATIVE GOVERNANCE MODELS

2018

Emergency Services Consulting International
Providing Expertise and Guidance that Enhances Community Safety

25030 SW Parkway Avenue, Suite 330
Wilsonville, OR 97070

Acknowledgements **1**

Executive Summary **2**

Key Findings 2

Recommendations 3

Evaluation of Current Conditions **5**

Organizational Overview 5

North Tahoe Fire Protection District 5

Meeks Bay Fire Protection District 8

Management Components 10

Mission, Vision, and Values 10

Recommendation: Adoption of Mission, Vision, and Values 10

Goals and Objectives 11

Internal Assessment of Critical Issues and Future Challenges 11

Internal and External Communications 11

Internal Communications 11

External Communications 12

Fire Safety Public Education Programs 13

Residential Fire Safety Programs 13

Document Control and Security 14

Information Technology Systems 15

Recommendation: Improve CAD Connection and Time Stamps 15

Capital Assets and Improvements 16

Fixed Facilities 16

Recommendation for Both Agencies: Long Range Capital Plans 25

Apparatus/Vehicles 25

Capital Replacement Planning 29

Recommendation for Both Agencies: Long Range Apparatus and Vehicle Replacement Plans 30

Staffing and Personnel Management 31

Administrative and Support Staffing 31

Recommendation: Administrative Staffing 32

Emergency Response Staffing 32

Critical Tasking 36

Alarm Assignments 41
Service Delivery, Demand, and Performance 46
Service Demand 46
Temporal Variation 47
Resource Distribution 50
Geographic Service Demand 51
Resource Concentration & Effective Response Force Capability Analysis 62
Second Unit Arrival Time 65
Response Reliability 65
Response Performance Summary 68
Mutual Aid and Automatic Aid Systems 78
Recommendation: Evaluate Performance Objectives 80
Financial Analysis 81
North Tahoe Fire Protection District 81
Revenues 82
Expenses 85
Fund Balance 87
Meeks Bay Fire Protection District 89
Revenues 90
Expenses 92
Fund Balance 93
Current Budget 93
Stakeholder Input 95
Elected Official and Business Community 95
Chief Officers and Labor Leaders 98
Administrative Staff 102
Survey 103
Demographics 103
Fire Service 105
Responses to Service Provided 108
Future Opportunities for Cooperative Efforts 110
General Partnering Strategies 110

Options for Shared Services 111
Status Quo (continuation of cooperative agreements and systems) 111
Advanced Auto Aid Systems 112
Functional Consolidation 112
Contract for Service-Intergovernmental Agreement (IGA) 112
Operational Consolidation 113
Joint Powers Authority (JPA) 113
Legal Unification 113
Legal Unification Process 115
Financial Projections 116
North Tahoe Fire Protection District 116
Revenues 116
Expenses 118
Recommendation: Pension and Benefit Plan 121
Meeks Bay Fire Protection District 121
Revenues 121
Expenses 122
Recommendation: Consolidation of Operational Expenses 124
Consolidation of District Budgets 124
Recommendations: Financial Projections 127
Additional Potential Cost Savings from Consolidation 127
Concluding Recommendations 129
Plan of Implementation 129
Implementation 129
Establish Implementation Working Groups 131
Joint Implementation Committee (Task Force) 131
Governance Working Group 131
Finance Working Group 132
Administration Working Group 132
Operations Working Group 132
Logistics/Support Services Working Group 132
Labor Working Group 132

Communication Working Group 133
Meet, Identify, Challenge, Refine, and Overcome 133
Appendices 134
Appendix A: LAFCO Legal Unification Options 134
Appendix B: LAFCO Terms and Conditions 136
Appendix C: Table of Figures 143

ACKNOWLEDGEMENTS

Emergency Services Consulting International (ESCI) would like to acknowledge that without the assistance and support of the administrative staff and personnel of the North Tahoe Fire Protection District (NTFPD) and Meeks Bay Fire Protection District (MBFPD) this project could not have been successfully completed.

EXECUTIVE SUMMARY

This document describes the North Tahoe Fire Protection District (NTFPD) and Meeks Bay Fire Protection District (MBFPD) Performance Review and examines alternate governance models. The Evaluation of Current Conditions section provides a baseline for the analysis in the Future Opportunities for Cooperative Efforts section. The Financial Analysis section presents trends and current budget as a basis for analysis and findings in the Financial Projections section. The range of alternate governance models are presented in the Options for Shared Services section. After collection of data, input from stakeholders, public survey, and professional analysis, ESCI presents Concluding Recommendations and a Plan of Implementation. It should be made clear that ESCI provides professional recommendations, however, any implementation is the decision of the Districts' Boards and administration.

Key Findings

- Although the two Districts function operationally as one, they have not aligned mission statements.
- NTFPD's Communications Plan is one of the best this project team has seen.
- Both Districts have fully aligned policies related document control and security.
- The Districts have fully integrated their fire Records Management Systems, internal and external server needs, maintenance, and mobile data terminal hardware.
- The CAL FIRE CAD is not providing accurate time stamps necessary for accurate analysis of performance by the district/s related to call transfer delays, receipt of call, and time of dispatch.
- The "Agreement for Fire Services Management and Related Services," dated April 5, 2014, has resulted in enhanced services to the Meeks Bay Fire Protection District.
- The combined operation of the two Districts is designed to maximize available resources resulting in service enhancements to MBFPD. As a standalone agency, MBFPD would be unable to field a first alarm assignment for any of the identified alarm types.
- Due to the challenges presented by road/highway limitations, seasonal traffic patterns, station locations, configuration and staffing; the combined operation of the two Districts is challenged to meet currently established performance goals. As a standalone agency, the MBFPD even with support of mutual aid would be unable to assemble an effective response force.
- Recurring revenue is providing a stable source of funds from which to provide services to the NTFPD's residents and businesses.
- NTFPD: Forecast recurring expenses are projected to rapidly outpace forecast recurring revenue, creating a potential funding gap. These increasing recurring costs are primarily associated with personnel compensation increases and the increased costs of employee benefits, current and retired. Maintaining a healthy fund balance (cash reserves) creates an environment of security for the District, its employees, and its ability to provide services to its constituency.
- MBFPD: Recurring expenses are projected to increase at approximately 4 percent during the five-year forecast period, but revenues are forecast to grow by approximately 2 percent, creating a future sustainability issue that will need to be addressed. These increasing recurring costs are primarily associated with personnel compensation increases and the increased costs of employee benefits, current and retired.

- MBFPD is continuing to expend funds on numerous operational items such as clothing, structural and wildland protective clothing, and apparatus maintenance.
- A SAFER grant with a budgeted revenue amount of $469,269 will expire in 2019. Unless the grant funded firefighters are terminated, a replacement revenue source must be located. This cost, in total is estimated at $600,000 per year with salaries, benefits, and other employee related costs.
- The Alpine Springs Agreement expires in 2021 but ESCI's forecast anticipates its renewal with similar compensation terms.
- The most significant portion of the negative cash flow is the increase in personnel costs including wages, salaries, pension costs, and health insurance costs.
- Other grant revenues and related expenditures were forecast to be significantly lower but, as these are usually revenue neutral, there is no impact to the bottom line.
- NTFPD and MBFPD for all intense purposes (with the exception of governance and budgets) are operating as one agency.
- The April 5, 2014 and December 16, 2015 agreements between MBFPD and NTFPD have resulted in enhanced service to the MBFPD community, improved training and equipment, and a depth of resources not previously enjoyed.
- The prior agreements between the two Districts have produced significant cost savings through the reduction of duplicate command and administrative staff positions.
- MBFPD has an extremely low call volume, however the risk to life and assessed property valuation warrants a staffed station.
- Given the size, call volume, and budget of MBFPD remaining as a standalone entity does not seem to be justified.

Recommendations

- The Districts should consider updating and adopting a single set of mission, vision, and values statements.
- The Districts should pursue linkage of their hardened iPads to the CAL FIRE CAD.
- The Districts should aggressively pursue a solution to the concerns related to time stamps and tracking of call transfer times.
- Develop a long-range capital remodel/replacement/relocation plan for fire stations.
- Establish and fund a long-range apparatus and vehicle replacement schedule to move away from reliance upon General Fund reserves.
- Fully merge the administrative staffing of the two Districts.
- ESCI recommends that all performance objectives be reevaluated with consideration given to the challenges presented by road/highway limitations, seasonal traffic patterns, station locations and configuration, staffing, as well as funding.
- NTFPD: Develop a plan to minimize and control the impact of pension and employee post-retirement benefits on recurring costs. The plan will require negotiating with the bargaining groups to obtain concessions on their respective contracts.

- MBFPD: Responsibility for operational expenses should be consolidated under North Tahoe FPD to take advantage of volume purchasing savings and to minimize the impact on both Districts' budgets.
- ESCI recommends that both Districts take the necessary steps to initiate the legal unification process.
- The legal unification would eliminate duplication of governance and further enhance economy of scale.
- The Districts should meet to negotiate all pertinent matters to be included in terms and conditions of the legal unification.
- Formation of a new district would result in all employees starting over in their pension and benefit packages. Therefore, it is recommended the legal unification occur as a reorganization with one district annexing into the other.
- Given the size and capabilities of the NTFPD, the logical approach is to achieve legal unification through a reorganization by annexing the MBFPD into NTFPD.
- The Districts should pass resolutions of application to LAFCO which include relevant terms and conditions.
- The Districts should develop informational material regarding the benefits of legal unification and to answer questions. This material should be distributed both internally and externally.
- The Districts should conduct informational public workshops.

EVALUATION OF CURRENT CONDITIONS

This section of the report provides an overview of the current conditions within the North Tahoe Fire Protection District (NTFPD) of Placer County and Meeks Bay Fire Protection District of El Dorado County, California. It includes a summary of each agency's organization; management infrastructure; capital assets; staffing; service delivery and performance; training; fire prevention; and finally, emergency medical services.

Organizational Overview

This element of the report focuses on the demographics of the two agencies, their histories, service delivery infrastructures, governance structures (and lines of authority), policies and organizational designs. It is important to understand the context of the two agencies separately to know what the issues might be as a more closely aligned organization.

North Tahoe Fire Protection District

Created in 1993, the North Tahoe Fire Protection District was formed as the result of the consolidation of the Tahoe City Fire Protection District (Tahoe City, CA) established in 1941 and North Tahoe Fire District (Kings Beach, CA) established in 1952. In addition to the District's formal service area, fire-based services are provided to the Alpine Springs County Water District's citizens and visitors. This extended service is provided via contract. The District currently serves 27.5 square miles on the north and west shore of Lake Tahoe.

The community is a mix of residential and commercial properties with an assessed valuation of $6.5 billion. The full-time resident population is approximately 15,000, with an influx of part-time residents and visitors during the summer and winter seasons. NTFPD serves approximately 16,000 households and 1,000 businesses.

The District responds to over 1,800 calls for service annually (does not include automatic or mutual aid to other agencies) to fires both structural and wildland, rescue, advanced life support, ambulance/emergency medical services, hazardous materials calls, and assorted alarms. Residents and visitors participate in a wide variety of outdoor activities including, hiking, skiing, and water sports. These activities require specialized training and equipment for emergency personnel such as, back country rescue, boating/swimming accidents, avalanche extrication, snowmobile accidents, rope rescues, hillside rescues and searches.

North Tahoe Fire Protection District staffs 63 full-time and 5 part-time employees, including administrative staff. The line employees staff 5 fire stations inclusive of the Meeks Bay FPD Station 61. A sixth NTFPD station is staffed during fire season via a contact with CAL FIRE and a seventh (Meeks Bay FPD) Station 62 is utilized for storage. The District has several robust program areas including Fire Suppression, Fire Prevention, Community Outreach, Emergency Medical Services, Technical Rescue, Fire Investigation, Hazardous Materials, Search and Rescue, Forest Fuel Reduction Program, and Requests for Assistance.

The approved 2017/18 fiscal year budget for the North Tahoe Fire Protection District was adopted on September 20, 2017 in the amount of $15,715,916.

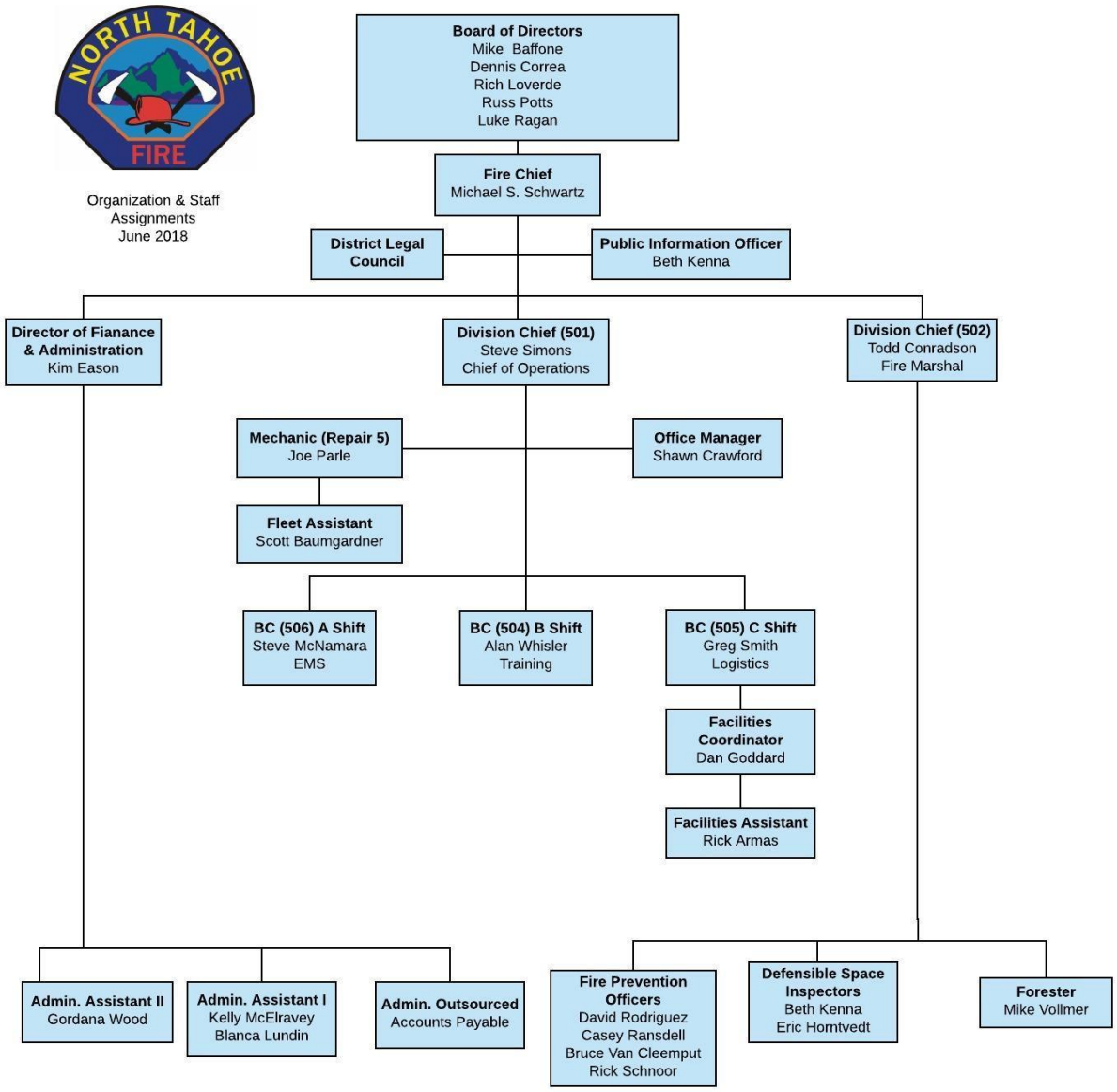
Fleet maintenance for the operationally-combined Districts is provided by the North Tahoe Fire Protection District at an apparatus/vehicle maintenance facility located at 159 Observation Dr., Tahoe City, CA (Station 54).

The Fire Chief is hired by and answers to a five-member Board of Directors who are elected to four-year-staggered terms and represent more than 15,000 residents living within the Fire District. The District operates under the authority of California Health and Safety Code Section 13800 et. seq (Fire Protection District Law of 1987) and is governed by the policies as approved and set forth by the Board of Directors.

Fire agencies are paramilitary in their structure with an established chain of command. In an emergency it is crucial that authority, information, and communication flow seamlessly. When less structure is warranted, the communication can be more relaxed.

NTFPD's formal organization chart is depicted in the following figure.

Figure 1: North Tahoe Fire Protection District Organizational Chart



Meeks Bay Fire Protection District

Meeks Bay Fire Protection District was officially formed in 1973. Prior to formation of the fire protection district, fire protection was provided as part of an El Dorado County Service Area. The MBFPD encompasses 14 square miles on the west shore of Lake Tahoe. The community is a mix of residential, recreational, and commercial properties with an assessed valuation of over $1 billion. The full-time resident population is approximately 1,000, with an influx of part-time residents and visitors during the summer and winter seasons. MBFPD serves approximately 2,000 parcels. The District's boundary includes extensive state park lands (841 acres) and federal lands (1,244 acres). The proximity to Desolation Wilderness creates challenges for the District with respect to wildland fire danger and specialized rescue services.

The District responds to approximately 136 calls for service annually (not including automatic or mutual aid to other agencies) to fires, both structural and wildland, rescue, advanced life support, ambulance/emergency medical services, hazardous materials calls, and assorted alarms. Residents and visitors participate in a wide variety of outdoor activities including, hiking, skiing, and water sports. These activities require specialized training and equipment for emergency personnel such as, back country rescue, boating/swimming accidents, avalanche extrication, snowmobile accidents, rope rescues, hillside rescues and searches.

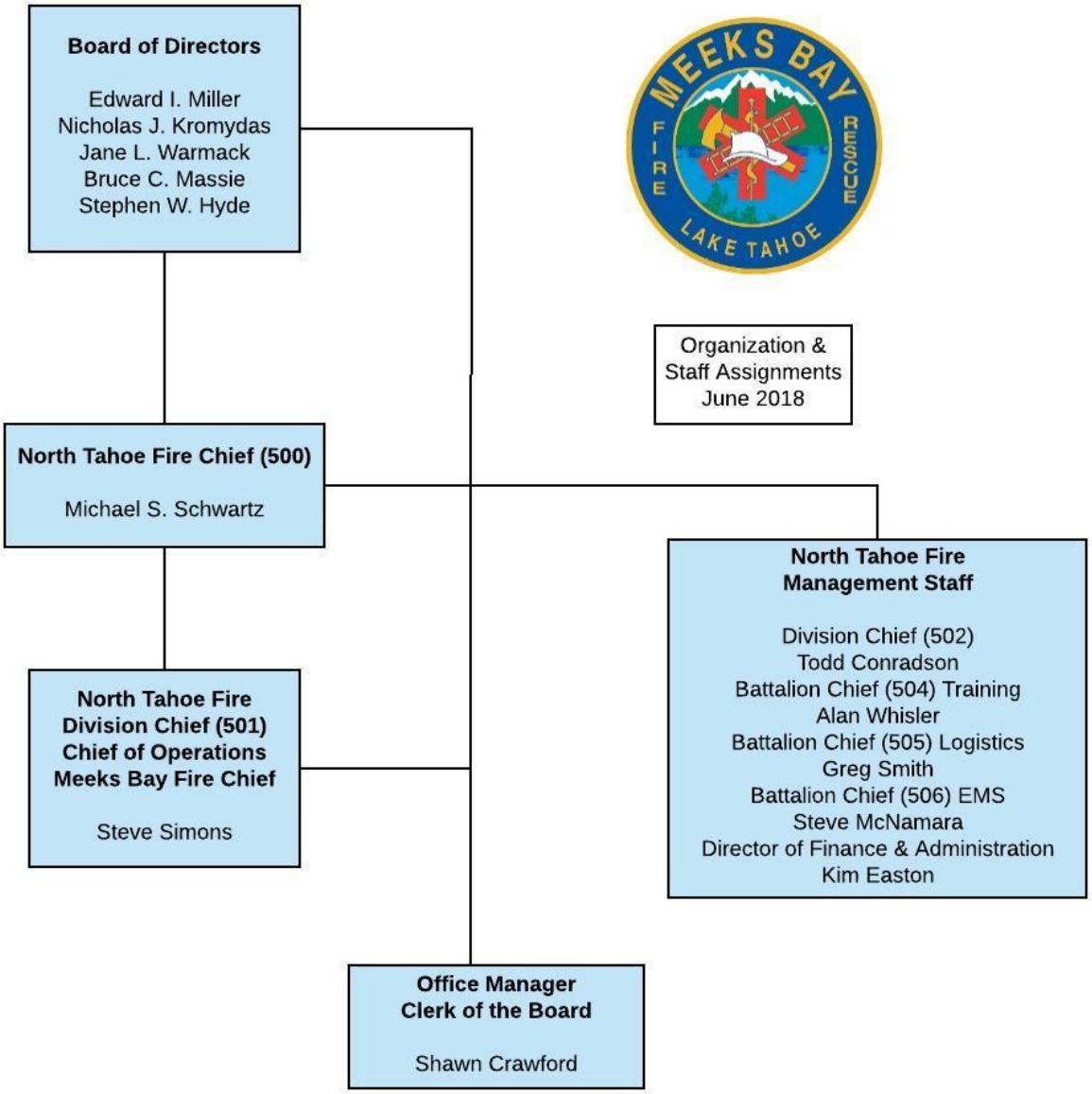
Meeks Bay Fire Protection District staffs one full-time equivalent employee. The District has a vehicle storage facility which was previously staffed by volunteers. The District's station is staffed per the Operating Agreement for Providing Safety Personnel and Employee Association Unification agreement with NTFPD which includes several robust program areas including Fire Suppression, Fire Prevention, Community Outreach, Emergency Medical Services, Technical Rescue, Fire Investigation, Hazardous Materials, Search and Rescue, Forest Fuel Reduction Program, and Requests for Assistance.

The approved 2017/18 fiscal year budget for the Meeks Bay Fire Protection District was adopted on September 27, 2017 in the amount of $1,587,022.

The Fire Chief is employed by NTFPD through the "Agreement for Fire Services Management and Related Services" contract. The Chief answers to a five-member Board of Directors who are elected to four-year-staggered terms. The District operates under the authority of California Health and Safety Code Section 13800 et. seq (Fire Protection District Law of 1987) and is governed by the policies as approved and set forth by the Board of Directors.

MBFPD's formal organization chart is depicted in the following figure.

Figure 2: Meeks Bay Fire Protection District Organizational Chart



Management Components

Mission, Vision, and Values

Mission, vision, and values statements are important to every organization and particularly public safety agencies. The statements help guide the District and its personnel as they carry out the charge of public service. The following statements have been adopted and subscribed to as noted by each District.

North Tahoe Fire Protection District

MISSION

The North Tahoe Fire Protection District provides the highest possible level of fire and life safety, rescue and emergency medical service, fire prevention, and public education to the citizens and visitors of the communities we serve.

ORGANIZATIONAL VALUES

- Honesty
- Integrity
- Honor
- Compassion
- Respect
- Pride

Meeks Bay Fire Protection District

MISSION

The mission of Meeks Bay Fire Protection District is to be responsive to the needs of the people of our District with a progressive organization that provides the community with fire prevention, suppression, rescue, and emergency medical services in a competent and professional manner.

Finding:

- Although the two districts function operationally as one, they have not aligned mission statements.

Recommendation: Adoption of Mission, Vision, and Values

The districts should consider updating and adopting a single set of mission, vision, and values statements.

Goals and Objectives

NTFPD currently embraces the following management goals:

- Create a dynamic management team consisting of Administration and Company Officers; which will support the mission of the organization.
- Provide leadership with maximum flexibility in addressing emergency as well as routine incidents while remaining within the guidelines of the District Rules & Regulations, Standard Operating Procedures, and accepted Fire and Emergency Medical Service practices.
- Ensure the accountability of financial and physical resources of the District.
- Be responsive to the needs of District customers within the confines of legal authority.

Internal Assessment of Critical Issues and Future Challenges

NTFPD has a Strategic Planning Team that is utilizing a facilitative Strategic Thinking Process. The internal assessment of critical issues has been on-going facilitated process which is being led by Steve Barber (Barber and Gonzales Assoc.) and the Fire Chief. The team includes the District's Organizational Effectiveness Committee (OEC). The OEC has been in existence for nearly two-years and meets quarterly and assesses internal critical issues through an agenda management process.

Internal and External Communications

The following information is from NTFPD's Communications Plan:

Communications both internally and externally are of the upmost importance to the District and as such are under the direct control of the office of the Fire Chief. The function of communications requires participation of the entire organization with specific emphasis on high acuity communications skills from executive and command staff. To facilitate exceptional external communications, public education, and urgent/emergent communications, the District employs a professional Public Information Officer and a Citizen Emergency Information Team, a sub-group of the District's 50-plus member Citizens' Emergency Response Team (CERT).

Internal Communications

Formal written communications are completed using a numbered memo system. Official communications are released as memorandums and sunset after one year by policy. Memos can subsequently be re-issued or converted into a policy.

Policies are the domain of the Fire Chief and are maintained through the Lexipol KMS system. The Fire Chief participates in their initial on-boarding orientation and continuing education. Lexipol provides Daily Training Bulletins (DTBs) to line staff that covers all policies in a 24-month cycle. All policies are constantly being updated and released for 15-day review by the entire organization prior to implementation. Policies that effect pay, benefits, or working conditions are also subject to meet and confer with the labor group.

Rules and Regulations are the domain of the Board of Directors. They are updated with participation of the Board and the NTPFA (labor group). Monthly formal Chief/Director Reports are produced for each Board of Directors meetings and subsequently are emailed to all personnel. The Fire Chief additionally releases a monthly email titled "Happy Friday" that provides an informal update to all personnel of activities from his office. Verbal communications follow the established chain of command though a series of meetings that respect span of control.

Figure 3: Communications Team Meeting Schedule

Chair	Team	Frequency
Fire Chief	Executive Staff	Weekly (usually on Mondays)
Operations Division Chief	Battalion Chiefs/Operations Team	Monthly
Battalion Chiefs	Captains	Monthly
Captains	Firefighters	Daily
Director of Finance and Administration	Administrative Staff	Weekly
Division Chief/Fire Marshal	Prevention Staff	Weekly
Operations Division Chief	Fleet Staff	Weekly
Labor Management	Labor Management Team	Quarterly
Engineer Farrell	Organizational Effectiveness Committee	Quarterly

External Communications

Provided with the assistance of the Public Information Officer, Information Technology Team, and the aforementioned Community Emergency Information Team:

- Maintain a District Website (www.ntfire.net).
- Substantial presence on social media: Facebook (Over 4,000 followers), Instagram, Twitter, Next-door, etc.
- Publish a monthly newspaper guest column "Chief Column" with a public safety message.
- Annual community newsletter "Fire lines" mailed to all homes within both Districts.
- Produce an annual report of the District's activities and finances.
- Meet with citizens' financial advisory committee sub-group of CERT.
- Attend monthly business community meeting "Breakfast Club."
- Attend monthly community meeting "Coffee with the Supervisor" hosted by the District's County Supervisor.
- Attend monthly North Tahoe Community Advisory Committee meetings.
- Attend homeowner meetings annually.

NTFPD participates in two regional Public Information Teams: 1) USFS TMU/Tahoe Fire and Fuels Team—Fire Public-info Team (Fire PIT); 2) USFS TNF-Joint Information Committee (JIC).

Fire Safety Public Education Programs

NTFPD's Fire Safety Education Program extends from schools to residents. The program is a cohesive collaboration between the Community Emergency Response Team, the Public Information Officer, and the Fire Prevention Team.

Residential Fire Safety Programs

NTFPD provides ample safety programs to the community with the collaboration of volunteer participation from the CERT Team. The District attends approximately 15 HOA meetings over the months of May, July, and September. The District has an active website with ample information that is updated regularly, as well as a Facebook account with over 4,000 followers and Instagram for those without access to other social media. Monthly, the Fire Chief and the PIO attend meetings that engage the public and allow for questions and answers.

An annual Fire Safe BBQ in the month of May brings agencies from the Tahoe Basin and Nevada to educate the public about defensible space, fire prevention, and wildfire science. This BBQ is in conjunction with June's Wildfire Awareness Month, which is promoted throughout the District with Basin wide events. The District is also an active member of the Tahoe Fire & Fuels Team (TFFT) and TFFT Public Information Team. A marketing strategy called "Think First" was created by the TFFT Public Information Team, which encourages the public to think before making a decision that could ignite a forest fire. The District collaborates with the Tahoe Resource Conservation District on their Fire Adapted Communities program, in which the NTFPD has several groups established.

Since the inception of the management contract with Meeks Bay FPD, North Tahoe FPD staff, line personnel, and volunteers continue to assist with the Meeks Bay Annual 4th of July Pancake Breakfast. This important two-day community event has existed for 50-years with a focus on community, safety, and fire protection topics.

The following are examples of residential fire safety attendance:

- Kiwanis Club of North Lake Tahoe
- Rotary Club of Tahoe City
- Girl Scouts of America
- Tahoe Chamber of Commerce
- Coffee with the Supervisor
- Placer County Fire Safe Alliance
- Tahoe Fire and Fuel Team
- Lake Tahoe West Restoration Project

Fire Safety Education in schools consists of the following:

- Tahoe Lake Elementary (Approx. 300 students)
- Kings Beach Elementary (Approx. 400 students)
- Tahoe Expeditionary Academy (Approx. 150 students)

Each school presentation is based on recommended NFPA guidelines for "Fire Prevention Week." The program evolves every year due to new demands both guided by local ordinances and national standards. Due to the District's commitment to fire prevention, each assembly is divided into groups of 40 kids to reach maximum attention span. Additionally, the District visits the middle school at Tahoe Expeditionary Academy and teaches students about wildfire prevention and the importance of defensible space. These students also participated in the "Fire Safe BBQ" in May and helped educate and engage other children in the District.

Approximate total of students seen for Fire Prevention purposes: 900 students. This total includes the Middle School Expedition Academy.

Finding:

- NTFPD's Communications Plan is one of the best this project team has seen.

Document Control and Security

ESCI reviewed each District's policies related to the following:

- Public Records Guidelines
- Record Retention
- Release of Information
- Records Management

Finding:

- Both districts have fully aligned policies related document control and security.

Information Technology Systems

Prior to August 2017, both Districts utilized Firehouse RMS for all fire service related records management. In August 2017, the Fire RMS system was transitioned to cloud-based Image Trend.

All dispatch information is forwarded to the Fire RMS system from the CAL FIRE Dispatch Center in Grass Valley, CA via a software program. The transfer is not real time and issues with the CAL FIRE Computer Aided Dispatch's program is creating challenges with time stamps such as receipt of call and dispatch.

NTFPD hosts its own server as well as contracting with a private provider for virtual server service; this service includes hardware and software maintenance.

Due to the connection challenges within the area, connection of fire stations within both Districts is accomplished via fiber optic, commercial cable, or cell/air card.

Front-line apparatuses are equipped with hardened iPads; however, they are not connected to the CAL FIRE CAD.

Findings:

- The districts have fully integrated their Fire Records Management Systems, internal and external server needs, maintenance, and mobile data terminal hardware.
- The Cal Fire CAD is not providing accurate time stamps necessary for accurate analysis of performance by the district/s related to call transfer delays, receipt of call and time of dispatch.

Recommendation: Improve CAD Connection and Time Stamps

- The districts should pursue linkage of their hardened iPads to the CAL FIRE CAD.
- The districts should aggressively pursue a solution to the concerns related to time stamps and tracking of call transfer times.

Capital Assets and Improvements

Three basic resources are required to successfully carry out the mission of a fire department—trained personnel, firefighting equipment, and fire stations. No matter how competent or numerous the firefighters, if appropriate capital equipment is not available for use by responders, it is impossible for a fire department to deliver services effectively. The capital assets that are most essential to the provision of emergency response are facilities and apparatus (response vehicles). The following figure exhibits the number of fire stations, and fire and EMS apparatus operated by the agencies participating in the study.

Fixed Facilities

Fire stations play an integral role in the delivery of emergency services for several reasons. A station's location will dictate, to a large degree, response times to emergencies. A poorly located station can mean the difference between confining a fire to a single room and losing the structure. Fire stations also need to be designed to adequately house equipment and apparatus, as well as meet the needs of the organization, its workers, and/or its members.

Consideration should be given to a fire station's ability to support the jurisdiction's mission as it exists today and into the future. The activities that take place within the fire station should be closely examined to ensure the structure is adequate in both size and function.

ESCI toured fire stations, storage, and fleet maintenance facilities in order to conduct a non-engineering review of the study area facilities listed in the following figures. The facilities were evaluated based on the following scale.

Figure 4: Fire Station Condition Definitions

Excellent	Like new condition. No visible structural defects. The facility is clean and well maintained. Interior layout is conducive to function with no unnecessary impediments to the apparatus bays or offices. No significant defect history. Building design and construction matches building purpose.
Good	The exterior has a good appearance with minor or no defects. Clean lines, good work flow design, and only minor wear of the building interior. Roof and apparatus apron are in good working order, absent any significant full thickness cracks or crumbling of apron surface or visible roof patches or leaks. Building design and construction matches building purpose.
Fair	The building appears to be structurally sound with weathered appearance and minor to moderate non-structural defects. Interior condition shows normal wear and tear but flows effectively to the apparatus bay or offices. Mechanical systems are in working order. Building design and construction may not match building purpose well. Showing increasing age-related maintenance, but with no critical defects.
Poor	The building appears to be cosmetically weathered and worn with potentially structural defects, although not imminently dangerous or unsafe. Large, multiple full-thickness cracks and crumbling of concrete on apron may exist. Roof has evidence of leaking and/or multiple repairs. The interior is poorly maintained or showing signs of advanced deterioration with moderate to significant non-structural defects. Problematic age-related maintenance and/or major defects are evident. May not be well suited to its intended purpose.

The following is a summary of the condition of each fire station and assigned apparatus.

Figure 5: North Tahoe Fire Protection District Station #51—Administrative Headquarters and Fire Station

Fire Station Name/Number:	North Tahoe Fire Protection District Station #51
Address/Physical Location:	222 Fairway Drive, Tahoe City, CA 96145
	The condition of this facility is "good" and would be classified as excellent except for the configuration of access from the crew's quarters area to the apparatus bays. Future viability is positive.
Survey Component	**Observations**
Structure	
Construction Type	3-story, wood frame with steel
Date of Construction	2012
Energy Audits	Liberty Energy/Upgraded to LED lighting
Seismic Protection	Yes; built to 2012 Seismic Standards
Auxiliary Power	Yes; with auto start
Condition	Good
Special Considerations	N/A
Square Footage	21,279
Apparatus Bays	5 engine bays; double-deep and drive-through
ADA/Gender Sensitive	Yes, ADA compliant and gender appropriate
Future Viability	Positive
Facilities Available	
Exercise/Workout	Yes; 1st floor and in an exercise room
Kitchen/Dormitory	Yes; full-size kitchen
Lockers/Closets	All bedrooms have lockers; 4 Bathrooms downstairs; 4 showers
Training/Meeting Rooms	Training room/ICP/EOC downstairs
Washer/Dryer	Yes
Extractor	Yes
Safety & Security	
Sprinklers & Smoke Alarm	Yes
Security	Yes, security pin-pad door locks.
Apparatus Exhaust System	Yes
Apparatus/Staffing Levels	
Minimum Assigned Staffing	3 and Battalion Chief
Assigned Apparatus/Vehicles	Type I 4-WD Engine, Type III Engine, 2 Medic Units, Water Tender 51, ATV, 6 utility trucks and command vehicles

Figure 6: North Tahoe Fire Protection District Station #52

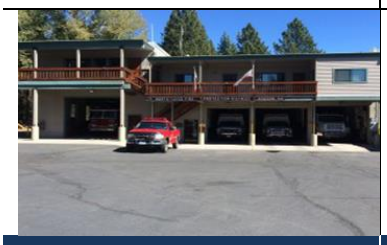
Fire Station Name/Number:	North Tahoe Fire Protection District Station #52
Address/Physical Location:	288 North Shore Blvd, Kings Beach, CA 96143
	While the condition of this facility is "fair," it is not configured in a response-efficient manner; this then limits its long-term viability.
Survey Component	**Observations**
Structure	
Construction Type	2- story; Hollow concrete/wood frame
Date of Construction	1954. Remodeled 1962; two apartments built above the engine bay. Additions in 1984; No. engine bay and training room. 1997–1998 kitchen and office area addition.
Energy Audits	Liberty Energy/Upgraded to LED lighting
Seismic Protection	Limited
Auxiliary Power	Yes; auto-start
Condition	Fair
Special Considerations	N/A
Square Footage	10,242
Apparatus Bays	Total of 4 back-in
ADA/Gender Sensitive	No. Not ADA compliant or gender sensitive.
Future Viability	Limited
Facilities Available	
Exercise/Workout	Upstairs
Kitchen/Dormitory	3 Dormitories and 2 kitchens are located upstairs
Lockers/Closets	Upstairs tub/showers & 2 bathrooms.
Training/Meeting Rooms	Upstairs
Washer/Dryer	Yes
Extractor	No
Safety & Security	
Sprinklers & Smoke Alarm	No sprinkler systems. Smoke alarms located on both levels.
Security	Security pin-pad door locks
Apparatus Exhaust System	Yes
Apparatus/Staffing Levels	
Minimum Assigned Staffing	3
Assigned Apparatus/Vehicles	Type I 4WD Engine; Type III Brush Engine, Medic Unit, Air 52, Utility 52

Figure 7: North Tahoe Fire Protection District Station #53—Homewood Station

Fire Station Name/Number:	North Tahoe Fire Protection District Station #53
Address/Physical Location:	5425 West Lake Blvd, Homewood, CA 96141
	Due to this station's size and lack of gender-specific separation, the long-term viability of this station—absent a remodel and expansion—is limited. Condition is fair to poor.

Survey Component	Observations
Structure	
Construction Type	Single story; hollow block masonry
Date of Construction	1962
Energy Audits	Liberty Energy/Upgraded to LED lighting
Seismic Protection	No
Auxiliary Power	Yes; auto-start
Condition	Poor to fair
Special Considerations	N/A
Square Footage	1,676
Apparatus Bays	3 back-in bays
ADA/Gender Sensitive	No. Not ADA compliant or gender sensitive.
Future Viability	Limited due to size and lack of gender specific separation
Facilities Available	
Exercise/Workout	In a separate room next to the engine bay
Kitchen/Dormitory	Kitchen – yes; 1 dormitory no gender segregation
Lockers/Closets	Lockers – yes; separate and shared bathroom,1 shower
Training/Meeting Rooms	No
Washer/Dryer	Yes
Extractor	No
Safety & Security	
Sprinklers & Smoke Alarm	Yes, in living quarters. Partial in the engine bay.
Security	Security pin-pad door locks
Apparatus Exhaust System	Yes
Apparatus/Staffing Levels	
Minimum Assigned Staffing	2
Assigned Apparatus/Vehicles	Type I Engine, Medic Unit, Type III Brush Engine, and Utility

Figure 8: North Tahoe Fire Protection District Station #54

Fire Station Name/Number:	North Tahoe Fire Protection District Station #54
Address/Physical Location:	195 Observation Drive, Tahoe City, CA 96145
	Station #54 is in fair condition; however, the size and lack of apparatus parking are a hinderance to future viability.
Survey Component	**Observations**
Structure	
Construction Type	Single-story, hollow-fill masonry block
Date of Construction	1964
Energy Audits	Liberty Energy/Upgraded to LED lighting
Seismic Protection	No
Auxiliary Power	Yes; auto-start
Condition	Fair
Special Considerations	N/A
Square Footage	2,585
Apparatus Bays	3 back-in bays
ADA/Gender Sensitive	No. Not ADA compliant or gender sensitive.
Future Viability	Limited
Facilities Available	
Exercise/Workout	N/A
Kitchen/Dormitory	Break room with a stove and refrigerator
Lockers/Closets	Yes; lockers and shower in the bathroom.
Training/Meeting Rooms	No; there is a small office area.
Washer/Dryer	No
Extractor	No
Safety & Security	
Sprinklers & Smoke Alarm	Yes, and there is heat detection in the main storage.
Security	Security pin-pad door locks
Apparatus Exhaust System	Yes
Apparatus/Staffing Levels	
Minimum Assigned Staffing	N/A
Assigned Apparatus/Vehicles	2 Mechanics are normally assigned to this facility

Figure 9: North Tahoe Fire Protection District Station #55

Fire Station Name/Number:	North Tahoe Fire Protection District Station #55
Address/Physical Location:	240 Carnelian Bay Road, Carnelian Bay, CA 96140
	The condition of this facility is "fair." It is not configured in a response-efficient manner; this then limits its long-term viability.
Survey Component	**Observations**
Structure	
Construction Type	Two-story, hollow fill masonry block/wood frame
Date of Construction	1962
Energy Audits	Liberty Energy/Upgraded to LED lighting
Seismic Protection	No
Auxiliary Power	Yes, external. No auto-start.
Condition	Fair
Special Considerations	N/A
Square Footage	3,362
Apparatus Bays	2 back-in bays
ADA/Gender Sensitive	No, not ADA compliant. Limited ability to accommodate mixed gender.
Future Viability	Limited due to size and lack of gender specific separation
Facilities Available	
Exercise/Workout	No
Kitchen/Dormitory	Yes, kitchen; 5 dormitories
Lockers/Closets	Yes, lockers; 2 bathrooms with showers upstairs and separate from the dormitory.
Training/Meeting Rooms	No
Washer/Dryer	Yes
Extractor	No
Safety & Security	
Sprinklers & Smoke Alarm	No, sprinklers. Yes, smoke detectors.
Security	Security pin-pad door locks
Apparatus Exhaust System	Yes
Apparatus/Staffing Levels	
Minimum Assigned Staffing	3 CAL FIRE (May–Oct.)
Assigned Apparatus/Vehicles	Type I Engine and Reserve Ambulance

Figure 10: North Tahoe Fire Protection District Station #56 and Annex

Fire Station Name/Number:	North Tahoe Fire Protection District Station #56
Address/Physical Location:	270 Alpine Meadows Road, Alpine Meadows, CA 96146
	The size, space, and configuration limitations of this facility limits its long-term viability. Condition is fair. Adjacent to the Fire Station is Station 56 Annex is a very large building that houses Alpine Springs County Water District's equipment and apparatus. The Fire District stores a reserve engine as well as other miscellaneous equipment inside this building.

Survey Component	Observations
Structure	
Construction Type	Two-story, wood frame
Date of Construction	1993
Energy Audits	Liberty Energy/Upgraded to LED lighting
Seismic Protection	No
Auxiliary Power	Yes; auto-start
Condition	Fair
Special Considerations	N/A
Square Footage	3,104
Apparatus Bays	2 apparatus bays – 1 drive-thru; 1 back-in
ADA/Gender Sensitive	No. Not ADA compliant or gender sensitive.
Future Viability	Limited
Facilities Available	
Exercise/Workout	Yes, in the apparatus bay and downstairs bedroom.
Kitchen/Dormitory	Yes, kitchen; 2 dormitories
Lockers/Closets	Yes, showers located outside of the dormitories, 1st and 2nd floor.
Training/Meeting Rooms	No
Washer/Dryer	Yes, located on the lower level.
Extractor	No
Safety & Security	
Sprinklers & Smoke Alarm	No, sprinklers; Yes, smoke alarms
Security	Security pin-pad door locks
Apparatus Exhaust System	Yes
Apparatus/Staffing Levels	
Minimum Assigned Staffing	2
Assigned Apparatus/Vehicles	Type I Engine, Medic Unit, which is cross-staffed with the Engine crew

Figure 11: Meeks Bay Fire Protection District Station #61

Fire Station Name/Number:	Meeks Bay Fire Protection District Station #61
Address/Physical Location:	8041 Hwy 89 (PO Box 189) Tahoma, CA 96142
	While the condition of this facility is "fair," it is not configured in a response-efficient manner. This limits its long-term viability.

Survey Component	Observations
Structure	
Construction Type	Two-story plus a loft, wood frame
Date of Construction	Prior to 1963
Energy Audits	No
Seismic Protection	No
Auxiliary Power	Yes, generator with auto-start
Condition	Fair
Special Considerations	N/A
Square Footage	10,652
Apparatus Bays	2 and-a-half back-in
ADA/Gender Sensitive	No. Not ADA compliant or gender sensitive.
Future Viability	Limited due to the Station's configuration
Facilities Available	
Exercise/Workout	Yes, 2nd floor and in an exercise room
Kitchen/Dormitory	Yes, full-size kitchen
Lockers/Closets	All bedrooms have lockers; 2 bathrooms upstairs; 1 shower
Training/Meeting Rooms	Training area is in the dining area
Washer/Dryer	Yes
Extractor	Yes
Safety & Security	
Sprinklers & Smoke Alarm	No, sprinklers. Yes, monitored smoke detectors.
Security	Yes, security pin-pad door lock
Apparatus Exhaust System	Yes
Apparatus/Staffing Levels	
Minimum Assigned Staffing	2
Assigned Apparatus/Vehicles	ALS Type I engine, Medic 61 (reserve), 2 utilities and Utility 61

Figure 12: Meeks Bay Fire Protection District Station #62—Storage Facility

Fire Station Name/Number:	Meeks Bay Fire Protection District Station #62
Address/Physical Location:	7164-7th Avenue, Tahoma, CA 96142
	The station is in fair condition however; the lack of accommodations such as dorm space, overall size and location, limits the facility's long-term viability.

Survey Component	Observations
Structure	
Construction Type	One-story, wood frame
Date of Construction	1979
Energy Audits	None
Seismic Protection	No
Auxiliary Power	No
Condition	Fair for current purpose
Special Considerations	N/A
Square Footage	1,396
Apparatus Bays	2 back-in
ADA/Gender Sensitive	No. Not ADA compliant or gender sensitive
Future Viability	Size and location limit this station's long-term viability
Facilities Available	
Exercise/Workout	No
Kitchen/Dormitory	No
Lockers/Closets	1 bathroom with a shower
Training/Meeting Rooms	No
Washer/Dryer	No
Extractor	No
Safety & Security	
Sprinklers & Smoke Alarm	Monitored heat detectors
Security	Security pin-pad door locks
Apparatus Exhaust System	No
Apparatus/Staffing Levels	
Minimum Assigned Staffing	N/A
Assigned Apparatus/Vehicles	Water Tender 62 and a Type II Engine

Facilities Summary

Eight facilities and/or fire stations serve the current need for housing of apparatus and response crews and fleet maintenance of the combined operation of the two Districts. Most of the stations—except for Station 51—are aging and current needs have exceeded size and design. Apart from NTFPD Station 51, none of the stations are appropriately configured, including dual gender accommodations, adequate space, or sufficient crew accommodations. All stations have emergency generators—with automatic start apart from Station 62—which does not have a generator, and Station 55 which does have a generator, however, it is not equipped with an emergency start.

NORTH TAHOE FIRE PROTECTION DISTRICT

The six facilities range in age from six years to sixty-four years. Some of the stations have been partially remodeled, however, the majority are at a point where they need updating and expansion if they are to continue to serve the District into the future.

MEEKS BAY FIRE PROTECTION DISTRICT

The two Meeks Bay FPD stations are in fair condition. They range in age from thirty-nine to fifty-five years.

When considering the opportunities that exist for cooperative efforts between fire districts, and particularly in the context of some form of legal unification, future facility costs are an important consideration. One organization does not want to inherit long range maintenance and replacement costs from another during a collaborative effort. The cost of fire stations, and varying degree of conditions and locations found in both Districts, underscores the importance of long range replacement planning. As the organizations move forward, regardless of decisions made regarding cooperative efforts, a plan for replacement and possible relocation of fire stations will be important.

Recommendation for Both Agencies: Long Range Capital Plans

Develop a long-range capital remodel/replacement/relocation plan for fire stations.

Apparatus/Vehicles

Other than firefighters assigned to stations, response vehicles are probably the next most important resource of the emergency response system. The delivery of emergency services will be compromised if emergency personnel cannot arrive quickly due to unreliable transportation or if the equipment does not function properly.

Fire apparatus are unique and expensive pieces of equipment, customized to operate efficiently for a narrowly defined mission. An engine may be built in such a way that the compartments fit specific equipment and tools. Virtually every space on a fire vehicle is designed for function. This same vehicle, with its specialized design, does not lend itself well to operate in a completely different capacity, such as a hazardous materials unit or a rescue squad. For this reason, fire apparatus offers little flexibility in use or reassigned purpose. As a result, communities across the country have sought to achieve the longest life span possible for these vehicles.

Unfortunately, no piece of mechanical equipment can be expected to last forever. As a vehicle ages, repairs tend to become more frequent and more complex. Parts may become more difficult to obtain, and downtime for repairs increases. Given the emergency mission that is so critical to the community, downtime is one of the most frequently identified reasons for apparatus replacement.

Because of the expense of fire apparatus, most communities develop replacement plans. To enable such planning, communities often turn to the accepted practice of establishing a life cycle for apparatus that results in an anticipated replacement date for each vehicle. The reality is that it may be best to establish a life cycle for planning purposes, such as the development of replacement funding for various types of apparatus; yet, apply a different method (such as a maintenance and performance review) for determining the actual replacement date, thereby achieving greater cost effectiveness when possible.

Fire administrators should be concerned about aging of the fleet and having a funded replacement schedule. As frontline units age, fleet costs will naturally be higher and more down time will be associated with necessary repairs and routine maintenance.

The following figure lists apparatus assigned to the eight NTFPD/MBFPD fire stations.

Figure 13: North Tahoe Fire District Apparatus Inventory

Apparatus Designation	Type	Year	Make and Model	Condition	Pump Capacity	Tank Capacity
M-15	I	1922	Seagrave Pumper	Parade		
M-45	III	1992	Int'l Mini Pumper	Good	500	500
M-52		1971	John Deere Loader			
M-60		1999	Ford F-250 Utility (STL)			
M-65	III	2007	Int'l 7400 Chassis	Very Good	500	650
M-71	I	2003	Spartan Pumper	Good	1,500	1,000
M-75		2004	Kenworth Water Tender	Very Good	750	2500
M-76		2004	Ford Braun Ambulance	Surplus Ambulance	CERT Rehab	
M-77	III	1997	Int'l Pumper	Good	750	500
M-78		2008	Ford F-250	Good		
M-80		2008	Ford F-150 Utility	Very Good		
M-81		2008	Ford F-150 Utility	Very Good		
M-83		2006	Bauer Air Trailer	Very Good		
M-84 Sta. 55		2005	DCA70 CAT Generator	Very Good		
M-85		2008	Ford Expedition	Good		
M-86		2009	Ford Expedition	Good		
M-88		2012	Ford F-550 (Mech Vehicle)	Very Good		
M-89		2011	Ford F350 Braun Ambulance	Very Good		
M-90		2012	Ford F350 Braun Ambulance	Very Good		
M-91		2014	Ford F350 Braun Ambulance	Very Good		
M-92	I	2016	KME Severe 4x4 Pumper	Excellent	1,500	750
M-93	I	2016	KME Severe 4x4 Pumper	Excellent	1,500	750
M-94		2014	Dodge 3500 Braun Ambulance	Excellent		

Apparatus Designation	Type	Year	Make and Model	Condition	Pump Capacity	Tank Capacity
M-95		2015	Dodge 3500 Braun Ambulance	Excellent		
M-96		2015	Ford Explorer	Excellent		
M-97		2016	Ford F250 Utility	Excellent		
M-98		2016	Ford F250 Utility	Excellent		
M-99	I	2017	KME Severe 4x4 Pumper	Excellent	1,500	750
M-100		2018	Ford Interceptor Utility	Pending delivery		
M-101		2018	Ford F-250 Utility	Pending delivery		
M-102		2017	Dodge 3500 Braun Ambulance	Excellent		
M-103	III	2018	HME 4x4 Brush Engine	Excellent	500	500
M-104		2018	Subaru Impreza	Excellent		
M-105		2018	Subaru Impreza	Excellent		

PREVENTION/CHIPPER

Apparatus Designation	Type	Year	Make and Model	Condition	Pump Capacity	Tank Capacity
M-203		2003	Arrow Trailer	Fair		
M-204		2006	Ford F-450 Flat Bed	Good		
M-205		2007	Carson DT122 Dump Trailer	Good		
M-207		2001	Ford F-350 Crew Cab Utility	Fair		
M-208		2008	Ford F-450 4x4 Flat Bed	Very Good		
M-209		1998	Ford F-150 Utility	Fair		
M-210		1998	Ford F-150 Utility	Fair		
M-212		2003	Chevy Tahoe	Fair		
M-213		2008	Bandit 200X Chipper	Good		
M-214		1998	Ford F-150 Utility	Fair		

MISCELLANEOUS

Apparatus Designation	Type	Year	Make and Model	Condition	Pump Capacity	Tank Capacity
M-247		2010	Snowmobile Trailer	Very Good		
M-248		2011	Wells Cargo – PIO	Very Good		
M-249		2011	Trailer	Very Good		
M-252		1985	Wells Cargo – PIO Trailer	Good		
M-253		2011	Cook Trailer	Very Good		
M-254		2012	Skidoo Snowmobile	Very Good		
M-255		2009	Skidoo Snowmobile	Very Good		
M-256		2013	Snake River Trailer (for antique Seagrave)	Very Good		
M-257		2013	Polaris Ranger-13, Crew, 800	Very Good		
M-258			83" Channel Utility Trainer (For Ranger)	Very Good		
M-259			Snowmobile Sleigh	Excellent		

Figure 14: Meeks Bay Fire Protection District Apparatus and Vehicle Inventory

Apparatus Designation	Type	Year	Make and Model	Condition	Pump Capacity	Tank Capacity
M-215		2011	Chevy Tahoe	Good		
M-1501	1	1999	HME	Good Reserve	1250	1000
M-1502	1	1989	FMC	Surplus		
M-1503	1	2003	International Water Tender	Very Good	1250	2000
M-1504		2000	Ford Expedition	Fair		
M-1505		2002	Dodge Pickup	Good		
M-1507		2007	Freightliner Dump Truck	Good		
M-1508		2005	250 Brush Bandit Chipper	Good		
M-1509		2007	255XP Track Bandit Chipper	Good		
M-1510		1999	Ford Plow Truck	Fair		
M-1511		2004	Mirage Trailer	Good		
M-1512	1	2017	KME Severe 4x4 Pumper	Excellent	1500	750
M-1513			Track Chipper Trailer	Good		
M-1514		2009	Dump Trailer	Good		

Apparatus Summary

Generally, fire agencies utilize a guideline as follows:

- Engines: 10 years frontline and 5 years reserve.
- Truck Companies: 15 years frontline and 5 to 10 years in reserve.
- Ambulance: 5 years front line 5 years in reserve.

The level of activity, topography, and other factors may influence these guidelines.

The frontline Type I Engines of both agencies currently in-service fall within industry standards. Three of the four frontline engines were purchased in either 2016 or 2017. The six ambulances listed as front-line fall within industry standards except for M-89 and M-90. Meeks Bay Fire Protection District's front-line Type I Engine was purchased in 2017 and configured similarly to North Tahoe Fire Protection District's Type I Engines.

An important consideration for fire districts contemplating any kind of integration, is the commitment to apparatus maintenance and planning for the replacement of this expensive and sophisticated equipment as they near the end of their useful lives.

Capital Replacement Planning

Fire apparatus are typically unique pieces of equipment, often very customized to operate efficiently in a narrowly defined mission. A pumper may be designed such that the compartments fit specific equipment and tools, with virtually every space on the truck designated in advance for functionality. This same vehicle, with its specialized design, cannot be expected to function in a completely different capacity, such as a hazardous materials unit or a rescue squad. For this reason, fire apparatus is very expensive and offers little flexibility in use and reassignment. As a result, communities across the country have sought to achieve the longest life span possible for these vehicles.

Because of the large expense of fire apparatus, most agencies find the need to plan for the cost of replacement. To properly do so, agencies often turn to the long-accepted practice of establishing a life cycle for the apparatus that results in a replacement date being anticipated well in advance. Forward thinking organizations then set aside incremental funds during the life of the vehicle, so replacement dollars are ready when needed.

Long range capital replacement planning is always a challenge for a fire department. Both study agencies have done a commendable job of purchasing and maintaining an up to date fleet of fire apparatus. However, because nearly all front-line Type I Engines were purchased at the same time, both Districts will see these apparatuses come due for replacement at about the same.

The purchase of ambulances has been staggered a bit differently and it appears they are spread out so that replacements fall every two to three years.

The practice in both organizations appears to be similar. Rather than purchasing fire and EMS vehicles incrementally over time, multiple pieces of equipment have been bought at the same time, using general fund reserves. The practice has been successful to date, however results in a drain of reserves that could be used to sustain the District/s during economic downturns. Fire vehicles have a readily predictable service life and an easily forecast future replacement cost, which should be planned for. If future needs are identified and funding is set aside to accommodate them, the agency will not be dependent on reserves in the future to meet its long-term financial demands. ESCI advises clients that, as soon as a new piece of fire apparatus is purchased, funding should start to be set aside for its replacement.

Per District staff, North Tahoe FPD has established a laddered leasing replacement program. While not the traditional "save and buy" capital replacement program, it does provide adequate funding to meet the recommended replacement schedule discussed and arguably more efficient than the traditional model.

ESCI did not review the laddered leasing program therefore our recommendation is that the development of a funded replacement schedule and additional detail in both agencies would be warranted.

Recommendation for Both Agencies: Long Range Apparatus and Vehicle Replacement Plans
Establish and fund a long-range apparatus and vehicle replacement schedule to move away from reliance upon General Fund reserves.

Staffing and Personnel Management

The most valuable asset of any organization is its people. The effective management of human resources requires a balance between the maximum utilization of the overall workforce and the experience of a high level of job satisfaction by individual workers. To achieve this goal consistently, management must combine reliability with a safe working environment, fair treatment, the opportunity to provide input, and recognition of the individual's commitment and sacrifice. Job satisfaction depends upon this combination of factors.

Administrative and Support Staffing

One of the primary responsibilities of a fire department's administration is to ensure that the fiscal, infrastructure, and support elements are in place and functioning smoothly and effectively so that the core mission—responding to and mitigating emergencies—can be accomplished in a safe and efficient manner. Administrative staffing includes command officers (Fire Chiefs, Division Chiefs, and Battalion Chiefs) administrative support and other key staff.

Like any other part of a fire department, administration and support need the appropriate resources to function properly. In this section of the staffing analysis, the ratio of administrative and support positions to total organizational staffing is compared to industry best practices and similar organizations. Too large an emphasis on administrative staffing can have as much of a detrimental influence on the efficient functioning of an organization as too little. It is important to achieve an appropriate balance between administration and support and the operational sides of a department. Organizational success may depend upon it.

The following figure lists the positions and numbers of the combined administration and support positions

Figure 15: Administrative and Support Staffing

Position	Number
Fire Chief	1
Division Chief – Operations	1
Division Chief – Fire Marshal	1
Director of Finance/Administration	1
Office Manager (MBFPD employee)	1
Administrative Assistant	3
Public Information Officer	1
Facilities Coordinator	1
Fleet/Facilities Assistant	2 (PT)
Fleet mechanic	1
Forester	1
Defensible Space Inspector	.5
Fire Inspector	2 FT and 2 (PT)

Discussion

Levels of administrative and support staffing vary widely in fire departments for a host of reasons. A primary factor is that fire districts have very different administrative staffing needs from a city department. Fire districts will typically have to address services such as human resources, finance, payroll, purchasing, and many other functions that are available to a city department, but not to a district. Another administrative staffing difference may be seen between agencies that provide ambulance transportation and those that do not, because of the level of cost recovery billing that is needed in a transporting agency.

ESCI observes that as a combined agency, the Districts are adequately staffed.

In the event that the Meeks Bay Fire Protection District were standalone, and assuming the same administrative and support staffing as currently provided under the Agreement for Fire Services Management and Related Services dated April 5, 2014, MBFPD would need to add positions necessary to carry out all of the administrative and support positions identified in the previous figure. ESCI recognizes that in a small district, some of these duties can be combined; however, from a business practice perspective, it is important to maintain a separation of duties. This separation is extremely important as it related to finances and workload.

Finding:

- The "Agreement for Fire Services Management and Related Services," dated April 5, 2014, has resulted in enhanced services to the Meeks Bay Fire Protection District.

Recommendation: Administrative Staffing

Fully merge the administrative staffing of the two districts.

Emergency Response Staffing

An adequate number of properly trained staff of emergency responders is required for putting the appropriate emergency apparatus and equipment to its best use in mitigating incidents. Insufficient staffing at an operational scene decreases the effectiveness of the response.

The first 15 minutes is the most crucial period in the suppression of a fire. How effectively and efficiently firefighters perform during this period has a significant impact on the overall outcome of the event. This general concept is applicable to fire, rescue, and medical situations. Critical tasks must be performed in a timely manner in order to control a fire or to treat a patient. The fire department is responsible for assuring that responding companies can perform all of the described tasks in a prompt, efficient, and safe manner. The following figure lists the agencies' emergency response staffing.

The two participating agencies staff for emergency operations and function as one entity utilizing full-time career personnel.

Figure 16: Details the Emergency Response Staffing for the Combined Operation

Service	General Resource/Asset Capability	Basic Staffing Capability per Shift
Fire Suppression	5 staffed engines/cross-staffed with ambulances 0 staffed ladder trucks 2 command response units 0 two-person rescue 0 Safety officer Additional automatic and mutual aid engines, aerials, and support units available.	13–16 suppression-trained personnel. Additional automatic and mutual aid firefighters available.
Emergency Medical Services	5 ALS ambulance cross-staffed with Engines 1 Engine – ALS equipped	4 certified emergency medical technicians 12 paramedics
Vehicle Extrication	4 engines equipped with hydraulic rescue tools, hand tools, air bags, 1 service company with cutting torch, stabilization cribbing 3 ambulances with combination cutter-spreader hydraulic rescue tool	16 firefighters trained in vehicle rescue.
Low -Angle Rescue	9 District personnel participate as part of regional technical rescue team with mutual aid partners. Rescue-rated rope and all associated hardware shared between all agencies.	15 personnel trained to the low angle rope rescue standards. Associated rescue rated hardware available at 3 District stations.
Trench and Collapse Rescue)	2 personnel trained in trench rescue. Rescue rated equipment associated with confined space and other rescue gear. Additional personnel, material, and equipment available through mutual aid partners.	
Swift-Water Rescue	Minimal swift water threat within District boundaries, but throw-bags, PFDs, helmets and one rescue raft available to be deployed when needed. Shore Zone and ice rescue equipment available to be deployed as needed.	6 personnel trained in swift water rescue operations. 16 personnel trained in shore zone water rescue techniques. 16 personnel trained in ice rescue techniques.
Confined Space Rescue	Two sets of all required equipment with tripod, cribbing, shores, air monitoring equipment, basket stretchers, rescue-rated rope available at Station 51 and 52. Additional equipment and personnel available through mutual aid.	6 personnel trained to the technician level in confined space rescue.

Service	General Resource/Asset Capability	Basic Staffing Capability per Shift
Hazardous Materials Response	Minimal direct Hazardous Materials threat within District boundaries, but 4 personnel trained to Haz Mat Specialist level and participate as part of regional Type II Haz Mat Response team. Regional Type II Haz Mat response vehicle equipped with personal protective equipment, gas and radiation monitoring equipment, containment supplies, and non-sparking tools located at Truckee Fire Station 96.	16 personnel trained to the operations level.

Figure 17: Combined Emergency Response Positions

Position	Number
Fire Chief	1
Division Chief (Operations/Fire Marshal)	2
Battalion Chief	3
Fire Captain	12
Fire Apparatus Operator	15
Firefighter – Career	18
Firefighter	PT

Stations 51 and 52 are staffed with a minimum of three personnel at all times. Station 53 is staffed with three personnel as available staffing permits, however a minimum staffing of two is the default. The District's four primary paramedic ambulance units are cross staffed utilizing engine company crews. In addition, and because of the Agreement for Fire Services Management and Related Services, Meeks Bay Station 61's initial response engine has been upgraded to Advanced Life Support/Paramedic and as needed the crew will cross staff the reserve ambulance stationed with the engine.

The deployment of emergency response resources is consistent with most of the calls for service, however the level of staffing is minimal. As is typically found in today's fire departments, most of fire service calls are for medically-related emergencies. In response, all but six of the District's firefighters are certified to Advanced Life Support (Paramedic) level. The combined operation of both Districts has resulted in enhanced service to the community served by MBFPD as well as mutual operational efficiencies. These enhancements and efficiencies include but are not limited to:

- 24/7 Duty Officer coverage
- Stabilized daily staffing of the MBFPD station
- Implementation of Advanced Life Support (Paramedic) level initial response to MBFPD
- Positioning of a reserve ALS ambulance at the Meeks Bay Station

- Enhanced level of training
- Standardization of policies and operating procedures
- Progress towards full boundary drop response protocols

It must be noted that prior to April 2014, staffing levels for MBFPD were inconsistent and varied from two person staffing to one with a full response dependent on reserve/volunteer turnout. MBFPD was not able to staff a low risk structure fire absent automatic and mutual aid.

Figure 18: Daily Emergency Response Staffing by Station

Station	Apparatus	Minimum On-duty Staffing
Station 51 (Headquarters)	Engine 51	3
	Medic 51	Cross Staffed
	Medic 251	Reserve
	Brush 51	Cross Staffed
	Ranger 51 (4 seat EMS ATV)	
	Water Tender 51	Cross Staffed
	Battalion Chief 5	1
	Utility 51	
Station 52	Engine 52	3
	Medic 52	Cross Staffed
	Brush 52	Cross Staffed
	Air 52	
	Utility 52	
Station 53	Engine 53	2/3
	Medic 53	Cross staffed
	Brush 53	Cross Staffed
	Utility 53	
Station 54 (Shop)	Mechanic Shop	0
Station 55 (CAL FIRE, Seasonal)	CAL FIRE Lease Fire Season	Seasonal
	Engine 55	0
Station 56	Engine 56	2
	Medic 56	Cross Staffed
Station 56 Annex	Reserve Engine	
Station 61 (Meeks Bay FPD)	Engine 61 (ALS)	2
	Medic 61	Reserve
	Utility 61	
Station 62 (Storage, Meeks Bay FPD)	Water Tender 62	0
	Reserve Engine	Reserve
TOTAL		**13**

Critical Tasking

The NTFPD/MBFPD has developed the following critical task analyses for various incident types. Further, it has defined, based on current unit staffing levels, the number and type of apparatus needed to deliver sufficient numbers of personnel to meet the critical tasking identified. ESCI's review of the critical task analysis concludes that all are generally in keeping with industry standards and provide the minimum number of personnel needed for effective incident operations.

Establishing resource levels needed for various types of emergencies is a uniquely local decision. Factors influencing local decisions for incident staffing include the type of equipment operated, training levels of responders, operating procedures, geography, traffic, and the nature of building and other risks protected.

Critical tasks are those activities that must be conducted early on and in a timely manner by firefighters at emergency incidents to control the situation, stop loss, and to perform necessary tasks required for a medical emergency. NTFPD/MBFPD is responsible for assuring that responding companies are capable of performing all of the described tasks in a prompt, efficient, and safe manner. These are the minimum number of personnel needed by incident type for each agency. More personnel will be needed for incidents of increased complexity or size.

LOW RISE STRUCTURE FIRE

Task	Number of Personnel
Command/Safety	1
Pump Operations	1
Attack Line	2
Search/Rescue/Ventilation	2
RIC	2
Other (Hydrant, backup line)	2
TOTAL	**10**

HIGH RISE STRUCTURE FIRE (55+ FEET IN HEIGHT)

Task	Number of Personnel
Command/Safety	3
Pump Operations	2
Attack Line	4
Search and Rescue	4
Ventilation	4
RIC	4
Other (Hydrant, backup line)	4
TOTAL	**25**

MODERATE RISK COMMERCIAL STRUCTURE FIRE

Task	Number of Personnel
Command/Safety	3
Pump Operations	2
Attack Line	4
Search and Rescue	4
Ventilation	4
RIC	2
Other (hydrant, backup line)	4
TOTAL	**23**

HIGH RISK COMMERCIAL STRUCTURE FIRE

Task	Number of Personnel
Command/Safety	3
Pump Operations	2
Attack Line	4
Search and Rescue	4
Ventilation	4
RIC	4
Other (hydrant, backup line)	4
TOTAL	**25**

WILDLAND FIRE—LOW RISK

Task	Number of Personnel
Command/Safety	2
Attack Line	2
TOTAL	**4**

WILDLAND FIRE—HIGH RISK

Task	Number of Personnel
Command/Safety	3
Pump Operations/Lookout	5
Attack Line	12
Structure Protection	3
Water Supply	2
TOTAL	**25**

AIRCRAFT EMERGENCY

Task	Number of Personnel
Command/Safety	1
Aircraft Fire Suppression	2
Pump Operations	2
Attack Line	2
Back-up Line	2
Rescue	2
Emergency Medical Care	2
Water Supply	1
TOTAL	**14**

HAZARDOUS MATERIALS—LOW RISK

Task	Number of Personnel
Command	2
Liaison	1
Decontamination	4
Research/Support	2
Entry team, and Backup Team	6
TOTAL	**15**

HAZARDOUS MATERIALS—HIGH RISK

Task	Number of Personnel
Command	2
Liaison	1
Decontamination	4
Research Support	2
Team Leader, Safety, Entry Team, and Backup Team	6
Total	**15**

EMERGENCY MEDICAL AID (LIFE THREATENING)

Task	Number of Personnel
Patient Management	1
Patient Care	2
Documentation	1
TOTAL	**4**

MAJOR MEDICAL RESPONSE (10+ PATIENTS)

Task	Number of Personnel
Incident Command/Safety	1
Triage	1
Treatment Manager	1
Patient Care	8
Transportation Manager	1
TOTAL	**12**

MOTOR VEHICLE ACCIDENT (NON-TRAPPED)

Task	Number of Personnel
Scene Management/ Documentation	2
Patient Care/Extrication	2
TOTAL	**4**

MOTOR VEHICLE ACCIDENT (TRAPPED)

Task	Number of Personnel
Command/Safety	1
Scene Management	1
Patient Care	2
Extrication	3
Pump Operator/ Suppression Line	2
Extrication/Vehicle Stabilization	2
TOTAL	**11**

TECHNICAL RESCUE—WATER

Task	Number of Personnel
Command/Safety	1
Rescue Team	3
Backup Team	2
Patient Care	2
Rope Tender	2
Upstream Spotter	2
Downstream Safety	2
TOTAL	**14**

TECHNICAL RESCUE—ROPE

Task	Number of Personnel
Command/Safety	1
Rescue Team	2
Backup/Support Team	2
Patient Care	2
Rigger	1
Attendant	1
Ground Support	4
Edge Person	1
TOTAL	**14**

TECHNICAL RESCUE—CONFINED SPACE

Task	Number of Personnel
Command/Safety	2
Rescue Team	2
Backup/Support Team	2
Patient Care	2
Attendant	1
Rigger	1
Ground Support	4
TOTAL	**14**

TECHNICAL RESCUE—TRENCH

Task	Number of Personnel
Command/Safety	2
Rescue Team	2
Backup/Support Team	2
Patient Care	3
Shoring	5
TOTAL	**14**

Alarm Assignments

In order to ensure sufficient personnel and apparatus are dispatched to an emergency event, the District has established the following first alarm response assignments. "Total Staffing Needed" is the number identified in the Critical Tasking Analysis on the previous pages.

LOW RISE STRUCTURE FIRE

Unit Type	Number of Units	Total Personnel
Engine	3	9
Truck	0	0
Ambulance	1	2
Air Supply	0	0
Battalion Chief	1	1
Total Staffing Provided		**12**
Total Staffing Needed		**10**

HIGH RISE STRUCTURE FIRE (55+ FEET)

Unit Type	Number of Units	Total Personnel
Engine	3	9
Truck	1	2
Ambulance	1	2
Air Supply	0	0
Battalion Chief	1	1
Total Staffing Provided		**14**
Total Staffing Needed		**25**

MODERATE RISK COMMERCIAL STRUCTURE FIRE

Unit Type	Number of Units	Total Personnel
Engine	3	9
Truck	1	2
Ambulance	1	2
Air Supply	0	0
Battalion Chief	1	1
Total Staffing Provided		**14**
Total Staffing Needed		**23**

HIGH RISK COMMERCIAL STRUCTURE FIRE

Unit Type	Number of Units	Total Personnel
Engine	3	9
Truck	1	2
Ambulance	1	2
Air Supply	0	0
Battalion Chief	1	1
Total Staffing Provided		**14**
Total Staffing Needed		**25**

WILDLAND FIRE—LOW RISK (+ STATE AND FEDERAL DISPATCH)

Unit Type	Number of Units	Total Personnel
Brush Engine	2	6
Battalion Chief	1	1
Water Tender	0	0
Total Staffing Provided		**7**
Total Staffing Needed		**4**

WILDLAND FIRE: HIGH RISK—MEDIUM/HIGH DISPATCH + STATE AND FEDERAL DISPATCH

Unit Type	Number of Units	Total Personnel
Engine	3	9
Brush Engine	3	9
Battalion Chief	1	1
Water Tender	2	4
Total Staffing Provided		**23**
Total Staffing Needed		**25**

AIRCRAFT EMERGENCY

Unit Type	Number of Units	Total Personnel
Engine	2	6
Truck	0	0
ARRF	0	0
Rescue	0	0
Ambulance	2	4
Battalion Chief	1	1
Total Staffing Provided		**11**
Total Staffing Needed		**14**

HAZARDOUS MATERIALS—HIGH RISK

Unit Type	Number of Units	Total Personnel
Engine	2	6
Truck	0	0
Ambulance	1	2
Battalion Chief	1	1
Hazardous Materials Unit	1	4
Total Staffing Provided		**13**
Total Staffing Needed		**15**

HAZARDOUS MATERIALS—LOW RISK

Unit Type	Number of Units	Total Personnel
Engine	1	3
Truck	0	0
Ambulance	1	2
Battalion Chief	1	1
Hazardous Materials Unit	0	0
Total Staffing Provided		**6**
Total Staffing Needed		**15**

EMERGENCY MEDICAL SERVICE (LIFE-THREATENING) FIRST ALARM

Unit Type	Number of Units	Total Personnel
Engine or Utility	1	1
Ambulance	1	2
Total Staffing Provided		**3**
Total Staffing Needed		**5**

MAJOR MEDICAL RESPONSE (10+ PATIENTS) THIRD ALARM

Unit Type	Number of Units	Total Personnel
Engine/Paramedic	2	6
Ambulance	7	14
Rescue	0	0
Battalion Chief	1	1
Total Staffing Provided		**21**
Total Staffing Needed		**12**

MOTOR Vehicle Accident (Non-Trapped) First Alarm

Unit Type	Number of Units	Total Personnel
Engine	1	1–2
Ambulance	1	2
Battalion Chief	1	1
Total Staffing Provided		**4–5**
Total Staffing Needed		**4**

MOTOR Vehicle Accident (Trapped) Second Alarm

Unit Type	Number of Units	Total Personnel
Engine	3	9
Ambulance	3	6
Rescue	0	0
Battalion Chief	1	1
Total Staffing Provided		**16**
Total Staffing Needed		**11**

TECHNICAL RESCUE—WATER

Unit Type	Number of Units	Total Personnel
Engine	1	3
Water Rescue Unit	0	0
Tech Rescue Unit	0	0
Ambulance	1	2
Battalion Chief	1	1
Total Staffing Provided		**6**
Total Staffing Needed		**14**

TECHNICAL RESCUE—ROPE

Unit Type	Number of Units	Total Personnel
Engine	1	3
Truck	0	0
Rescue		0
Ambulance	1	2
Battalion Chief	1	1
Total Staffing Provided		**6**
Total Staffing Needed		**14**

TECHNICAL RESCUE—CONFINED SPACE

Unit Type	Number of Units	Total Personnel
Engine	1	3
Truck	0	0
Rescue	0	0
Ambulance	1	2
Battalion Chief	1	1
Total Staffing Provided		**6**
Total Staffing Needed		**14**

TECHNICAL RESCUE—TRENCH

Unit Type	Number of Units	Total Personnel
Engine	1	3
Truck	0	0
Rescue	0	0
Ambulance	1	2
Battalion Chief	1	1
Total Staffing Provided		**6**
Total Staffing Needed		**14**

Finding:

- The combined operation of the two districts is designed to maximize available resources resulting in service enhancements to MBFPD. As a standalone agency, MBFPD would be unable to field a first alarm assignment for any of the identified alarm types noted above.

Service Delivery, Demand, and Performance

This section of the Feasibility Study for the two Districts reviews current service delivery and performance. Observations concerning service delivery for the study area as a whole and for the individual agencies are provided where appropriate depending on available data. It is important to examine the level of workload (service demand) that a fire department experiences. Higher service demand can strain the resources of a department and may result in a negative effect on response time performance.

Service Demand

This section describes current and historical service demand by incident type and temporal variation for the study area and the participating jurisdictions. GIS software is used to provide a geographic display of demand within the overall study area. The data used in this analysis is derived from National Fire Incident Reporting System (NFIRS) data provided by the North Tahoe Fire Protection District. The following two figures depict historical service demand from 2008 through 2017 for each agency

Figure 19: NTFPD & MBFPD Historic Service Demand, 2008–2017

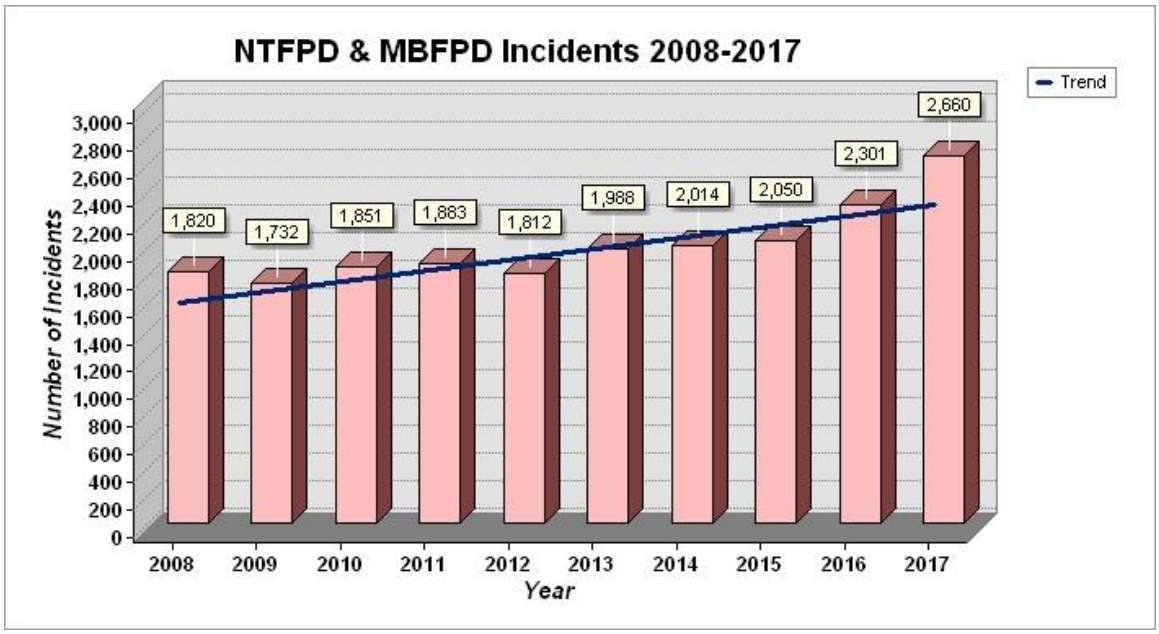


Figure 20: NTFPD & MBFPD Percentage Change, 2008–2017

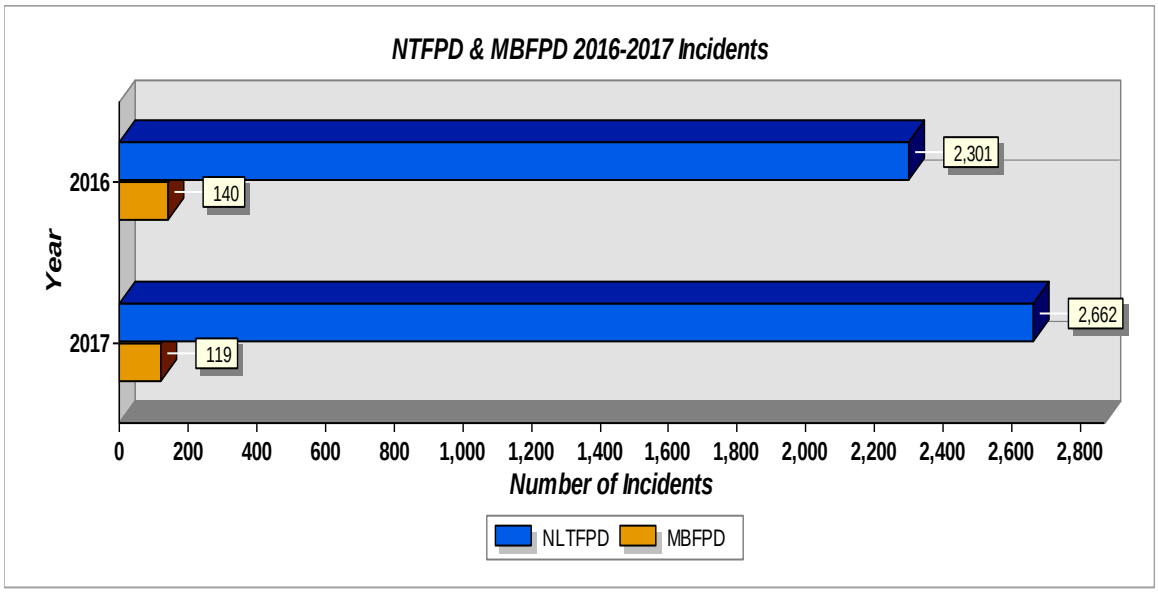
Year	Number of Incidents	Percent Increase
2008	1,820	
2009	1,732	-5%
2010	1,851	7%
2011	1,883	2%
2012	1,812	-4%
2013	1,988	10%
2014	2,014	1%
2015	2,050	2%
2016	2,301	12%
2017	2,660	16%
	Average	**5%**

Over the past 9 years, the average call volume for both Districts has increased by 5 percent. Through 2012, the percentage increase in call volume was single digit. In 2013, 2016, and 2017, the percentage increase in calls was double digit.

Temporal Variation

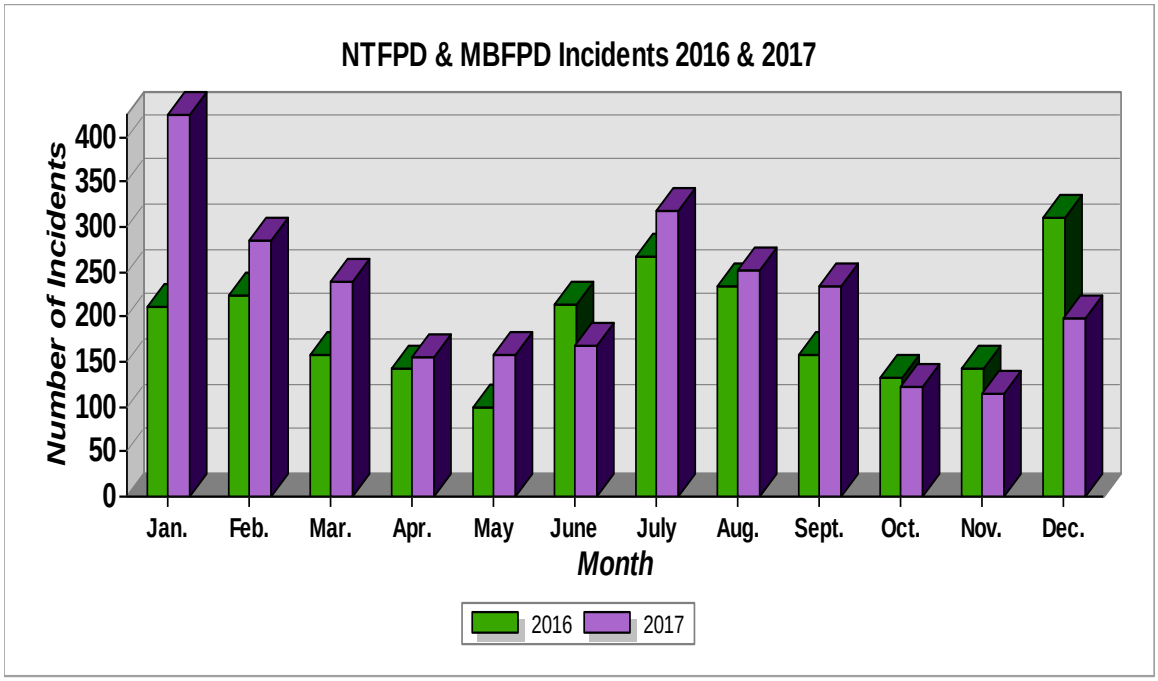
A temporal analysis of incidents reveals when the greatest response demand is occurring. The following figures show how activity and demand changes for the individual fire agencies based on various time measurements. The available incident data was from January 1, 2016 to December 31, 2017. The following figure shows both Districts' year to year comparison.

Figure 21: NTFPD & MBFPD Incident Count



Service demand in the NTFPD is much greater that the MBFPD and is steadily increasing, while the MBFPD service demand is decreasing. The NTFPD automatically responds to the northern portion of the MBFPD. The following figure shows both Districts' month-to-month comparison.

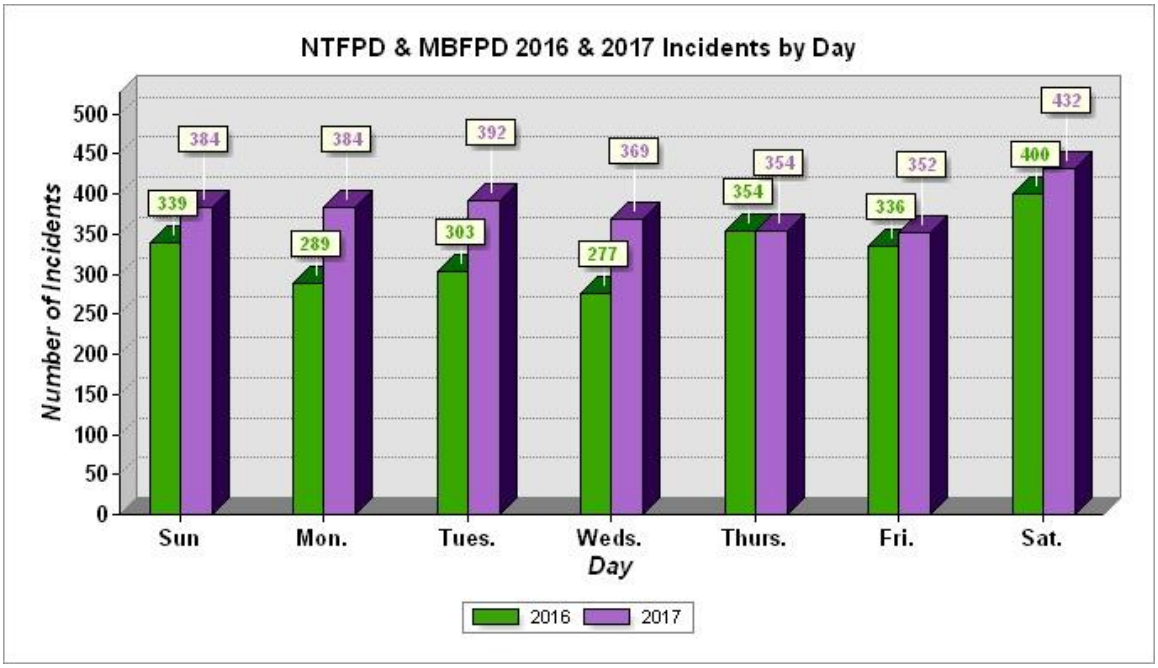
Figure 22: NTFPD & MBFPD Incidents by Month, 2016 & 2017



The winter months of January and December are the busiest. The second busiest time is the height of the summer, especially the month of July. Both busy intervals are likely due to the influx of vacationers.

The following figure depicts the incidents by day of the week.

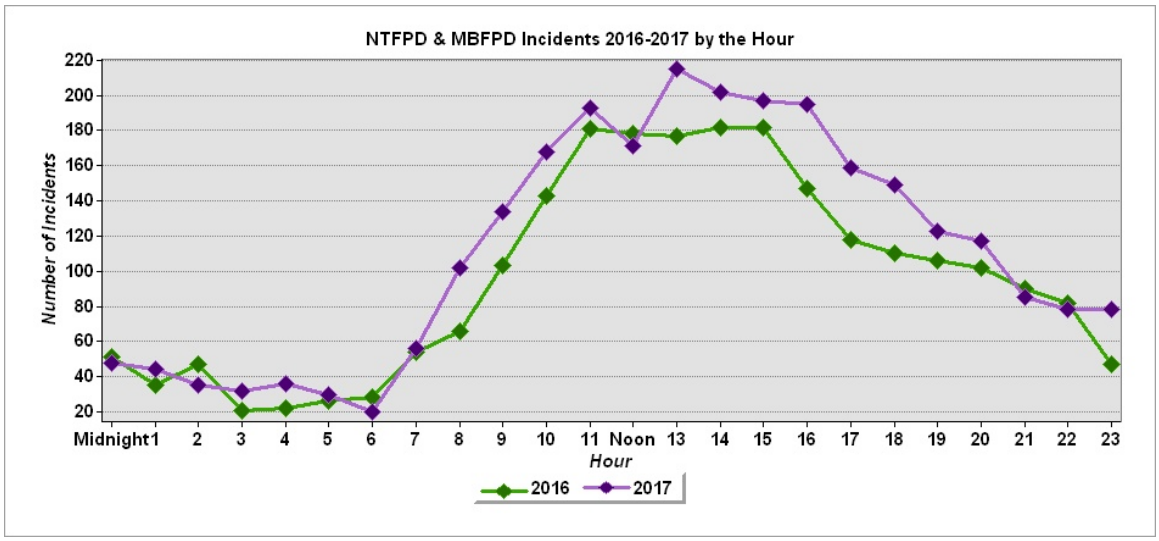
Figure 23: NTFPD & MBFPD Incidents by Day of Week, 2016 & 2017



The busiest day for both Districts is Saturday; the core of the weekend.

The last temporal analysis of service demand examines demand summarized by hour of the day, as the following figure depicts.

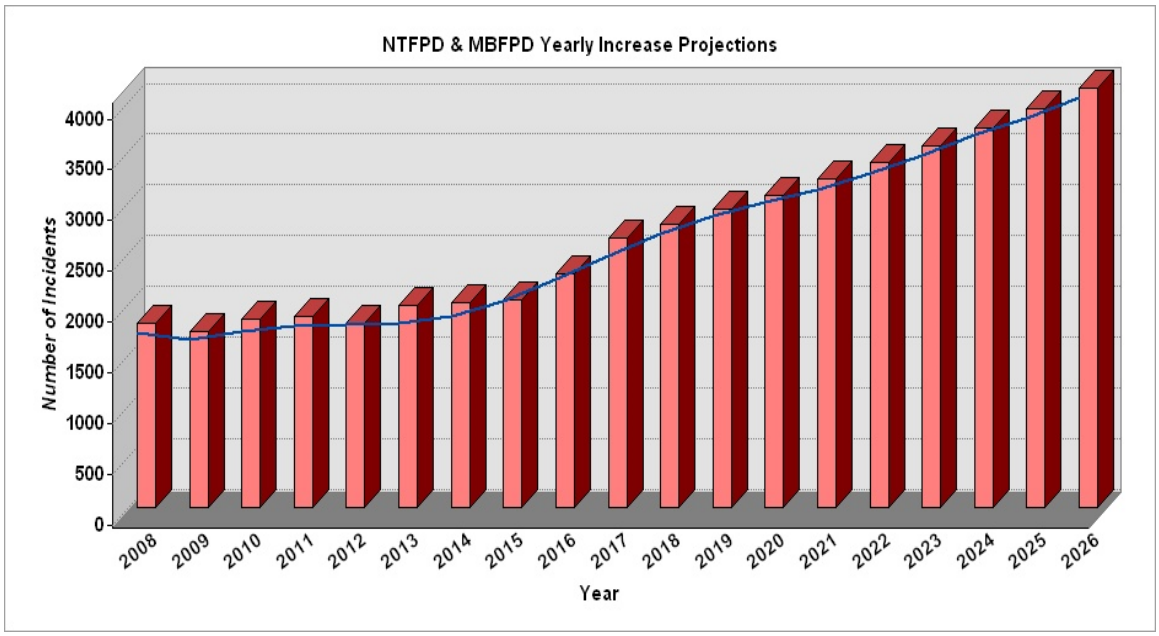
Figure 24: NTFPD & MBFPD Incidents by Hour, 2016–2017



The graph demonstrates a distinct curve that closely follows typical population activity patterns. Incident activity begins to increase in the morning and continues to increase throughout the workday. Demand gradually decreases throughout the evening and early morning hours. Seventy-five to eighty percent of the calls occur between the hours of 8am and 8pm.

The 9-year historic incident data, from both fire departments, showed a 5 percent average increase in service demand. This 5 percent projection in service through 2026 is shown in the next figure.

Figure 25: NTFPD & MBFPD 10-Year Projection of Calls



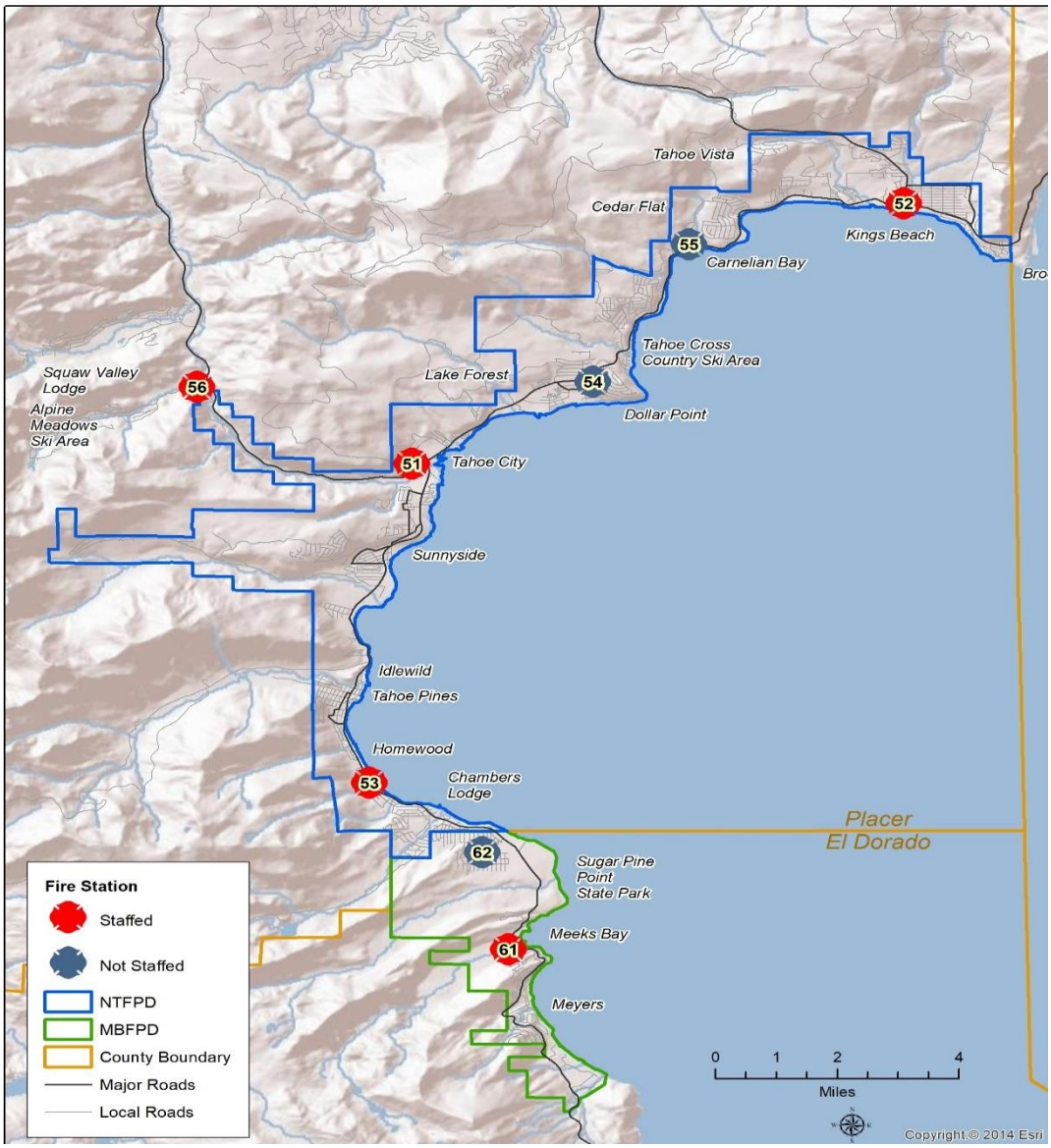
Through 2026, slightly over 4,000 calls per year is anticipated. Of course, fluctuations due to snow or economic conditions can affect the influx of vacationers at Lake Tahoe, thereby increasing or decreasing service demand.

Resource Distribution

The distribution analysis presents an overview of current facility and apparatus deployment. GIS data is utilized to examine the distribution of resources in the NTFPD and MBFPD service areas.

The following figure illustrates the geographic distribution of the Districts' resources.

Figure 26: NTFPD & MBFPD Current Resource Distribution

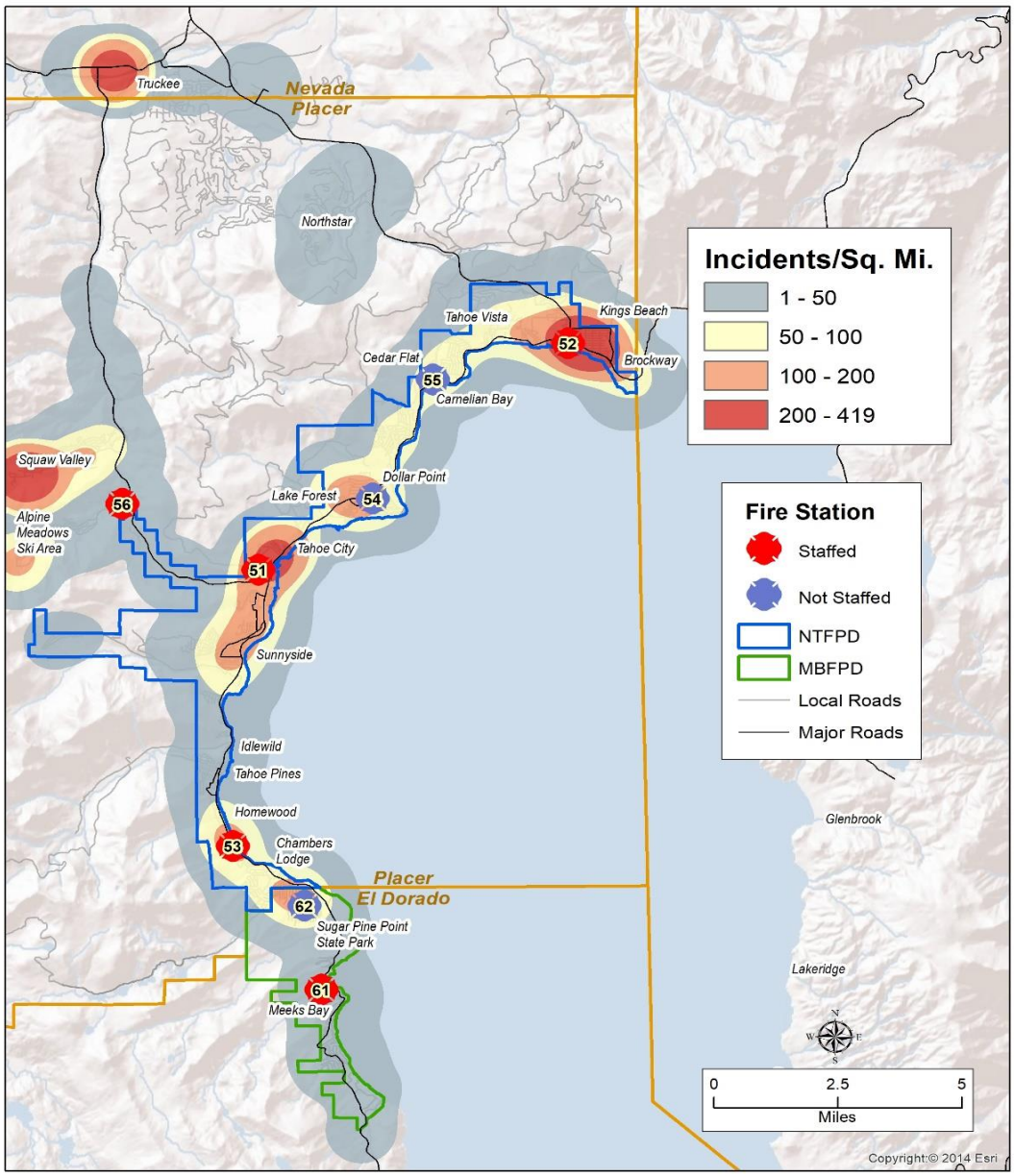


As noted in the above figure, a majority of the stations are located in or near the busiest service demand areas.

Geographic Service Demand

In addition to the temporal analysis of service demand, it is useful to examine the geographic distribution of service demand. Utilizing agency data, the following figure illustrates all incidents per square mile throughout the study area during the study period January 2016 thru December 2017.

Figure 27: NTFPD & MBFPD Tahoe Study Area Service Demand, 2016–2017



The highest density of calls was in King Beach and Tahoe City. Squaw Valley Ski Resort also has service demands, but the ski resort is located outside the NTFPD boundary. The Town of Truckee also shows a high number of incidents; however, it is the location of the local hospital—the ambulance destination. In addition, NTFPD rotates with the Truckee FPD serving outbound the ambulance transport needs of the hospital.

Approximately 4,199 calls (85%) of the incident data were able to be geocoded by use of address data from Placer County, Eldorado County, or Nevada County, as much of Latitude/Longitude data was not available. The remaining 15 percent either had an insufficient address or no address. The following figure shows the geocoding success rate for the two years of incident data.

Figure 28: NTFPD & MBFPD Incident Address Geocoding Results, 2016 & 2017

Year	Total Incidents	Total Geocoded	Insufficient Address	Percentage
2016	2,301	1,980	321	86%
2017	2,667	2,219	448	83%

NTFPD & MBFPD NFIRS Summary

The past two years of incident data reflects the historic 9-year trend of data. The next figure shows the 2016–2017 count of incidents by NFIRS code.

Figure 29: NTFPD & MBFPD NFIRS Incident Types Summary, 2016–2017

NFIRS Type	Number of Incidents
No code recorded	38
100 Fire	159
200 Overpressure/Rupture	5
300 EMS	3,032
400 Haz. Condition	352
500 Service Call	416
600 Good Intent	539
700 False Alarm	412
800 Weather/Nat. Disaster	7
900 Special Incident	5

EMS calls represent 61 percent of the calls. Service Calls & Good Intent calls are 19 percent of the incident type, while Fires (100s) represent 3.2 percent. A small percentage of the 4,965 incidents, did not have the NFIRS Incident type code, all occurring in the last quarter of 2017.

The following figures show the relative frequency of the various NFIRS incident types.

Figure 30: NTFPD & MBFPD NFIRS Incident Type Summary, 2016–2017

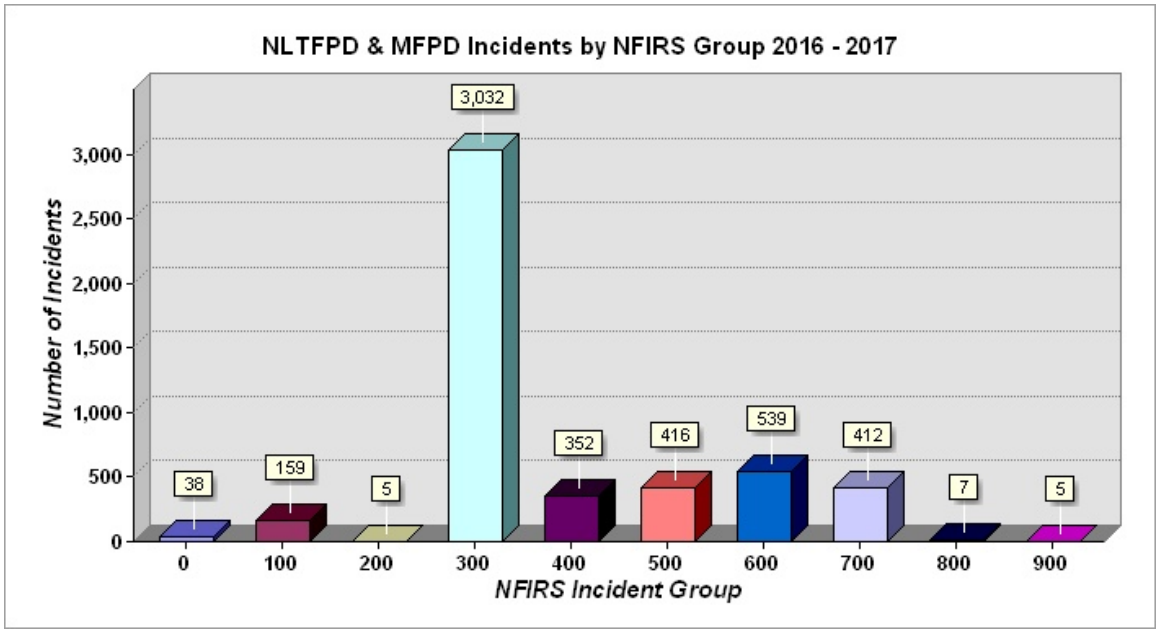
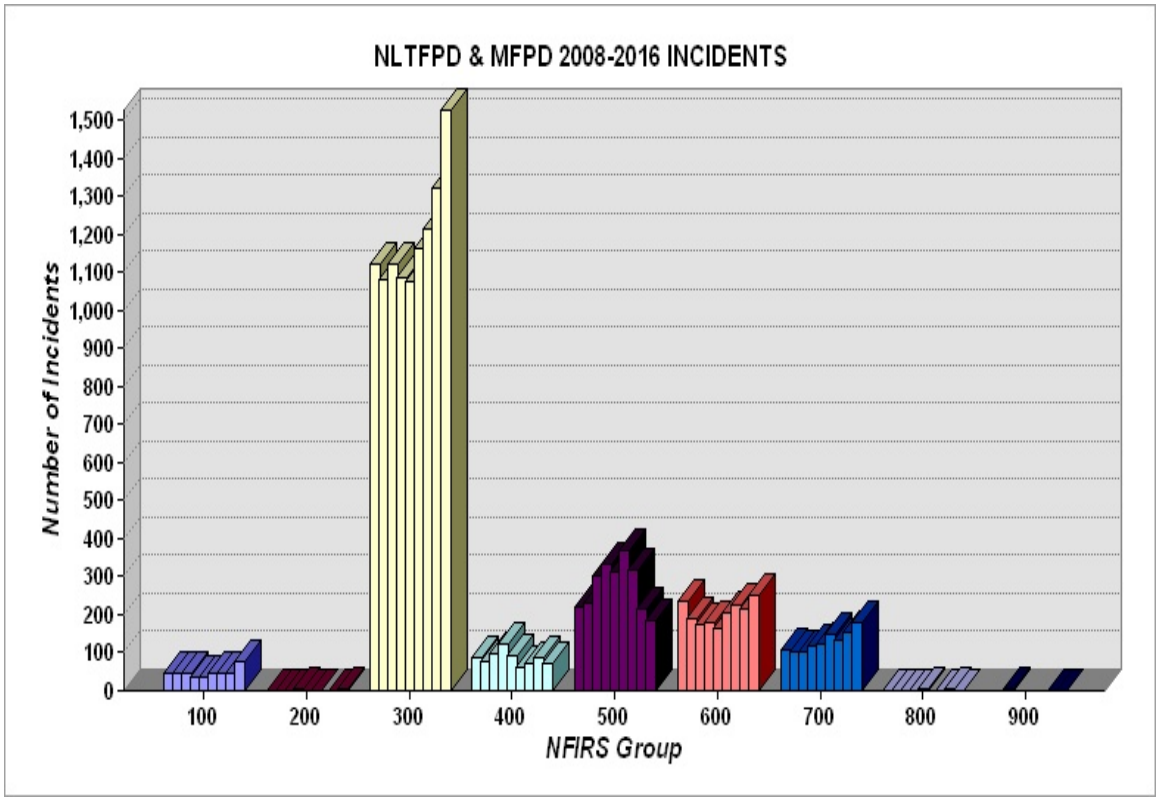
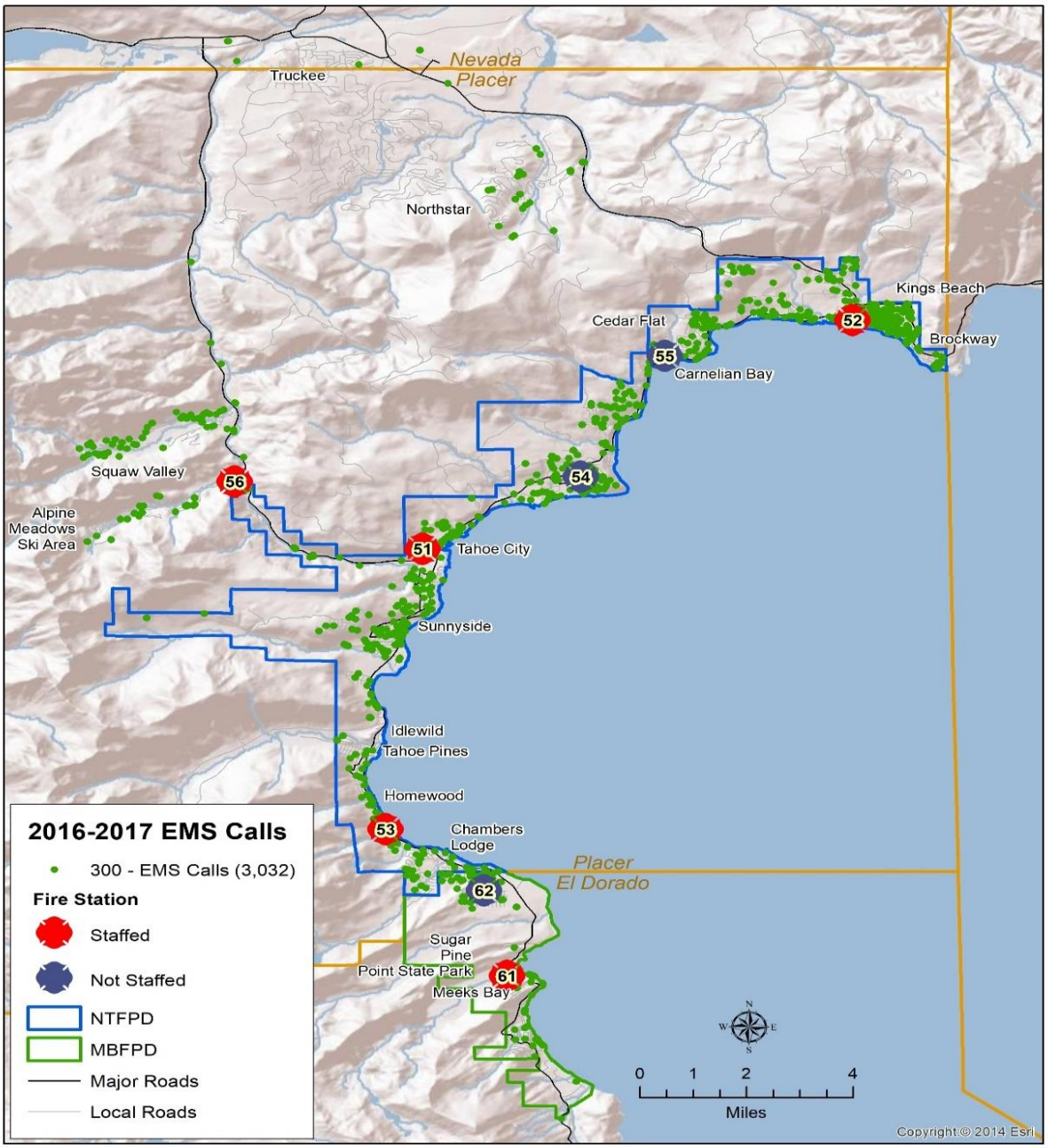


Figure 31: NTFPD & MBFPD 9 Year Summary of NFIRS Incident Types



EMS incidents constitute the majority of incidents. The primary road around Lake Tahoe consists of a two-lane road with multiple access points. This road is very congested with tourism traffic winter and summer. In addition, NTFPD responds out of its primary district to handle EMS calls at nearby ski resorts. As mentioned previously, EMS calls constitute the majority of the service calls. The following figure shows the locations of these calls.

Figure 32: NTFPD & MBFPD NFIRS 300 Series—EMS Calls, 2016 & 2017



The EMS calls are scattered throughout the Districts, but the greatest concentrations are in Kings Beach, Tahoe City, and Tahoma.

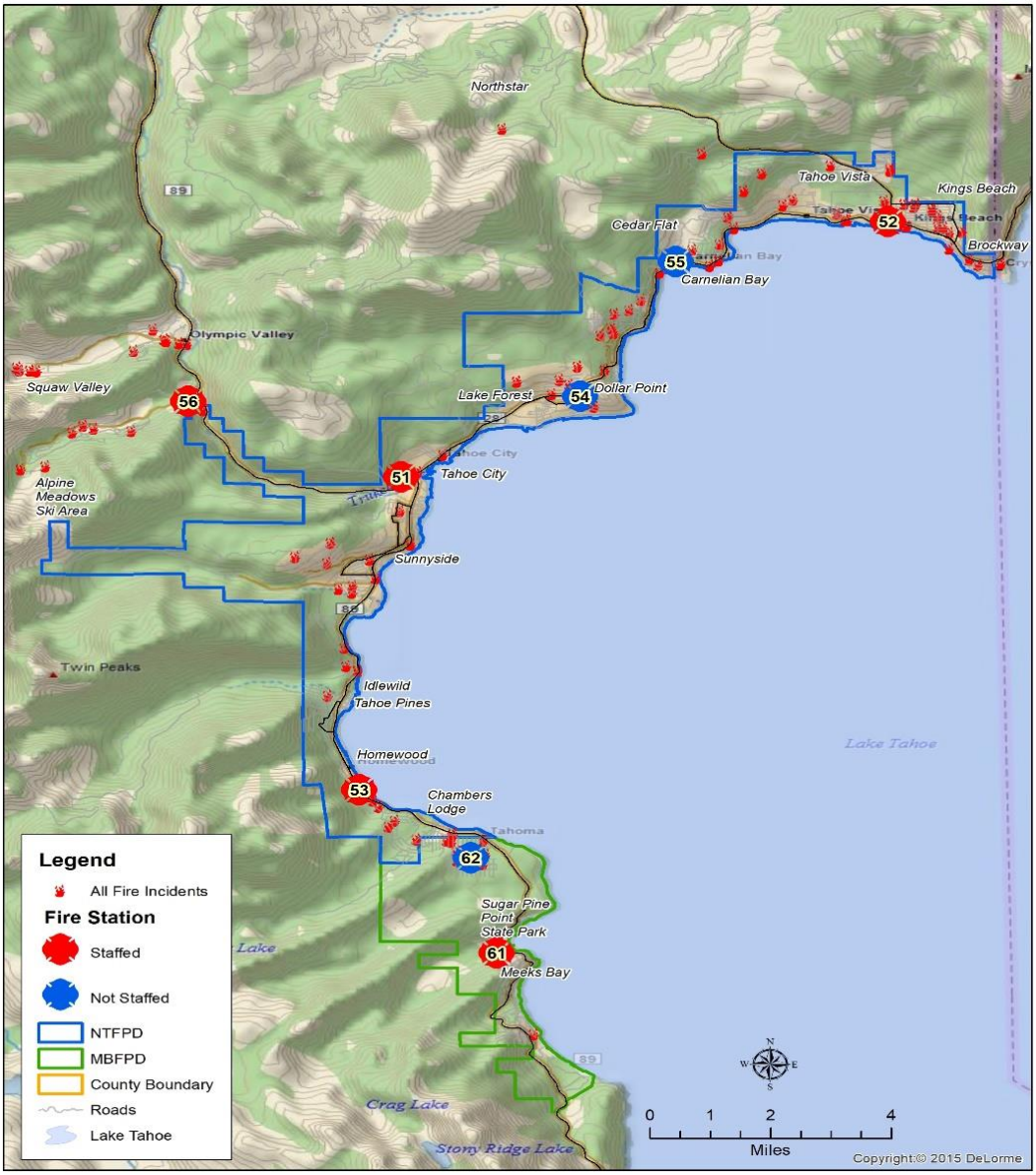
NTFPD and MBFPD respond to a number of fire incidents, as the next figure shows the totals per year.

Figure 33: NTFPD & MBFPD NFIRS 100 Series—Fire Incidents, 2016 & 2017

Year	Total Number of Incidents (100 Series)	Incident Type 111 or 112
2016	76	17
2017	81	12

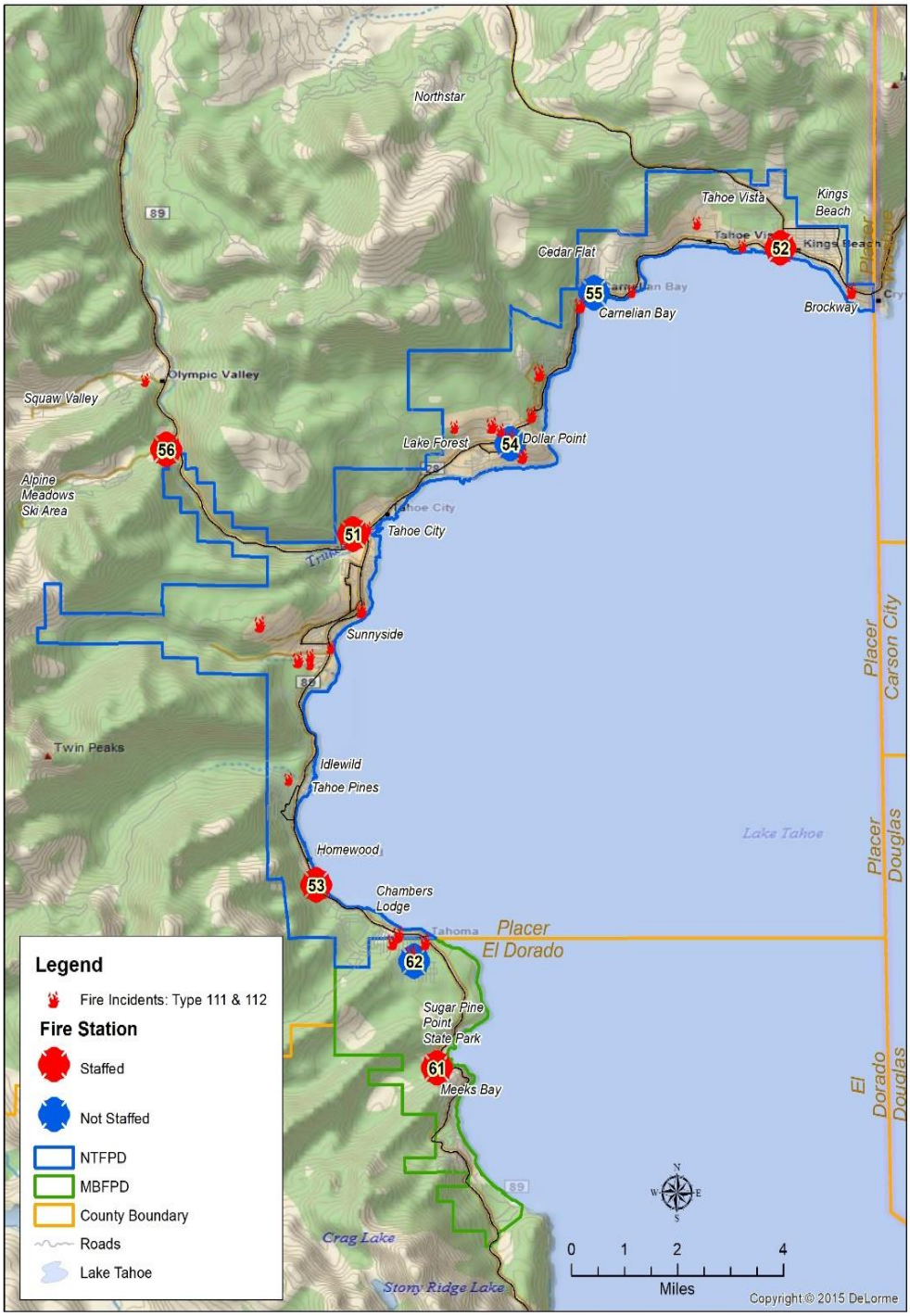
A consistent number of NFIRS 100 series incidents per year occurred in the study period (2016–2017). The following figure shows the locations of all fire incidents.

Figure 34: Geographic Distribution of NTFPD & MBFPD NFIRS 100 Series—Fire Incidents, 2016 & 2017



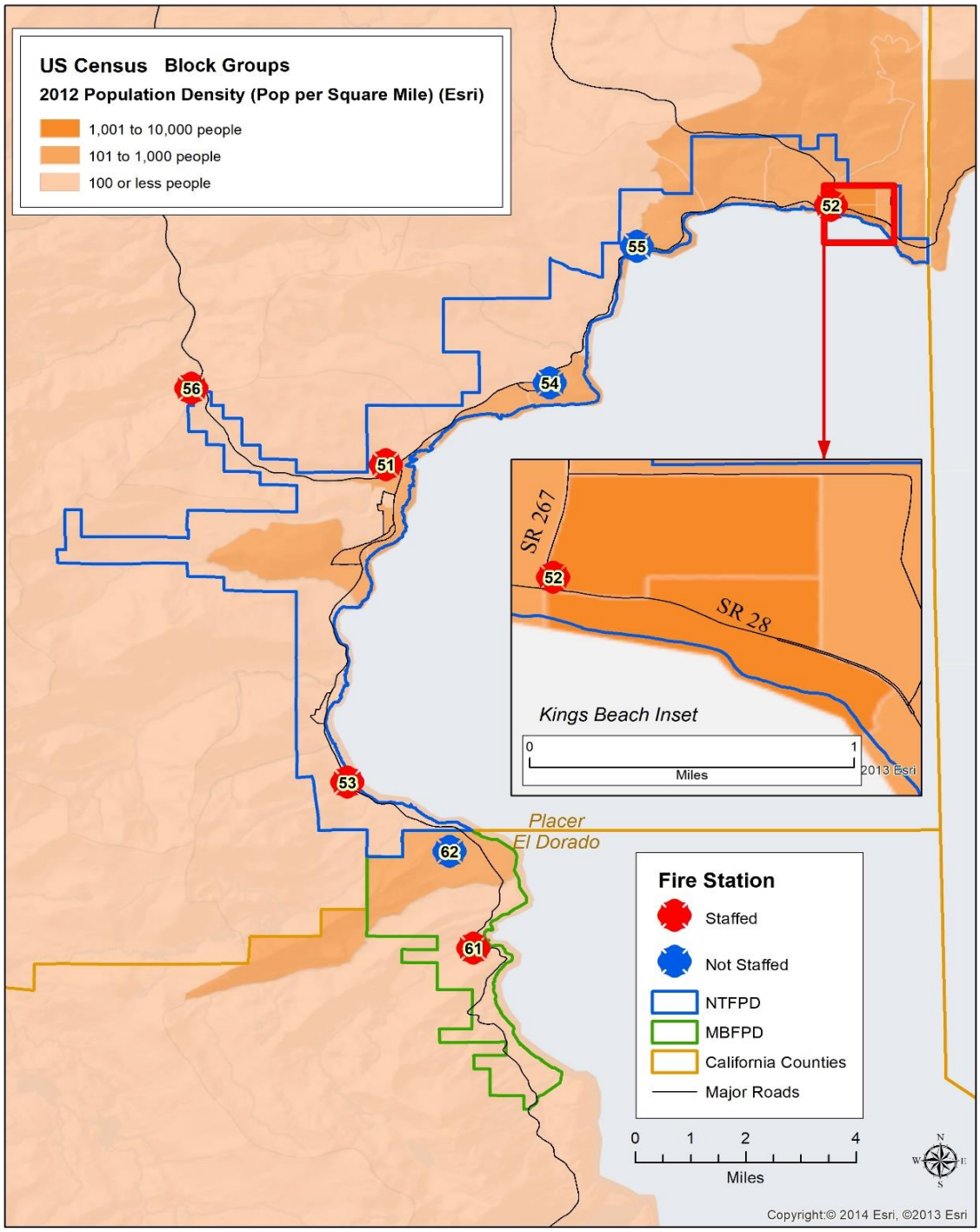
The next figure shows the locations of the 111 and 112 fire incidents—building and other structure fires.

Figure 35: NTFPD & MBFPD NFIRS 111 & 112 Fire Incidents, 2016 & 2017



The densest population areas coincide with the greatest density of incidents: Kings Beach, Tahoe City, and Tahoma. These areas have approximately 6,000 people/sq. mi. The rest of both Districts have less than 1,000 people/sq. mile.

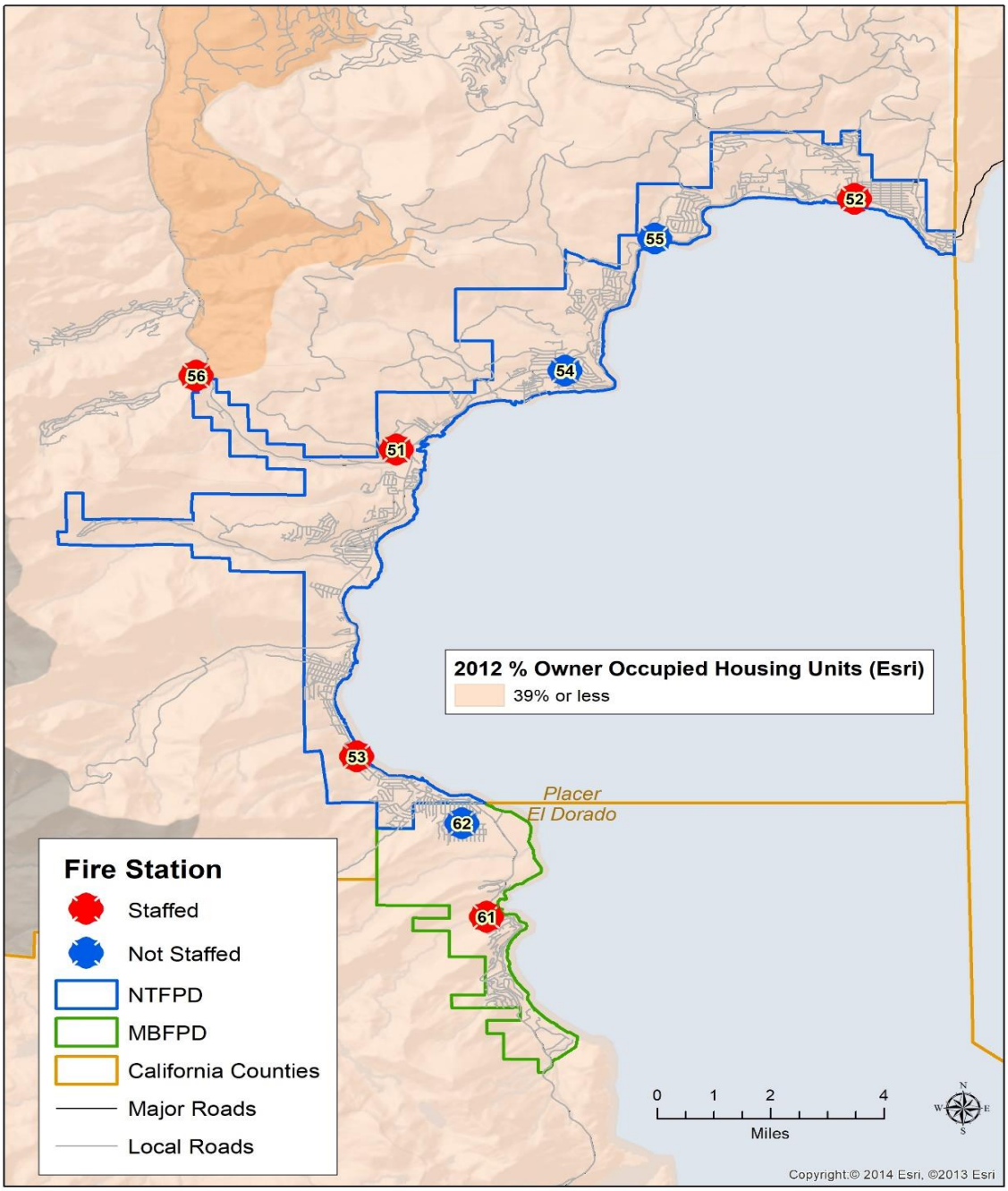
Figure 36: Tahoe Basin Population Density



Kings Beach has the densest population of the fire Districts.

The Tahoe Basin is primarily a vacation destination with very limited owner-occupied housing, as the following figure depicts. The overall owner occupancy rate is less than 39 percent.

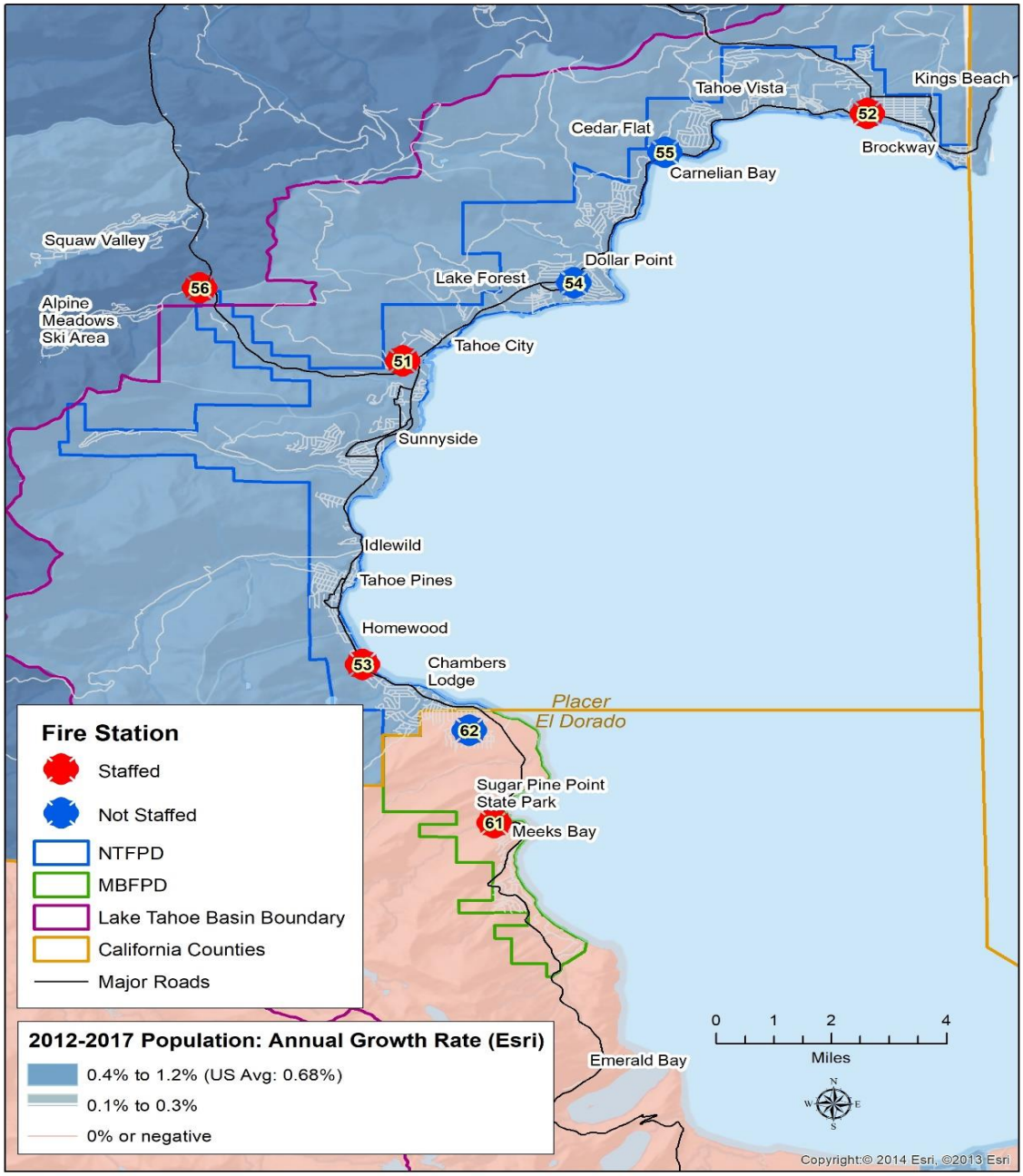
Figure 37: Tahoe Basin Owner Occupied Housing (2012)



Both Districts contain a large percentage of rental properties. There are many densely packed condo rental properties, as well as single family homes.

Population estimates have not changed significantly since the 2010 census, as the Tahoe Basin has severe development restrictions. Building permits are issued by lottery and no new parcels may be created within the Tahoe Basin.

Figure 38: Tahoe Basin Annual growth rate by US Census Blocks (2012–2017)

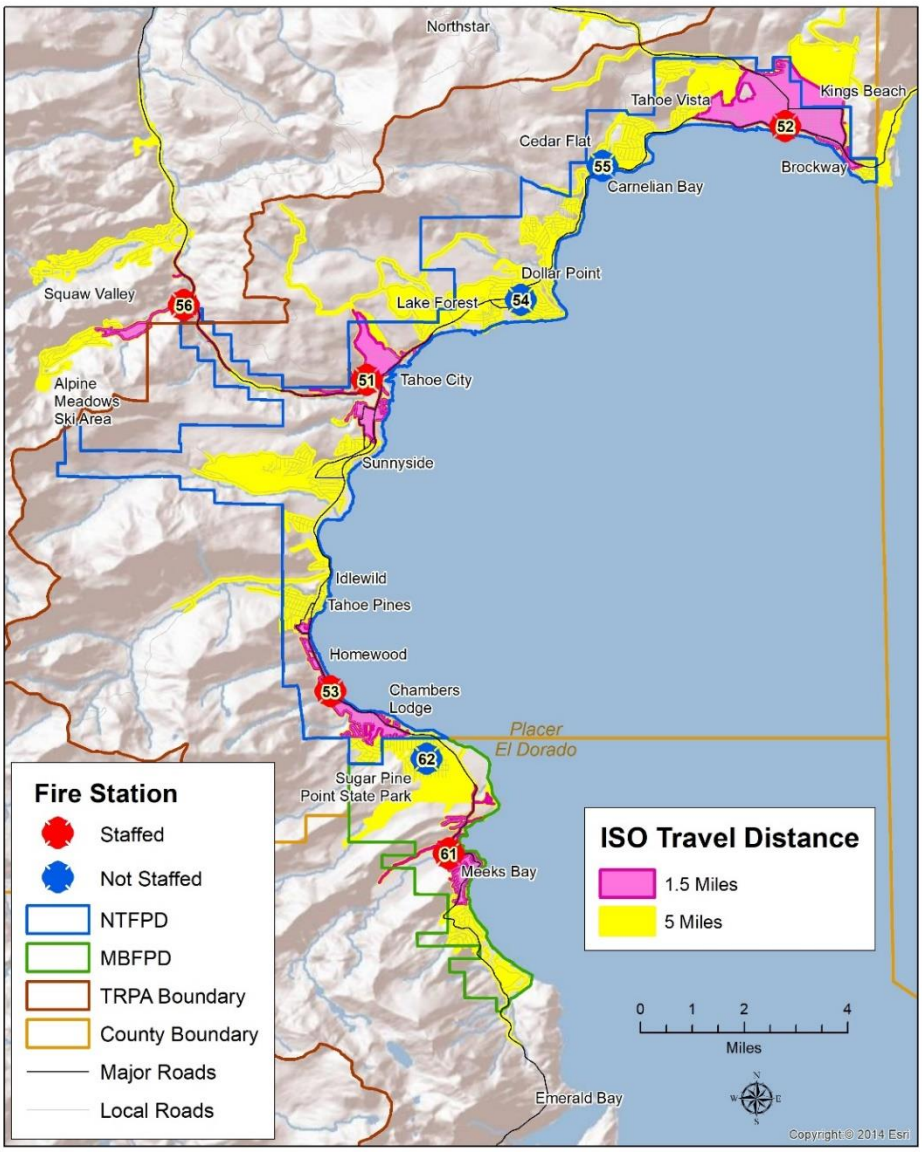


As mentioned previously, much of the housing is used as rental properties and vacation homes, resulting in a fluctuating visitor population throughout the year.

The Insurance Services Organization (ISO) is a national insurance industry organization that evaluates fire protection for communities across the country. A jurisdiction's ISO rating is an important factor when considering fire station and apparatus distribution as it can affect the cost of fire insurance for individuals and businesses. To receive maximum credit for station and apparatus distribution, ISO recommends that all "built upon" areas in a community be within 1.5 road miles of an engine company. Additionally, a built upon area should be within five miles of a fire station to receive any credit for fire protection.

The following figure illustrates fire station distribution by distance over the existing road network.

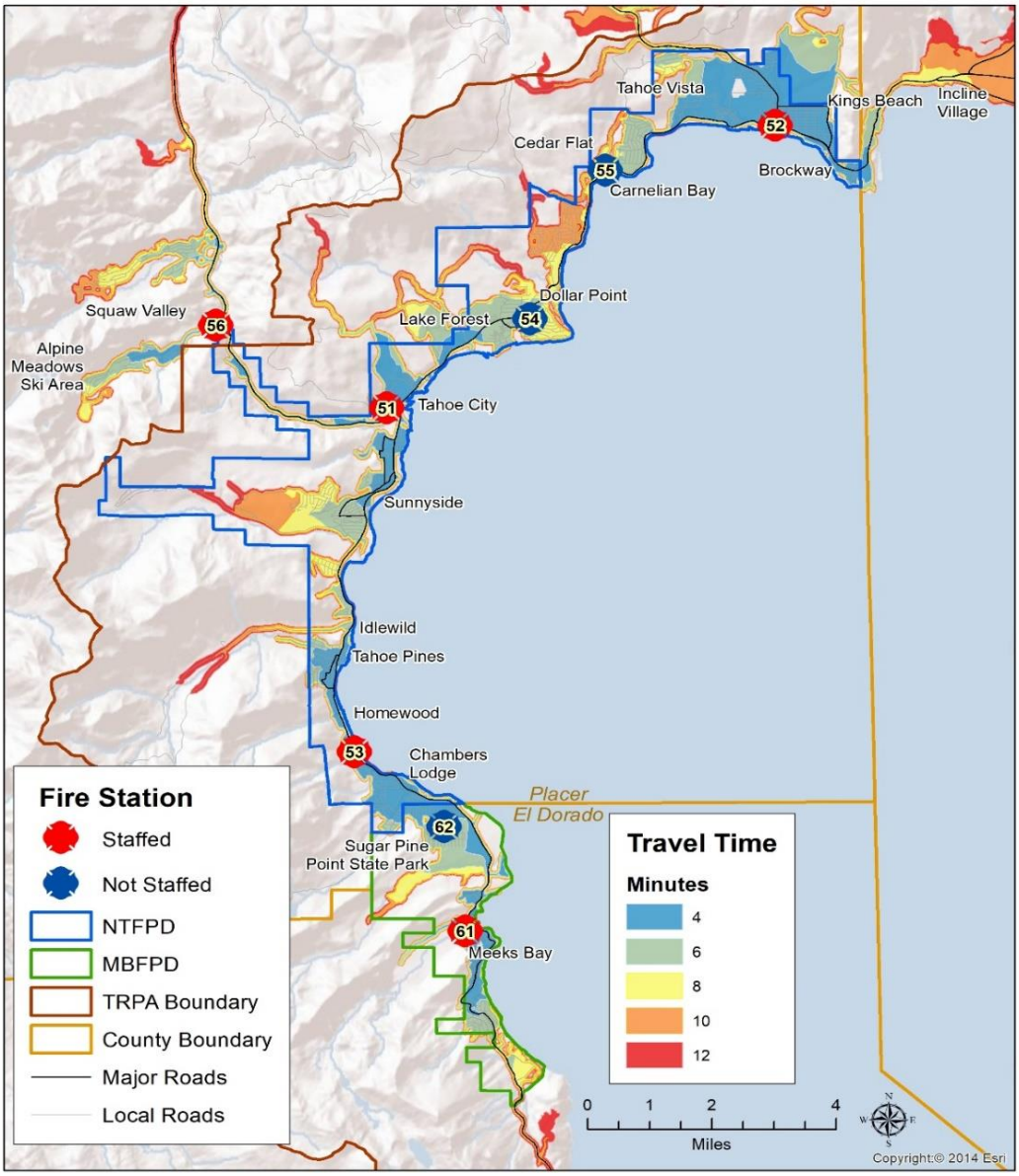
Figure 39: NTFPD & MBFPD ISO 1.5-mile & 5-mile Travel Distance



ISO criteria are only one of many factors to consider when deploying fire department resources. The ISO criteria are primarily concerned with the geographic coverage of a service area and only address fire suppression.

Equally important, especially to all hazard fire agencies, is the time required to respond to a call for service and whether resources are located to serve the greatest amount of service demand within a jurisdiction's service area. The following analysis demonstrates travel time over the existing road network. Travel time was calculated using the posted speed limit and adjusted for negotiating intersections and turns. The following figure shows the current stations' travel time in two-minute increments.

Figure 40: NTFPD & MBFPD Station Travel Time



Most areas of either district are within 8 minutes travel time, although the North Tahoe area between Dollar Point and Carnelian Bay requires 10 minutes. The southern end of the Meeks Bay Fire Protection District beyond Meyers requires 10 minutes, as well. Although the Squaw Valley and Alpine Meadows ski areas are calculated at 10 minutes, neither is within the district boundaries. Station 56 responds frequently to these locations.

Resource Concentration & Effective Response Force Capability Analysis

Effective Response Force (ERF) is the number of personnel and apparatus required to be present on the scene of an emergency incident to perform the critical tasks in such a manner to effectively mitigate the incident without unnecessary loss of life and/or property. The ERF is specific to each individual type of incident and is based on the critical tasks that must be performed. In accordance with NFPA 1710, a moderate risk building fire is modeled for this analysis.

The NTFPD/MBFPD response time goal for the assembly of the full ERF to a low-rise building fire is within 9 minutes, 20 seconds, 90 percent of the time. NTFPD/MBFPD has defined the minimum full effective response force for moderate risk building fires as three fire engines, two trucks, a rescue ambulance, and one battalion chief for a total of 23 firefighters.

The minimum full effective response force arrived at three building fires during 2017. There were many other building fires that did not receive the full effective response force. The full assignment typically does not arrive on fires out on arrival or quickly controlled by first arriving personnel. The following figure lists the time the full effective response force arrived at each building fire within the Districts.

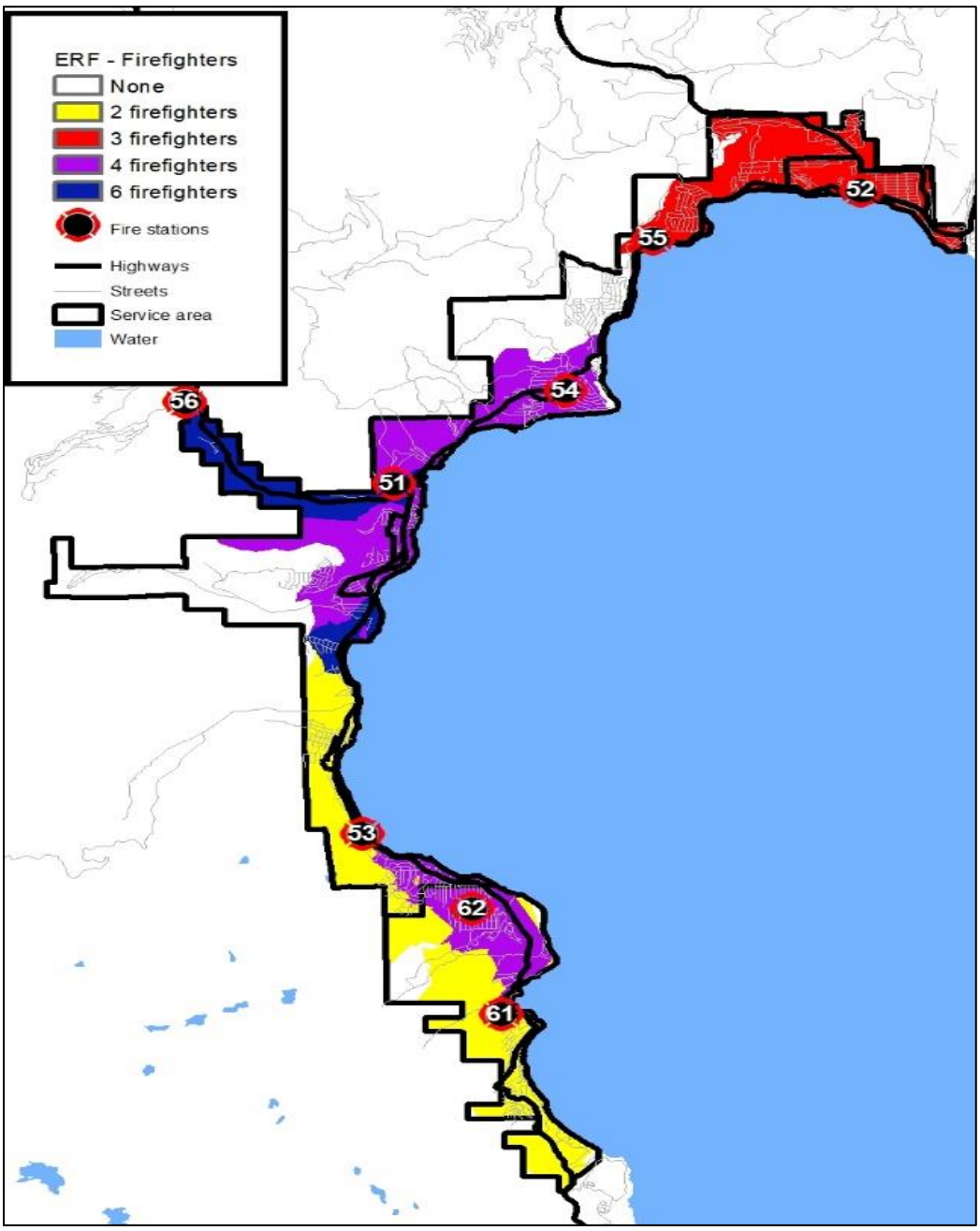
Figure 41: Effective Response Force Arrival Time

ERF Arrival Times
0:17:13
0:18:32
0:17:26

Concentration analysis reviews the physical capability of NTFPD/MBFPD's resources to achieve its target ERF travel time to its service area. The following figures depict the physical capability of NTFPD/MBFPD, along with its automatic aid partners, to assemble apparatus and firefighters by area within eight minutes travel time. The modeled analysis shown assumes that all response units are available.

The first figure shows the area that can be reached by various numbers of firefighters. Eight minutes of travel time is allowed to assemble the defined full effective response force on scene. This figure includes the resources of adjacent automatic aid stations. There is no area within either district that the minimum 10 firefighters can be delivered in the target time of eight travel minutes.

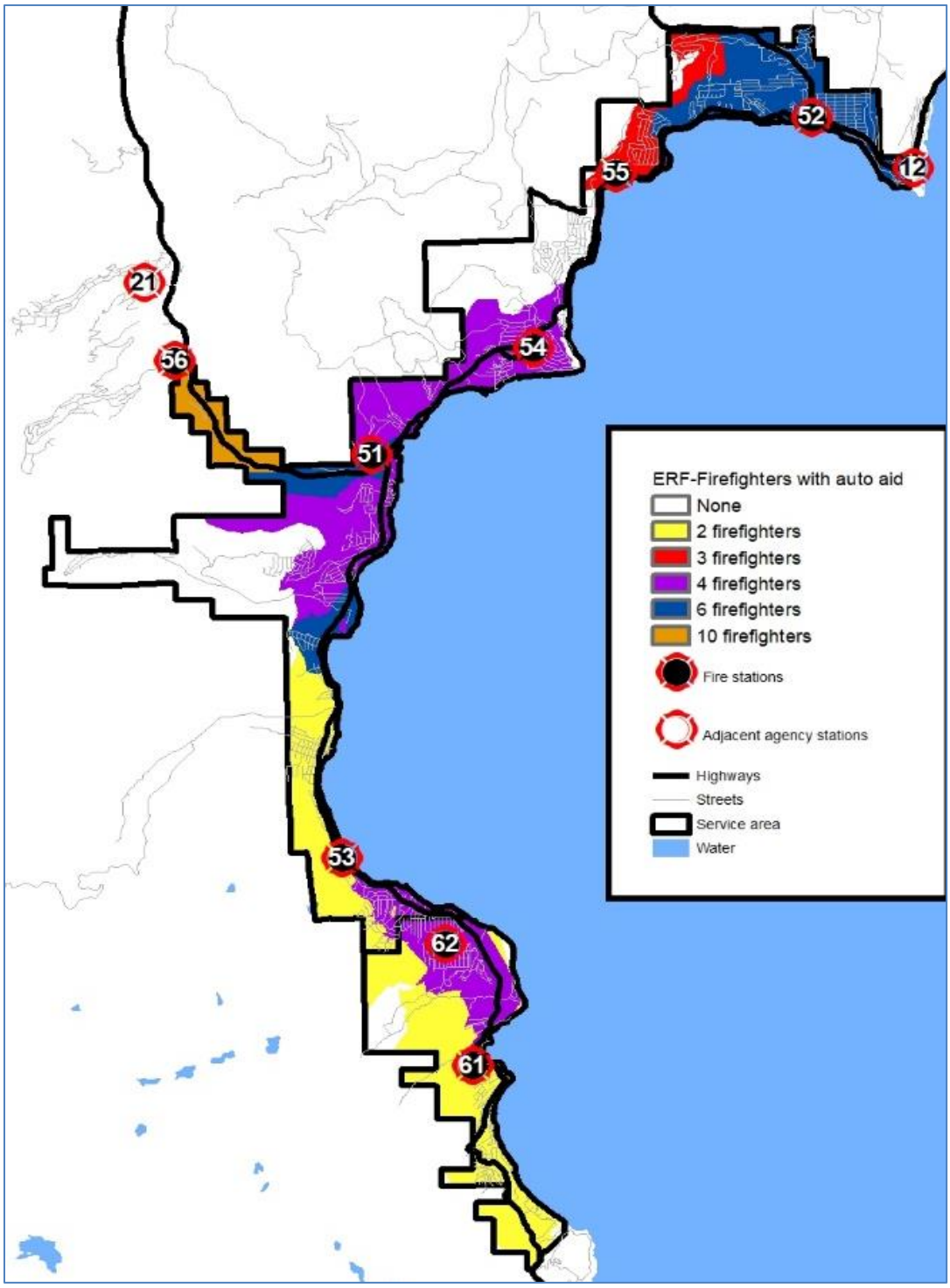
Figure 42: Effective Response Force—Firefighters



The modeling also determined that there is no area with either district to which the minimum complement of three engines, one medic unit, and one Battalion Chief can be delivered within the target eight travel minutes.

The next figure shows the area that can be reached by various numbers of firefighters including firefighters from neighboring Stations 12 and 21. Only one small area between Station 51 and 56 can be provided the minimum 10 firefighters needed for a low rise building fire.

Figure 43: Effective Response Force—Firefighters, With Automatic Aid



Second Unit Arrival Time

NTFPD/MBFPD staff fire engines with two or three firefighters. Safety regulations require that at least four firefighters be on scene before firefighters can enter a burning building. The only exception is if it is known that a person is inside the building and needs rescue. Current staffing levels on NTFPD/MBFPD engines require the arrival of a second response unit before non-rescue interior firefighting activities can be initiated.

Incident data for building fires during the study period was reviewed to determine the time the second response unit arrived on the scene. The following figure illustrates the time the second unit arrived following dispatch and how long after the first unit's arrival.

Figure 44: Second Unit Arrival

Second Unit Arrival	Time
Time from dispatch to second unit arrival – 90th percentile	14:53
Time from dispatch to second unit arrival – Average	12:22
Time from first unit arrival to second unit arrival – 90th percentile	08:32
Time from first unit arrival to second unit arrival – Average	04:07

Response Reliability

The workload of emergency response units can be a factor in response time performance. Concurrent incidents and the amount of time individual units are committed to an incident can affect a jurisdiction's ability to muster sufficient resources to respond to additional emergencies.

The following figure lists the number of concurrent incidents for each agency during the study period. This shows that in most cases only one incident was in progress at a time. However, often there were two incidents in progress at the same time and less frequently, there were three incidents in progress at the same time.

Figure 45: Concurrent Calls North Tahoe FPD & Meeks FPD, 2017

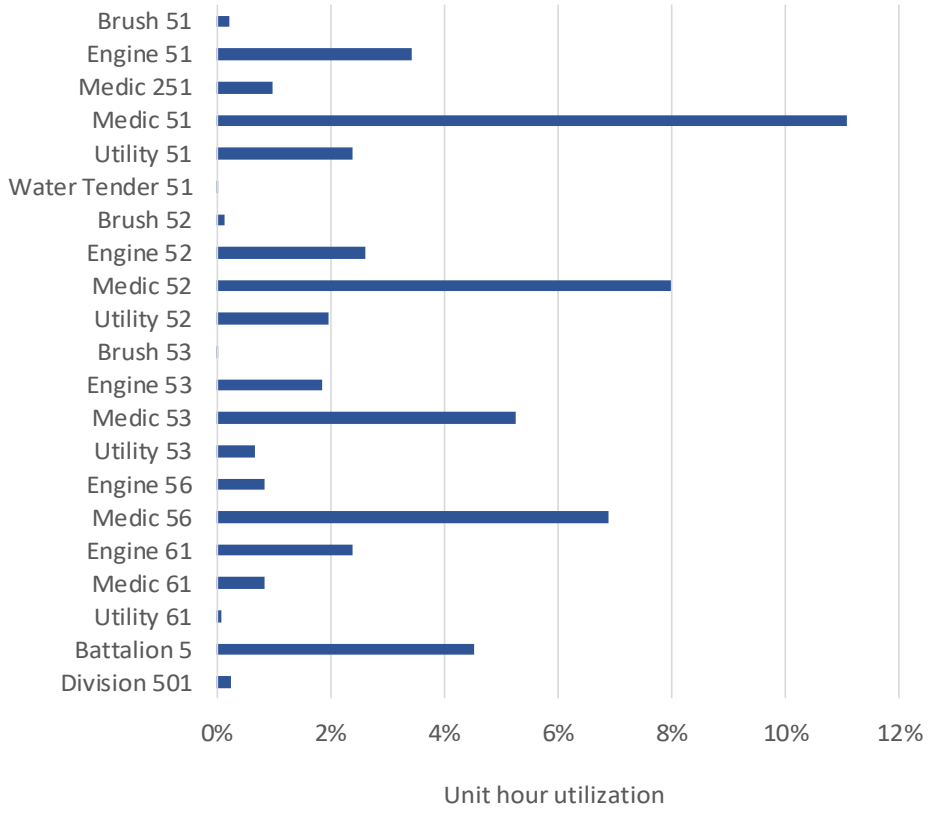
Concurrent Incidents	Count
1	1,485
2	839
3	345
4	96
5	27
6	9
7	1

This is important information to consider as the more calls that occur at the same time, the more stretched available resources become. This can lead to extended response times from more distant responding apparatus. Within both agencies, concurrent incidents are common.

Unit hour utilization (UHU) describes the amount of time that a unit is not available for response because it is already committed to another incident. The larger the number, the greater its utilization and the less available it is for assignment to subsequent calls for service. UHU rates are expressed as a percentage of the total hours in a year.

The following figure displays the amount of time primary response apparatus were committed to an incident during the study period. Note that NTFPD Station 56 was staffed only a portion of the year.

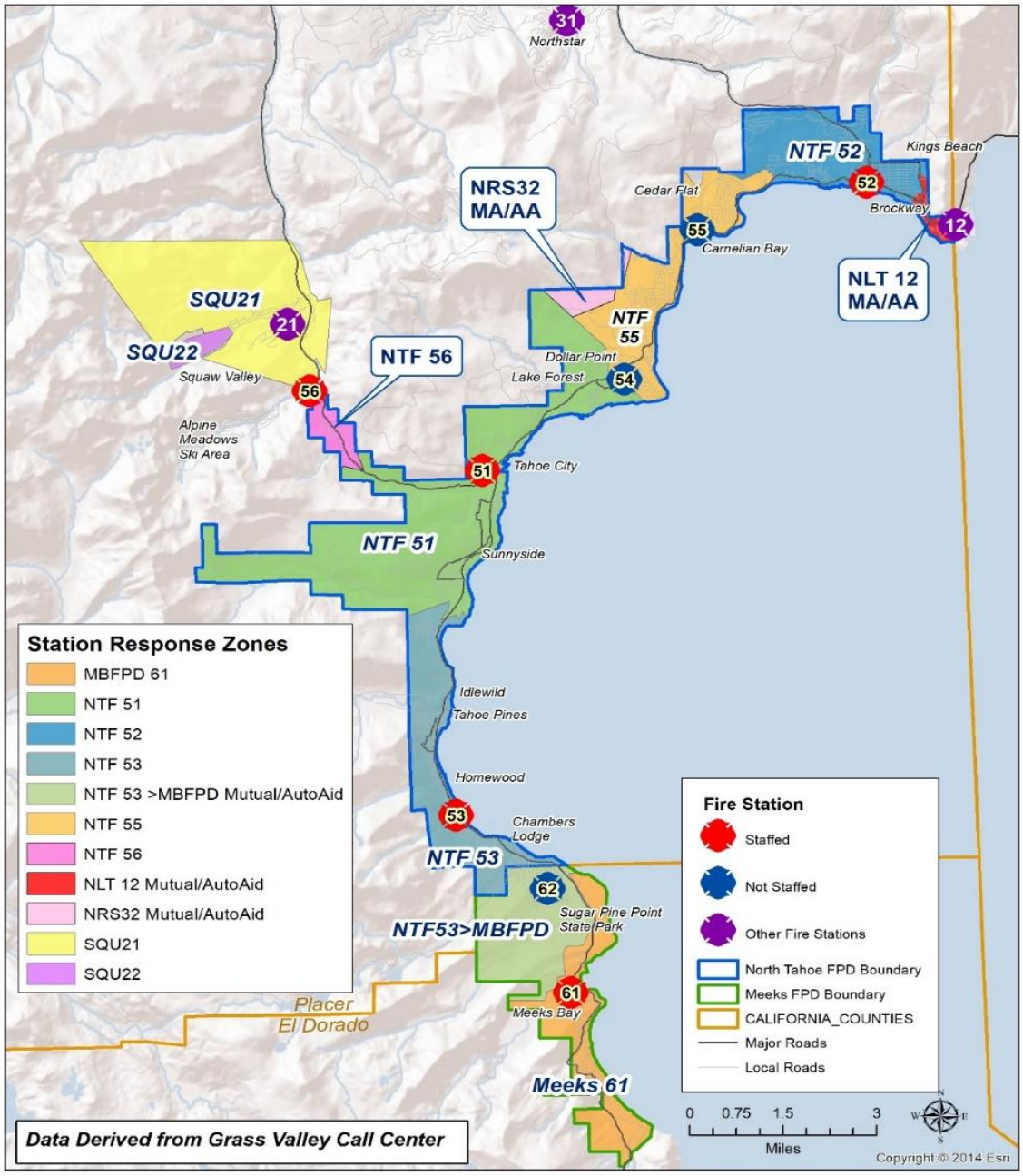
Figure 46: NTFPD & MBFPD Unit Hour Utilization, 2017



Medic 51 (Tahoe City) was the most frequently used apparatus at over 10 percent, followed by Medic 52 (Kings Beach) at 8 percent.

Station reliability is an important consideration. If a unit can respond to an incident within its primary service area, response times are minimized. However, if that unit is not available, then a unit from a more-distant station must respond, lengthening the response time to that incident. Response units can be unavailable for several reasons including already being assigned to an incident, or being away from the station for training and other activities.

Figure 47: NTFPD & MBFPD Station Response Zones



The station response data was provided by the Grass Valley Call Center and shows primary response zones as well as the automatic and mutual aid areas for both Districts.

Response Performance Summary

Each agencies response interval performance during the study period was evaluated. Non-emergency incidents, mutual aid incidents outside the study area, data outliers, and invalid data were removed from the data set whenever possible.

NTFPD/MBFPD has adopted the following service delivery goals for measuring response performance:

- Dispatch Call Processing Time
  - 9-1-1 calls will be answered at the primary PSAP within 15 seconds, 95 percent of the time.
  - Calls will be transferred from the primary PSAP to GVECC within 30 seconds from the time answered, 95 percent of the time.
  - Response resources shall be notified of a priority incident within 64 seconds from receipt of the call at the dispatch center, 90 percent of the time.
- Turnout Time
  - Response personnel shall initiate response to a priority non-wildland fire and special operations incidents within 80 seconds from notification, 90 percent of the time.
  - Response personnel shall initiate response to a priority wildland fire incident within 3 minutes from notification, 90 percent of the time.
  - Response personnel shall initiate response to all other priority incidents within 60 seconds from notification, 90 percent of the time.
- Response time for arrival of the first response unit at a priority incident:
  - The first response unit capable of initiating effective incident intervention shall arrive at a priority non-wildland fire and special operations incident within 5 minutes, 20 seconds from notification of response personnel, 90 percent of the time.
  - The first response unit capable of initiating effective incident intervention shall arrive at a priority wildland fire incident within 8 minutes from notification of response personnel, 90 percent of the time.
  - The first response unit capable of initiating effective incident intervention shall arrive at all other priority incidents within 5 minutes, from notification of response personnel, 90 percent of the time.
- Response time for arrival of the effective response force at a moderate risk structure fire:
  - The full effective response force shall arrive at a moderate risk structure fire within 9 minutes, 20 seconds, of notification of response personnel, 90 percent of the time.
  - The full effective response force shall arrive at a wildland fire within 9 minutes, 20 seconds, of notification of response personnel, 90 percent of the time.

In keeping with NFPA Standards 1710 and 1221, along with NTFPD/MBFPD's performance goals, all response time elements are reported at a given percentile. Percentile reporting is a methodology by which response times are sorted from least to greatest, and a "line" is drawn at a certain percentage of the calls to determine the percentile. The point at which the "line" crosses the 90th percentile, for example, is the percentile time performance. Thus, 90 percent of times were at or less than the result. Only 10 percent were longer.

Percentile differs greatly from average. Averaging calculates response times by adding all response times together and then dividing the total number of minutes by the total number of responses (mean average). Measuring and reporting average response times is not recommended. Using averages does not give a clear picture of response performance because it does not clearly identify the number and extent of events with times beyond the stated performance goal.

What follows is a detailed description and review of each phase of the response time continuum. All phases will be compared to NTFPD/MBFPD's performance goals.

Detection

The detection of a fire (or medical incident) may occur immediately if someone happens to be present or if an automatic system is functioning. Otherwise, detection may be delayed, sometimes for a considerable period. The period for this phase begins with the inception of the emergency and ends when the emergency is detected. It is largely outside the control of the fire department and not a part of the event sequence that is reliably measurable.

Call Processing

Most emergency incidents are reported by telephone to the 9-1-1 center. Call takers must quickly elicit accurate information about the nature and location of the incident from persons who are apt to be excited. A citizen well-trained in how to report emergencies can reduce the time required for this phase. The dispatcher must identify the correct units based on incident type and location, dispatch them to the emergency, and continue to update information about the emergency while the units respond. This phase begins when the 9-1-1 call is answered at the primary public safety answer point (PSAP) and ends when response personnel are notified of the emergency. This phase, which has two parts, is labeled "call processing time."

There are several PSAPs in the region that receive and transfer 9-1-1 calls to GVECC. Most calls are received by the Placer County Sheriff's Office (PCSO) and El Dorado County Sheriff's Office (EDCSO) dispatch centers, and some by California Highway Patrol (CHP). Those callers initially answered at a PSAP who are requesting fire department services are transferred to GVECC, the regional fire department dispatch center providing dispatch services to NTFPD/MBFPD. This first part of call processing time is known as "answer/transfer time."

National Fire Protection Association Standard 1221 recommends that 9-1-1 calls be answered at the PSAP within 15 seconds, 95 percent of the time (within 40 seconds, 99 percent of the time) and then be transferred to the dispatch center within 30 seconds, 95 percent of the time. Data was provided to evaluate PCSO's and EDCSO's answer and transfer time performance.

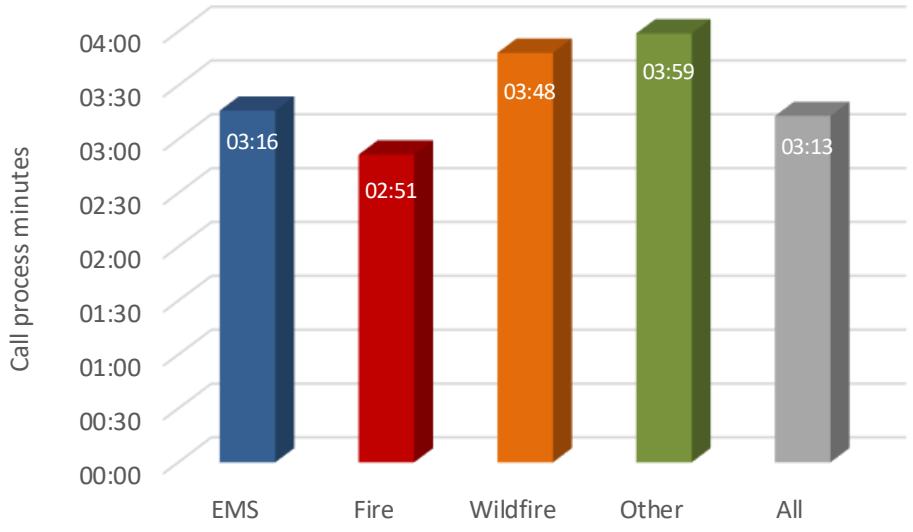
EDCSO's call answer time performance was within 8 seconds, 95 percent of the time during the study year. PCSO's call answer time performance was within 13 seconds, 95 percent of the time. Both agencies performed better than the NFPA 1221 standard of within 15 seconds, 95 percent of the time.

EDCSO's call transfer time was within 95.4 seconds, 95 percent of the time. PCSO's call transfer time was within 75.5 seconds, 95 percent of the time. Both took longer to transfer calls than the NFPA 1221 standard of 30 seconds, 95 percent of the time recommends.

The second part of call processing time, dispatch time, begins when the call is received at the dispatch center (GVECC) and ends when response units are notified of the incident. NTFPD/MBFPD's goal prescribes that this phase should occur within 64 seconds, 90 percent of the time.

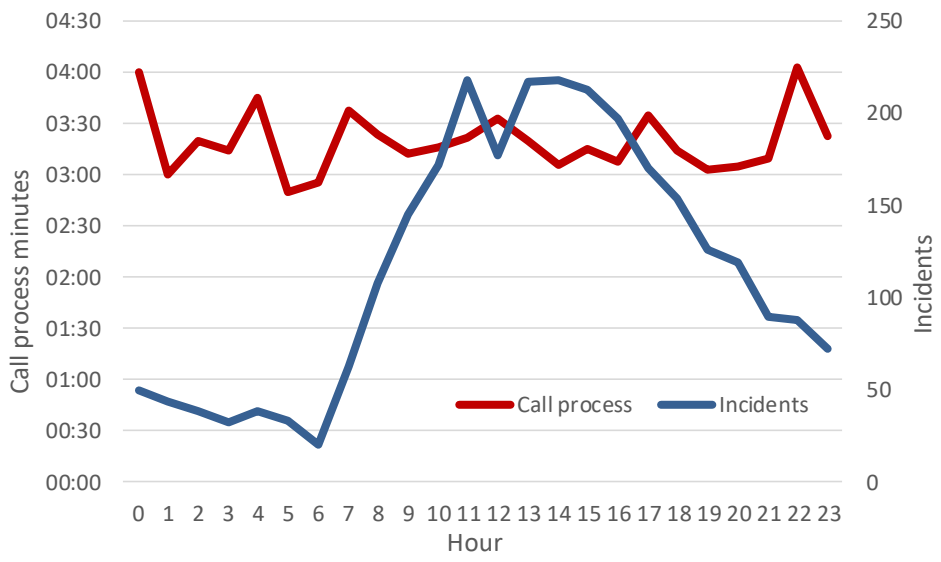
The following figure illustrates performance by GVECC from the time it receives the call until it notifies response units by type of incident. Overall performance was within 3 minutes, 13 seconds, 90 percent of the time.

Figure 48: GVECC Dispatch Time Performance



Workload can influence how quickly incidents are processed at the dispatch center. The following figure illustrates dispatch time performance by hour of day for the Districts. Workload does not appear to be a factor in performance.

Figure 49: Dispatch Time Performance by Hour of Day

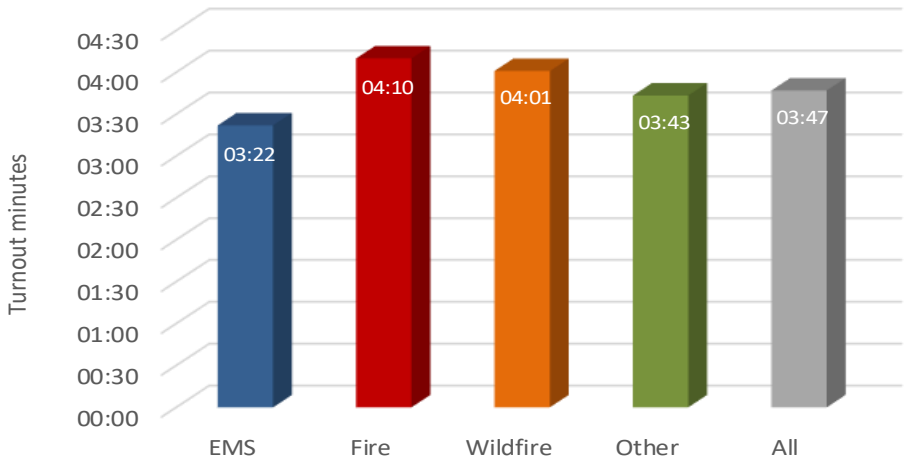


Turnout Time

Turnout time is a response phase controllable by the Districts. This phase begins at notification of an emergency in progress by the dispatch center and ends when personnel and apparatus begin movement toward the incident location. Personnel must don appropriate equipment, assemble on the response vehicle, and begin travel to the incident. Good training and proper fire station design can minimize the time required for this step.

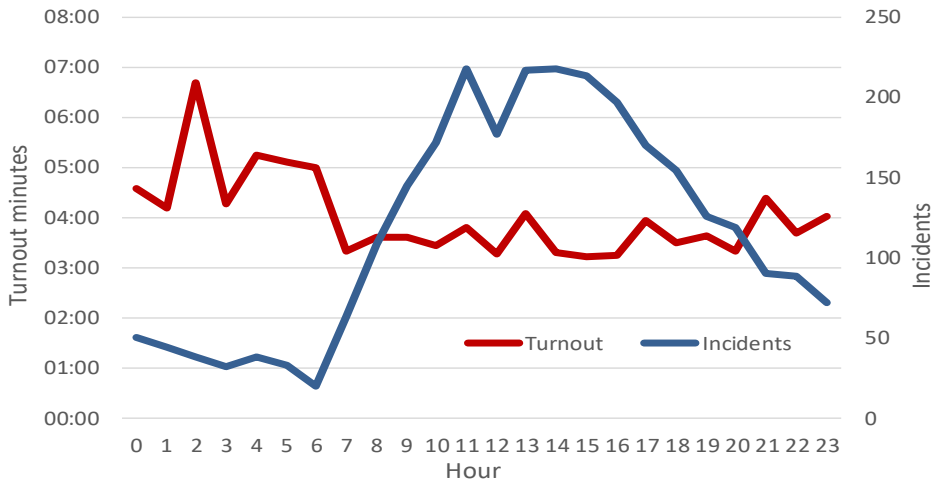
The NTFPD/MBFPD performance goal for turnout time is within 80 seconds, 90 percent of the time, for non-wildland fire and special operations incidents, within 3 minutes, 90 percent of the time for wildland fires, and within 60 seconds, 90 percent of the time, for all other incidents. The following figure illustrates turnout time for all incidents as well as specific incident types. Turnout time for all incidents is within 3 minutes, 47 seconds, 90 percent of the time, exceeding NTFPD/MBFPD's performance goal.

Figure 50: Turnout Time Performance



Turnout time can vary by hour of day. Turnout time is typically longer at night than during the day.

Figure 51: Turnout Time by Hour of Day

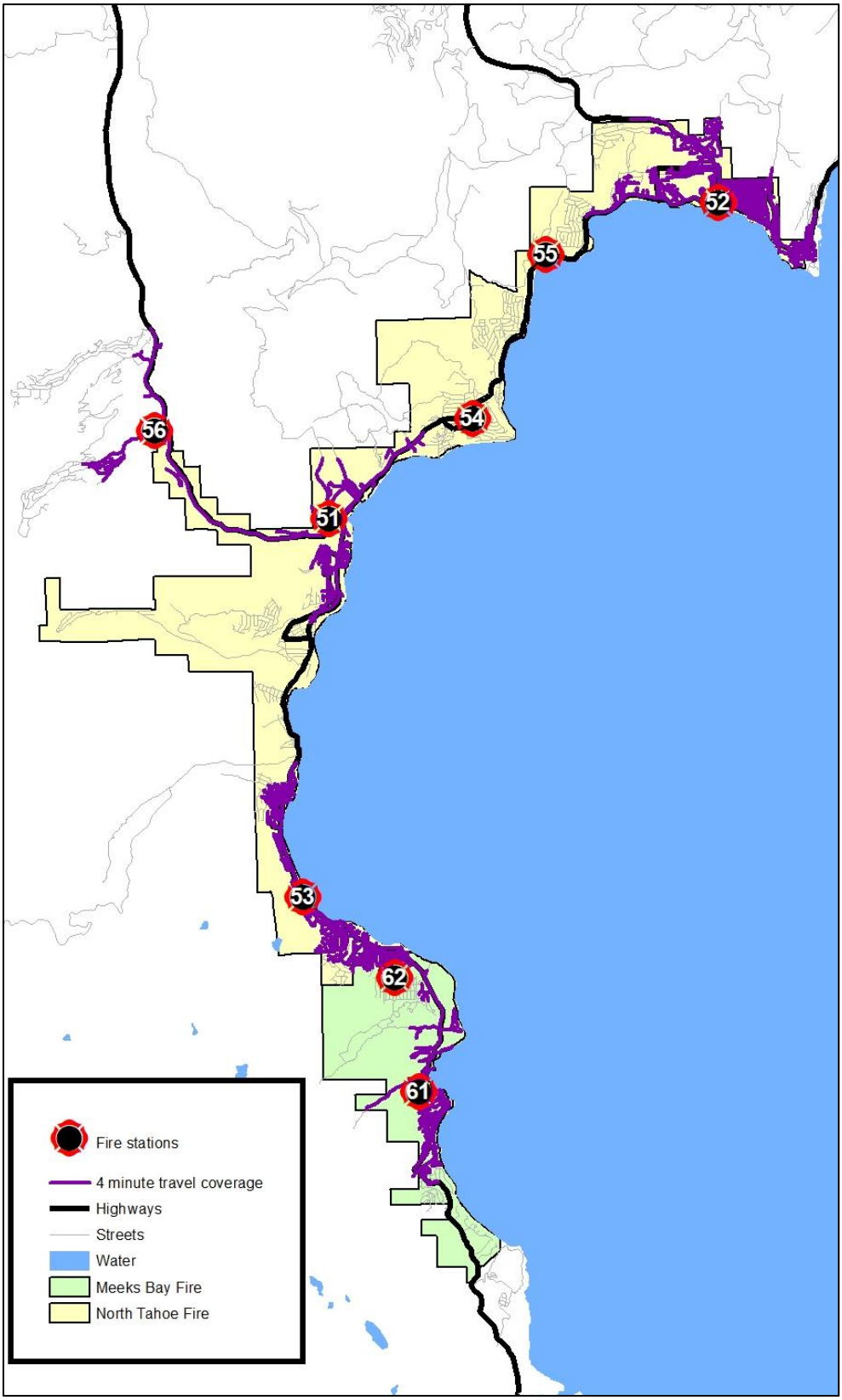


Distribution and Initial Arriving Unit Travel Time

Travel time is potentially the longest of the response phases. The distance between the fire station and the location of the emergency influences response time the most. The quality and connectivity of streets, traffic, driver training, geography, and environmental conditions are also factors. This phase begins with initial apparatus movement towards the incident location and ends when response personnel and apparatus arrive at the emergency's location. Within the NTFPD/MBFPD goal, four minutes is allowed for the first response unit to arrive at an incident.

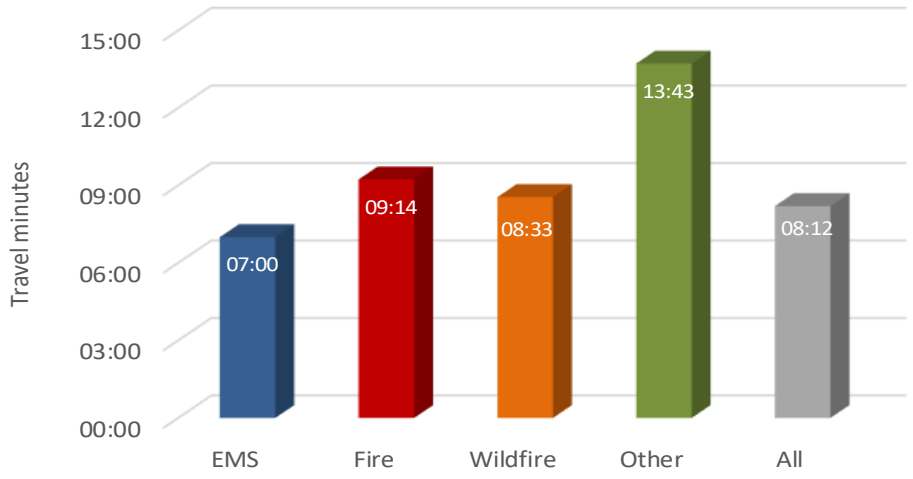
The following figure illustrates the street sections that can be reached from both NTFPD/MBFPD fire stations in four minutes of travel time. It is based on posted road speeds modified to account for turning, stops, and acceleration. Much of the territory in the districts is beyond four minutes travel from current stations. Note that Station 62 is not staffed.

Figure 52: Initial Unit Travel Time Capability



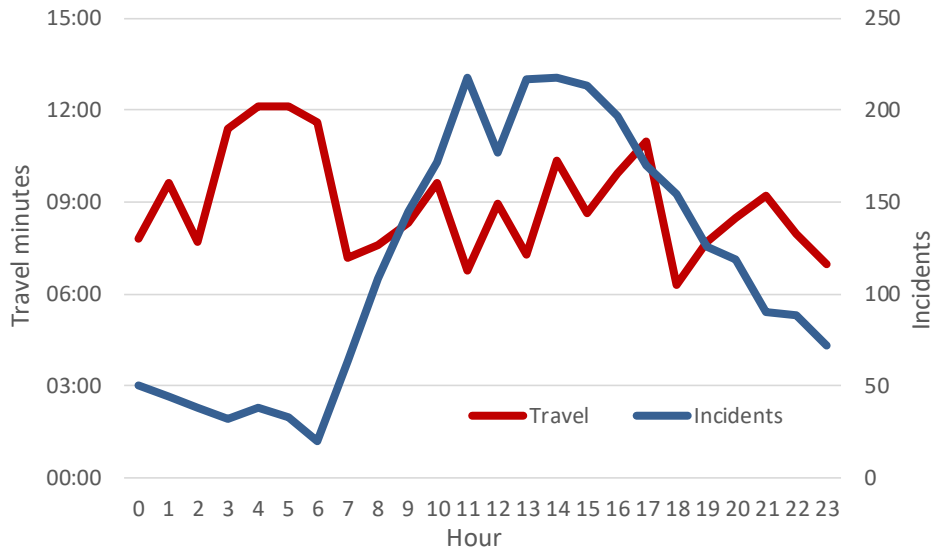
The following figure lists travel time by incident type. Overall, travel time for all incidents within the Districts is within 8 minutes, 12 seconds, 90 percent of the time.

Figure 53: Travel Time Performance—First Arriving Unit



Travel time can vary considerably by time of day. Heavy traffic at morning and evening rush hours can slow fire department response. Concurrent incidents can also increase travel time since units from more distant stations would need to respond. Travel times are highly variable.

Figure 54: Overall Travel Time and Incidents by Hour of Day—First Arriving Unit

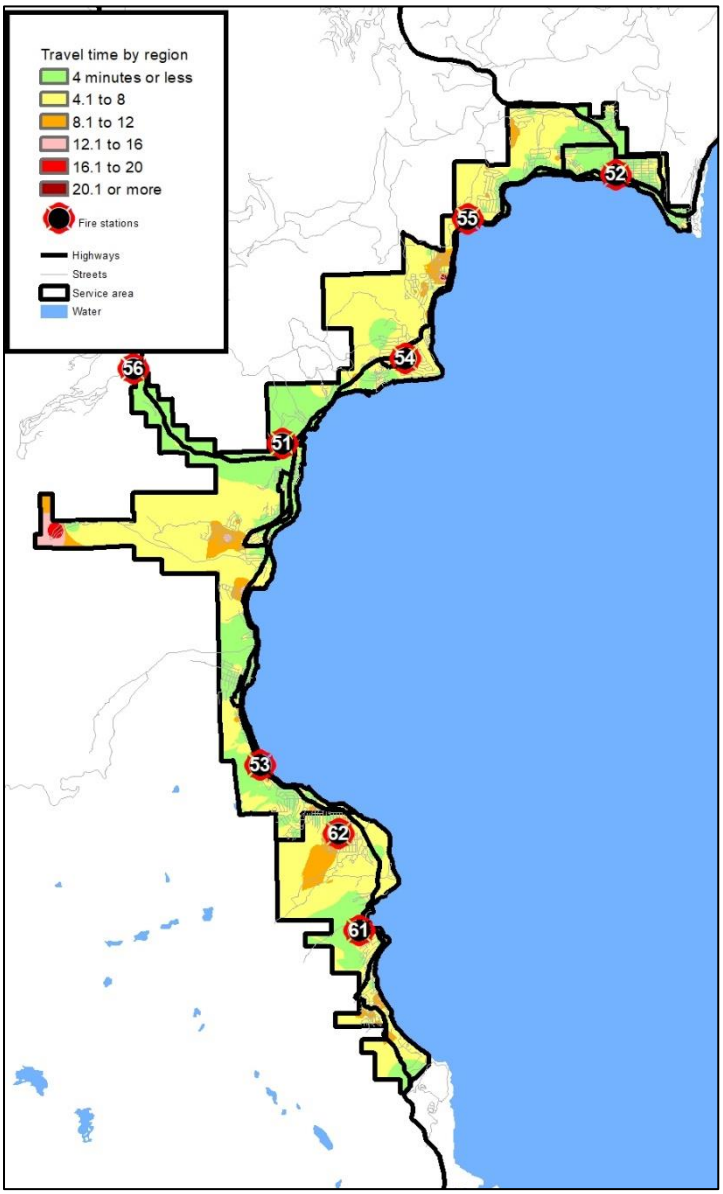


Travel Time Performance by Region

Travel time performance by region is variable and influenced by a number of factors, including individual station area workload and the number of times a station must cover another station's area. Additional factors include the size of the station area and the street system serving it. More highly connected, grid-patterned street systems contribute to faster response times than do areas with meandering streets with numerous dead-ends.

The following figure evaluates travel time performance by sub-area using inverse distance weighting analysis (IDW). This process uses travel time for known points (actual incidents) to predict travel time for the area surrounding the actual incidents. Better performance is generally noted near fire stations, with progressively longer response times for those incidents more distant from the stations.

Figure 55: Travel Time Performance by Region

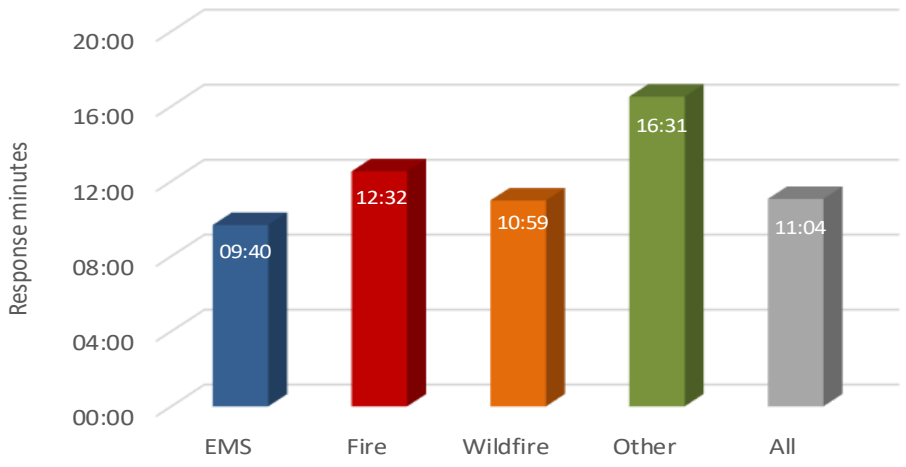


First Arriving Unit Response Time

Response time is defined as that period between the notification of response personnel by the dispatch center that an emergency is in progress until arrival of the first fire department response unit at the emergency. When turnout time and travel time are combined, the NTFPD/MBFPD performance goal for response time is within 5 minutes, 20 seconds, 90 percent of the time, for non-wildland fire and special operations incidents, within 7 minutes, 90 percent of the time for wildland fires, and within 5 minutes, 90 percent, of the time for all other incidents.

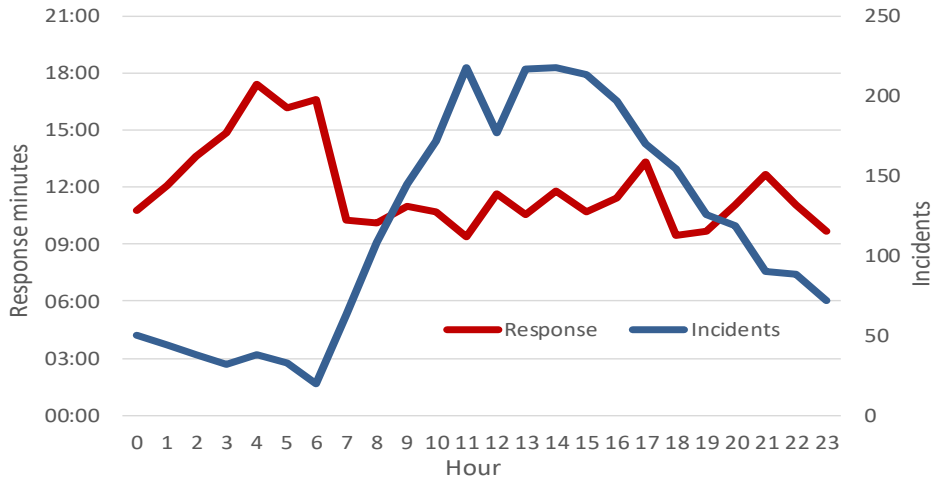
The following figure illustrates response time for all incidents as well as specific incident types during 2017. Overall, response time for all incidents was within 11 minutes, 4 seconds, 90 percent of the time.

Figure 56: Response Time Performance—First Arriving Unit



The next figure shows response time and number of incidents by hour of day for all incidents. Response time is slowest during the nighttime hours and fastest during the day. Generally, NTFPD/MBFPD's best response times occur during the period of the day when response activity is at its highest.

Figure 57: Hourly Response Time Performance



First Arriving Unit Received to Arrival Time

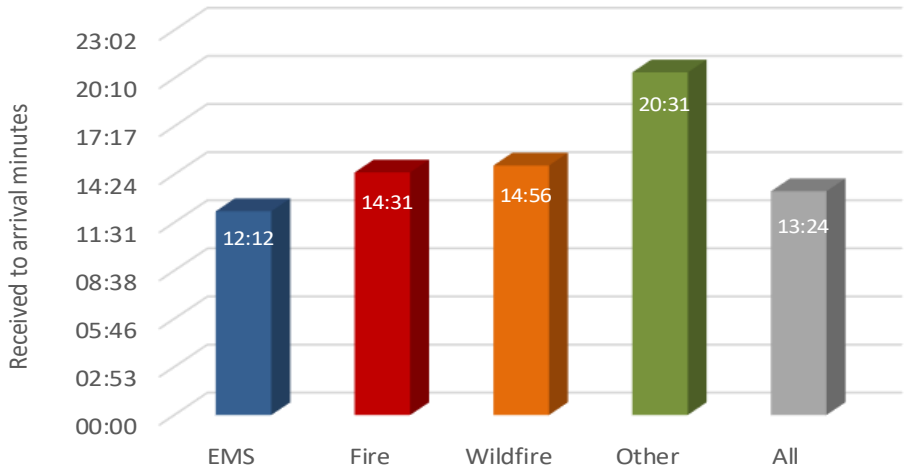
From the customer's standpoint, response time begins when the emergency occurs. Their first contact with emergency services is when they call for help, usually by dialing 9-1-1. Received to arrival time combines answer/transfer, call processing, turnout, and travel time.

Data limitations do not allow a complete analysis of the incident sequence. Call answer and transfer times are captured but in a format that requires extensive data manipulation to evaluate. Thus, for this discussion received to arrival time will be from the time the call is received at GVECC until a response unit arrives at the incident location. It is known that call answer and transfer time adds between 80 seconds and 100 seconds to total response time, at the 90th percentile.

When the NTFPD/MBFPD performance goals are combined, received to arrival time should be within 6 minutes, 20 seconds for non-wildland fire and special operations incidents, 8 minutes, 90 percent of the time for wildland fires, and within 6 minutes, 90 percent of the time, for all other incidents.

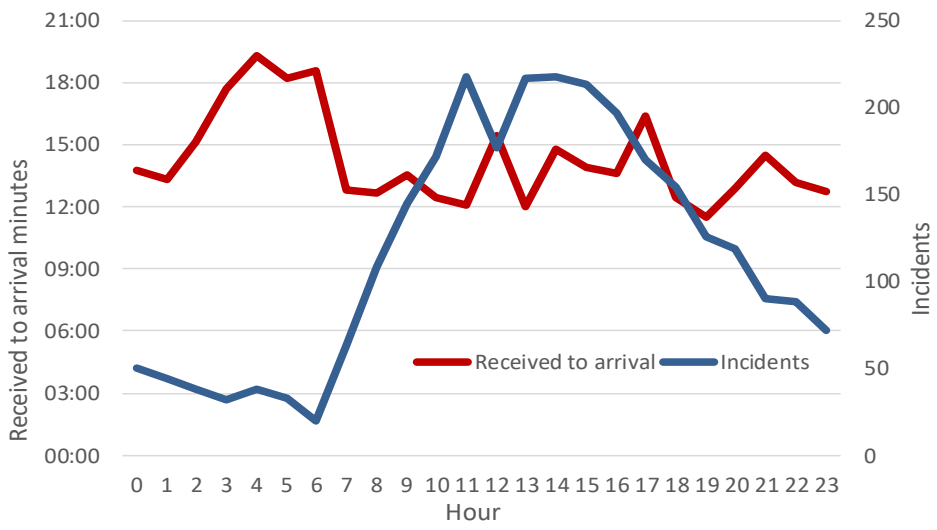
The next figure shows received to arrival performance during 2017 at the 90th percentile for priority incidents within the NTFPD/MBFPD service area. Overall, received to arrival time is within 13 minutes, 24 seconds, 90 percent of the time.

Figure 58: Received to Arrival Time—First Arriving Unit



The next figure shows received to arrival performance by time of day also compared to incident activity by time of day. Received to arrival, from the customer's standpoint, is quickest during the day and slowest during the early morning hours.

Figure 59: Hourly Received to Arrival Performance



Mutual Aid and Automatic Aid Systems

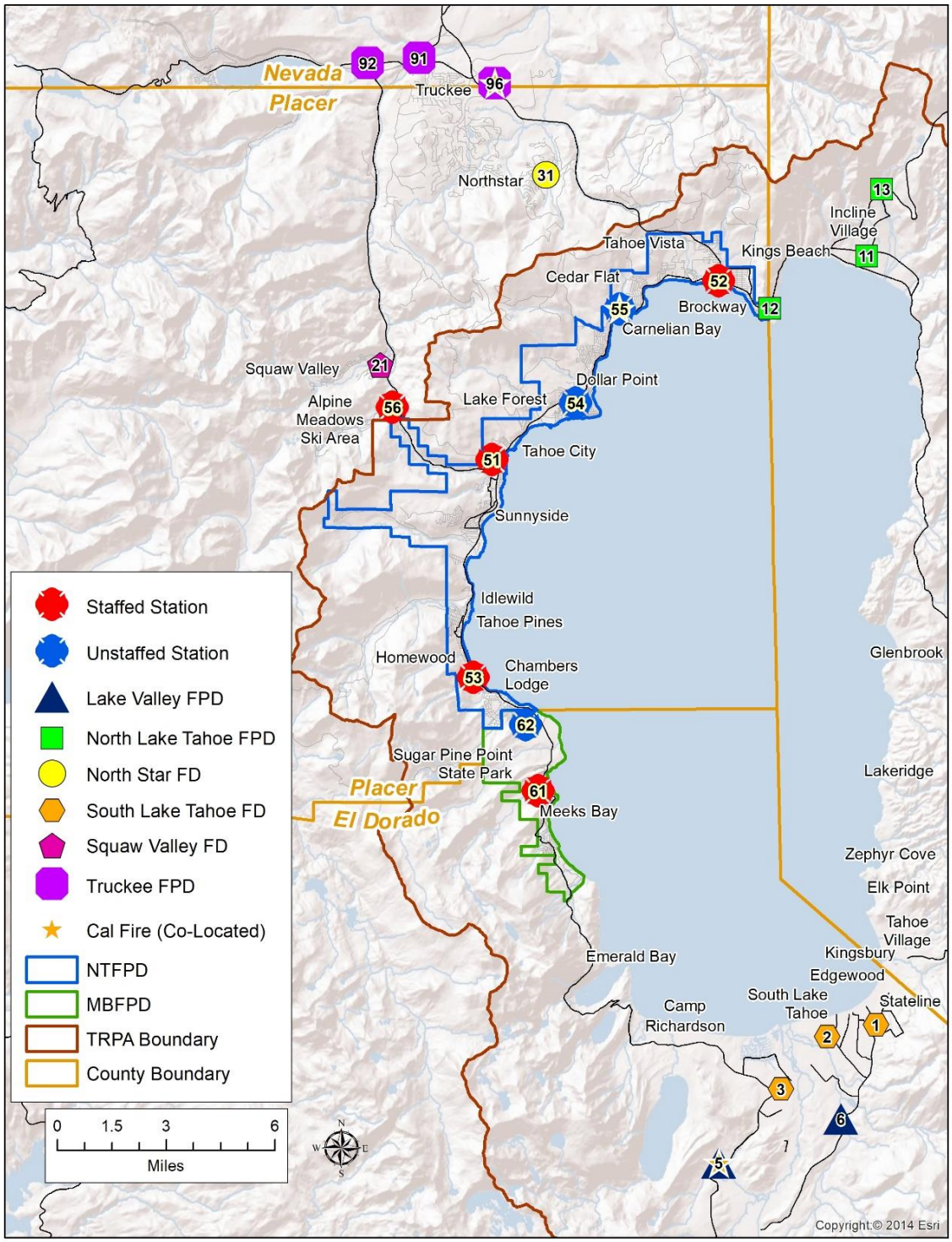
There are several mutual and automatic aid agreements in place between fire agencies within the Tahoe Basin. All fire agencies participate in the regional mutual and automatic agreements as well as state wide mutual aid. The following figure lists the mutual aid resources available.

Figure 60: Mutual Aid Resources

Department	Engines	Ladders Trucks	Other	Total Available Staffing
North Lake Tahoe Fire District (NV)	3	1	4 Ambulances 3 Brush	12
Truckee Fire District	4	1	4 Ambulances 3 Brush	10
Squaw Valley Fire	1	0	2 Brush Engines	4
Northstar Fire	2	1	2 Brush Engines	4
Lake Valley Fire District	2	0	2 Ambulances 1 Brush Engine	6
TOTALS	**12**	**3**		**35**

The next figure depicts the station locations for the surrounding fire agencies participating in the mutual and automatic aid agreements.

Figure 61: Tahoe Area Regional Fire Services



The MBFPD responds south around Emerald Bay. The South Lake Tahoe FD responds westward to Camp Richardson. NTFPD Station 53 responds into MBFPD; NTFPD Station 56 responds to Alpine and Squaw Valley Ski Areas. NTFPD Station 52 responds to Northstar Ski Area as well as the Hwy 267 incidents. NTFPD Station 12 responds into Kings Beach/Brockway. CAL FIRE stations are seasonal.

Finding:

- Due to the challenges presented by road/highway limitations, seasonal traffic patterns, station locations, configuration and staffing; the combined operation of the two districts is challenged to meet currently established performance goals. As a standalone agency, the MBFPD even with support of mutual aid would be unable to assemble an effective response force.

Recommendation: Evaluate Performance Objectives

ESCI recommends that all performance objectives be reevaluated with consideration given to the challenges presented by road/highway limitations, seasonal traffic patterns, station locations and configuration, staffing, as well as funding.

FINANCIAL ANALYSIS

A critical component of the success and operation of any business, private or public, is a consistent and reliable funding stream. In the instance of public agencies, this funding is usually provided by the assessment and collection of various forms of taxation such as ad valorem (real estate) taxes, special assessments and billings for services. Recognizing the limits of public funding, public safety agencies, including fire protection districts, are limited in the level of service they may provide to their communities by the amount of these types of revenues that the authority having jurisdiction is willing, or limited by the legislative process, to assess. Public agencies also may charge fees for services under contractual arrangements to areas outside of their political boundaries.

A review and discussion of the financial operations of the North Tahoe Fire Protection District and Meeks Bay Fire Protection District, California will follow.

North Tahoe Fire Protection District

Figure 62:Budget and Finance District Survey 2017/18 Components

Survey Components	North Tahoe Fire Protection District Observations
Designated fiscal year	July 1st through June 30th
Assessed property value, FY 2017	$6,319,728,901
Revised current year general operating fund budget, fire department	FY 2017/18 $15,353,950
General fund property tax – current budget year	$5,378,995
Levy rate (current year)	0.001072
Fire Suppression Assessment	$736,047
Other tax levy, Fire Protection Tax	$2,641,136

NTFPD employs an accounting and budgeting system that is like most municipal forms of government. This system utilizes a fund account to track expenditures made by and revenues attributable to the operation of the fund. The General Fund, the only fund utilized by NTFPD, reflects the operations of the performance of the core services provided by the District such as salaries and benefits, services and supplies, repairs and maintenance, insurance, protective clothing, and other normal operating expenses of the District.

Additional funds may be created to manage specific projects, programs, debt service, special or specific income streams, or to account for an allocation of revenue from an assessment of taxes. NTFPD has not utilized this avenue of multiple funds to manage specialized activities such as Mitigation Fees, Apparatus Reserve Funds, Facilities Infrastructure Reserve an Unrestricted Reserve Fund. For audit statement purposes, the general fund is styled the “Governmental Fund.”

ESCI has analyzed the historical revenues and expenses from FY 13/14 through FY 16/17 for the District to develop relevant financial trends, strengths, and weaknesses which, in conjunction with the annual budget information for FY 17/18, will assist in the completion of the financial forecasts presented later in this report. The District is funded from revenues consisting primarily of three types of property taxes and fees for services provided to the communities. The District operates on a June 30 fiscal year basis.

The NTFPD is authorized at 48 full-time suppression personnel, five chief officer positions including the Fire Chief, two Division Chiefs, and three Battalion Chiefs; four administrative personnel, two prevention personnel, one forester, one PIO, one facilities manager and one mechanic. Additionally, the District employs part-time personnel in various maintenance and prevention positions. The District operates from five stations and provides fire suppression, fire investigation, inspections, plan review services, emergency medical response, hazardous material spill/release response, fire prevention, life safety education, and community risk reduction.

The District's annual budget includes expenses for all the operations and includes transfers in and out of the general fund for various allocations of expenses between the reserve accounts.

The District has incurred a significant deferred liability on its portion of pension obligations for employee retirements. This District has been making payments that will amortize these liabilities within the maximum 30-year period required by CalPERS. The amortization of these pension and the OPEB costs does create a significant drain on the cash flow of the District and may have an impact on the possible future expansion of service delivery by committing scarce resources to meeting its pension obligations.

Revenues

Property Taxes

The collection of local property taxes is the single largest source of revenue for the District. Revenues generated from this source are affected by two primary components, the assessed value of the real properties taxed, and the tax rate charged against that value. The value of a property is affected by the market conditions in the community and, in California, is subject to the restrictions set by Proposition 13 limiting the growth of real estate tax assessments. There are various types of properties which are components to the total valuation in the District. The following figure provides a picture of the growth in the value of total property within the NTFPD from FY 13/14 to 16/17.

Figure 63: Property Valuation in NTFPD, FY 13/14–16/17

	Actual FYE June 30			
	13/14	14/15	15/16	16/17
Property tax values	**5,435,451,512**	**5,573,005,695**	**6,157,872,591**	**6,319,728,901**
Secured	5,338,280,120	5,471,051,101	6,060,497,232	6,214,631,735
Utility	714,644	714,644	422,144	422,144
Secured HOPTR	12,070,460	11,883,200	11,655,000	11,096,400
Unsecured	84,386,288	89,356,750	85,298,215	93,578,622
Unsecured HOPTR	-	-	-	-

Source: https://www.placer.ca.gov/departments/auditor/property-tax

A tax rate is applied against the assessed valuations to arrive at the revenue to accrue to the benefit of the District. In certain economic situations, assessed taxes are reallocated to specified programs such as the Educational Revenue Augmentation Fund (ERAF) and a Redevelopment fund resulting in a reduction of the revenue to the District. These reallocations have a material negative effect of approximately $1.6 million on revenue available to provide services within the District. A partial offset against the Redevelopment Fund revenue shift is received annually.

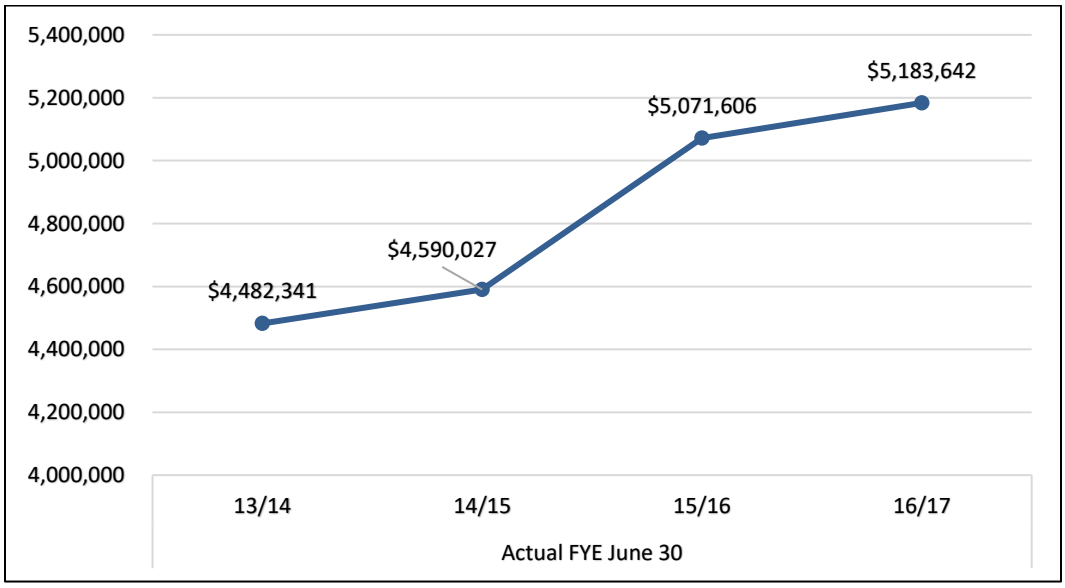
The following figure identifies the impact of the growth of the assessed value of the District and the associated credits to reallocate the revenues to special programs.

Figure 64: NTFPD Property Tax Revenues, FY 13/14–16/17

	13/14	14/15	15/16	16/17
Gross assessment	5,818,145	5,962,131	6,600,544	6,777,775
ERAF shift	(595,921)	(610,203)	(674,225)	(689,119)
2013/2014 Redevelopment	(739,883)	(761,901)	(854,713)	(905,014)
Net Property tax assessment	**4,482,341**	**4,590,027**	**5,071,606**	**5,183,642**

Shown graphically, property tax revenues from FY 13/14 through FY 16/17 have increased approximately 16 percent. The following figure provides a more visible representation of the impact on the District's revenues resulting from the amount of growth in assessed values as well as the reallocation of tax revenues into other programs. Theses revenue shifts continue into the future, however a significant amount of the redevelopment shift will be offset by an increase in RDA revenues, included in the Other Property and Special Taxes line in the forecasts, as properties are completed.

Figure 65: Graphic Presentation of Increase in NTFPD Property Tax Revenues, FY 13/14–16/17



Other Tax Revenues

Additionally, a voter approved fire tax and a voter approved fire assessment are other significant sources of funds for the District's operations. The Special Tax increase, implemented in FY 05/06, has allowed the District to rebuild reserves while, at the same time, maintaining staffing levels, training, and equipment. The Fire Assessment is an additional charge against each of the parcels within the District. The funds collected are deposited in various accounts of the general fund of the North Tahoe Fire Protection District.

Additional sources of funding District services are contracts for services with other communities and billings for ambulance services. Contracts to provide fire protection services to Alpine Meadows, Meeks Bay, and El Dorado County provide significant amounts as does providing ambulance services to the area.

Revenues are separated into two categories: recurring and non-recurring. Recurring revenues are those items that are expected to continue annually such as property taxes, sales taxes, and contracts for service. Non-recurring revenues are those sources that have an expectation of not continuing such as sales of assts, grant revenues, loan proceeds and insurance proceeds. Loan proceeds may be received in one fiscal year but not be utilized until a future fiscal year which may significantly distort the cash flows in both years.

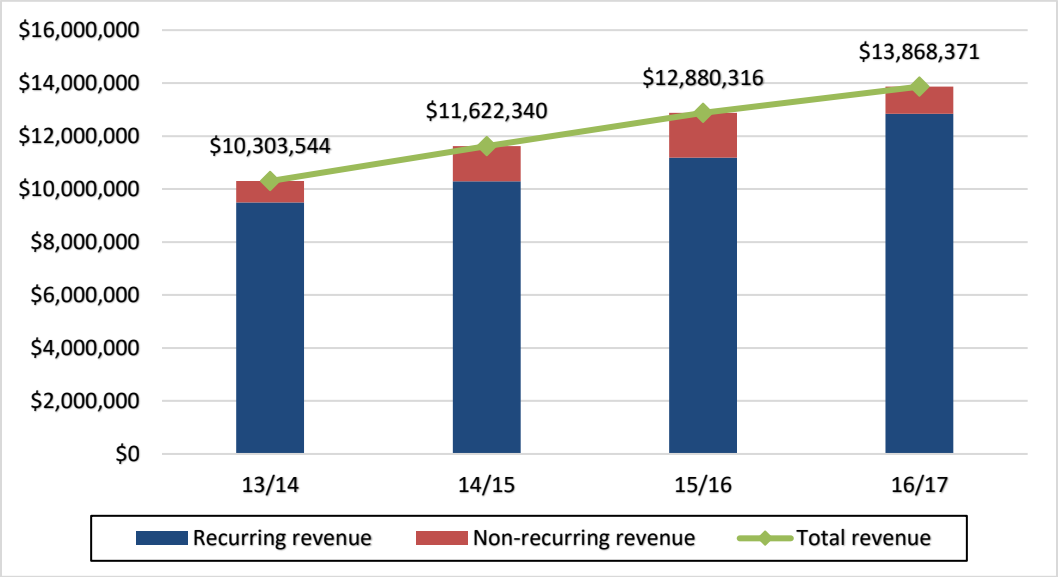
Figure 66: NTFPD Recurring and Non-Recurring Revenues, FY 13/14–FY 16/17

	FYE June 30 Actual			
	13/14	14/15	15/16	16/17
Recurring Revenue				
Property taxes	$ 4,829,942	$ 5,212,729	$ 5,910,263	$ 6,143,994
Special fire tax	2,356,711	2,417,610	2,472,576	2,585,869
Fire Suppression Assessment	657,904	674,677	689,880	720,307
Service Contracts	587,216	707,094	709,987	1,744,462
Ambulance services	949,043	1,109,571	1,206,857	1,511,147
Mitigation fees	73,783	106,236	124,461	76,874
Inspections/plan check fees	43,203	68,109	67,992	59,312
Total Recurring Revenue	9,497,802	10,296,026	11,182,016	12,841,965
Non-Recurring Revenue				
CalFire Lease	8,522	16,107	11,100	1,467
Grant Proceeds	263,918	827,883	986,677	323,365
Interest Income	39,157	37,091	62,446	78,388
Sale of Surplus Assets	1,600	45,782	9,000	78
Strike team reimbursements	153,084	261,562	463,733	484,290
Transfers from other funds	-	-	-	80,000
Other	339,461	137,889	165,344	58,818
Total Non-Recurring Revenue	805,742	1,326,314	1,698,300	1,026,406
Total Revenue	$ 10,303,544	$ 11,622,340	$ 12,880,316	$ 13,868,371

The previous figure shows the recurring revenues generated in the District have increased approximately 33 percent during the review period. A significant portion of this increase results from the increase in property tax revenue and contracts to provide services to the Alpine Springs County Water District, El Dorado County, and ambulance revenues.

Shown graphically in the next figure, the District revenue stream relies more on consistent funding sources for its operations.

Figure 67: Graphic Presentation of NTFPD Recurring and Non-Recurring Revenue, FY 13/14–16/17



Non-recurring revenue items are those which have time limits, grant proceeds, loan proceeds, asset sales, and reimbursements from other government entities for work performed on state or federally declared disasters.

Finding:

- Recurring revenue is providing a stable source of funds from which to provide services to the District's residents and businesses.

Expenses

The District's budget is prepared according to California law and is based on accounting for certain transactions on a modified accrual basis of accounting. The funds are appropriated by the nature of the expenditure. Funds are also appropriated to provide for debt service payments. The District operates using one fund to record all transactions. The District Board approves the budget.

The following figure identifies the historic allocation of costs by major category for the District for the fiscal years 13/14 through 16/17.

Figure 68: Expenditures of the NTFPD General Fund and Debt Service Fund, FY 13/14–16/17

	FYE June 30 Actual			
	13/14	14/15	15/16	16/17
Salaries & wages	$ 4,933,779	$ 5,051,403	$ 4,945,174	$ 6,360,102
Benefits	2,631,732	2,971,716	3,267,508	4,154,163
Total salaries & benefits	7,565,511	8,023,119	8,212,682	10,514,265
Supplies	490,286	611,461	760,728	690,977
Services	613,251	660,720	782,761	1,127,715
Energy	107,573	109,756	102,390	134,837
Maintenance	412,743	439,162	589,160	364,389
Debt service	708,392	779,827	765,462	779,328
Total Recurring Expenses	9,897,756	10,624,045	11,213,183	13,611,511
Capital	108,167	28,395	202,090	34,369
Transfers to other funds	-	-	-	77,857
Contingency	4,150	-	-	-
Total Non-Recurring expenses	112,317	28,395	202,090	112,226
Total expenses	$ 10,010,073	$ 10,652,440	$ 11,415,273	$ 13,723,737

Recurring expenses have increased dramatically as the employee pension and insurance costs have increased. Additionally, the District has added staffing and absorbed the Meeks Bay firefighters and Fire Chief positions. Recurring expenses have increased from $9,897,756 to $13,723,737, or 37 percent, from FY 13/14 to FY 16/17. These additional costs are offset by the increased revenue from the Meeks Bay FPD service contract. Personnel and related costs have increased 41 percent in the same time-period. Supply costs are stable except during years that turnout gear is acquired. Maintenance costs remain relatively stable, again with an occasional anomaly indicated in FY 15/16. Debt service remains stable as the District's long-term debt is being extinguished according to the note terms.

The District has incurred a significant unfunded liability on its portion of pension obligations for employee retirements. The amortization of these pension and the OPEB costs creates a significant drain on the cash flow of the District and may have an impact on the possible future expansion of service delivery by committing scarce resources to meeting its pension obligations. Included on page 27 of the June 30, 2017 audit report is the amount of $14,557,042 shown as the combined unfunded pension liability for both NTFPD plans. These UAL liabilities may be amortized over a 30-year period pursuant to CalPERS regulations. NTFPD has elected to extinguish these debts more rapidly by prepaying amounts on an annual basis however this does have a negative impact on annual cash flow.

Personnel expenses have grown over the past four years as the District's staffing model has increased to accommodate service demand and the additional service contracts developed by the District. Pension cost payments include the annual or "normal" cost as well as the amortization of the unfunded actuarial liability (UAL) required under the CalPERS calculations. Current medical insurance costs, workers compensation, overtime, and Medicare taxes all increase in relationship with the compensation increases.

Figure 69: NTFPD Personnel Services Expenditures, FY 13/14–16/17

	FYE June 30 Actual			
	13/14	14/15	15/16	16/17
Salaries - full-time	$ 3,855,522	$ 4,143,983	$ 4,239,026	$ 5,485,442
Overtime	811,005	891,153	933,841	1,101,699
Salaries - part-time	353,080	181,108	67,626	94,755
Strike team wages	(85,828)	(164,841)	(295,319)	(321,794)
Pension costs	1,460,588	1,516,065	1,694,574	1,976,679
Medical insurance - current	524,668	773,261	811,700	1,157,450
Medical insurance - retired	181,251	195,983	234,800	248,311
Dental & vision	69,822	77,161	84,546	104,227
Workers compensation	310,724	273,766	327,761	537,290
Employee assistance program	3,060	3,413	3,645	3,283
Life & disability	12,189	13,346	9,605	3,257
Medicare taxes	59,430	108,721	100,877	123,666
GASB 45 compliance	10,000	10,000	-	-
	$ 7,565,511	$ 8,023,119	$ 8,212,682	$ 10,514,265

Fund Balance

Maintaining a reasonable cash position or fund balance is especially important for government agencies relying on property taxes or revenues streams that only occur at certain times of the budget cycle. Funds must be available to provide timely payment of current obligations and operating expenses of the District. At June 30, 2017, cash reserves available to fund these obligations were indicated at $7,526,024, or approximately six months of operations.

Current Budget

REVENUES

Revenues from the various property tax assessments are forecast to increase approximately 2.7 percent for 2018. Grant revenues are forecast to increase significantly in 2018 with receipts expecting to exceed the FYE 2017 actual amounts by approximately $1,000,000. Included in these proceeds is an estimated reimbursement of approximately $470,000 from a SAFER staffing grant.

EXPENSES

The current budget of the North Tahoe Fire Protection District for the FYE 2018 is projected to be a balanced budget. To do so, the District expects to transfer funds from its Mitigation Fee account ($110,000) and its Apparatus Reserve account ($50,000). The following figure indicates the allocation of expenses between the major categories of the NTFPD budget. These transfers will reduce the ending total cash reserve by a similar amount.

Figure 70: Graphic Presentation of the Adopted NTFPD FY 17/18 Budget

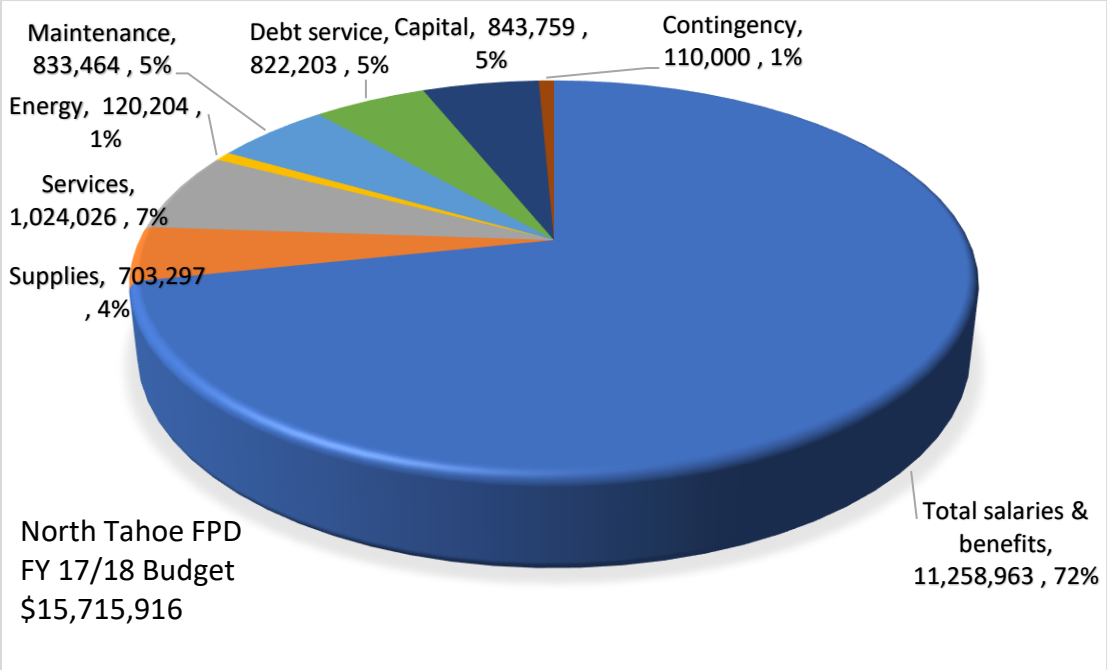


Figure 71: FY 17/18 Adopted NTFPD Budget

	Budget 2018
Salaries & wages	$ 6,930,221
Benefits	4,328,742
Total salaries & benefits	11,258,963
Supplies	703,297
Services	1,024,026
Energy	120,204
Maintenance	833,464
Debt service	822,203
Total Recurring Expenses	14,762,157
Capital	843,759
Contingency	110,000
Total Non-Recurring expenses	953,759
Total	$ 15,715,916

Meeks Bay Fire Protection District

Figure 72: Budget and Finance District Survey Components

Survey Components	Meeks Bay Fire Protection District Observations
Designated fiscal year	July 1st through June 30th
Assessed property value, FY 2017	
Revised current year general operating fund budget, fire department	FY 17/18 $1,587,022
General fund property tax – current budget year	$793,199
Special assessment	$381,063
Special tax	$283,660

MBFPD employs an accounting and budgeting system that is similar to most municipal forms of government. This system utilizes "funds," more easily described as separate operating divisions of a parent company, to track expenditures made by and revenues attributable to the operation of each type division. The general fund typically reflects the operations of the performance of the core services provided by the municipality such as law enforcement, fire protection, human resources, legal, finance, and the administrative side of the operation such as the office of the Fire Chief or Board of Directors of the District. Within the General Fund, the annual budget for the District is prepared.

Additional funds may be created to manage specific projects, programs, debt service, special or specific income streams, or to account for an allocation of revenue from an assessment of taxes. As a fire protection district, MBFPD employs the use of a single fund to manage its activities that are funded by an assessment of various types of property taxes and special assessments.

ESCI has analyzed the historical revenues and expenses from FY 14/15 through FY 16/17 for the District to develop relevant financial trends, strengths, and weaknesses which, in conjunction with the annual budget information for FY 17/18, will assist in the completion of the financial forecasts presented later in this report. The District is funded from revenues consisting primarily of the assessment of property taxes, special assessments, and fees for services provided to the communities. The District operates on a calendar year beginning July 1 and ending June 30.

The MBFPD is authorized at one full-time administrative personnel, having transferred by agreement, the suppression personnel to the North Tahoe Fire Protection District. MBFPD continues to provide funding for the staffing of its station through a contract payment to NTFPD. The District's station is staffed with NTFPD personnel and provides fire suppression, fire investigation, inspections, plan review services, emergency medical response, hazardous material spill/release response, fire prevention, life safety education, and community risk reduction.

The District's annual budget includes expenses for all operations. It also includes minimal transfers in and out of the general fund for various allocations of expenses between the reserve accounts.

The District has incurred a significant deferred liability on its portion of pension obligations for employee retirements. This District has been making payments that will amortize these liabilities within the maximum 30-year period required by CalPERS. The amortization of these pension and the OPEB costs does create a significant drain on the cash flow of the District and may have an impact on the possible future expansion of service delivery by committing scarce resources to meeting its pension obligations.

Revenues

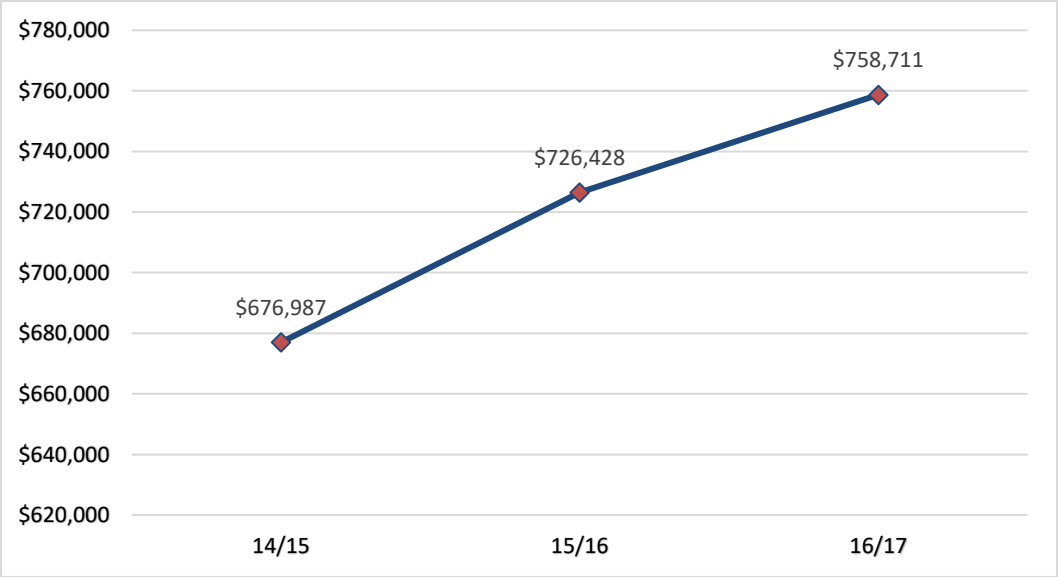
Property Taxes

The collection of local property taxes is the single largest source of revenue for the District. Revenues generated from this source are affected by two primary components, the assessed value of the real properties taxed, and the tax rate charged against that value. The value of a property is affected by the market conditions in the community and, in California, is subject to state legislation limiting the growth of real estate tax assessments. There are various types of properties which are components to the total valuation in the District.

Similar to NTFPD, a tax rate is applied against the assessed valuations to arrive at the revenue to accrue to the benefit of the District. In certain economic situations, assessed taxes are reallocated to specified programs such as the Educational Revenue Augmentation Fund (ERAF) resulting in a reduction of the revenue to the District.

Shown graphically, property tax revenues from FY 14/15 through FY 16/17 have increased approximately 12 percent. The following figure provides a more visible representation of the impact on the District's revenues resulting from the amount of growth in assessed values as well as the reallocation of tax revenues into other programs.

Figure 73: Graphic Presentation of Increase in MBFPD Property Tax Revenues, FY 14/15–16/17



Other Tax Revenues

Additionally, a voter approved fire tax and a voter approved fire assessment are the other significant sources of funds for the District's operations. The Special Tax increase, implemented in FY 05/06, has allowed the District to rebuild reserves while, at the same time, maintaining staffing levels, training, and equipment. The Fire Assessment is an additional charge against each of the parcels within the District. The funds collected are deposited in various accounts of the general fund of Meeks Bay Fire Protection District.

MBFPD has two categories of revenues—recurring and non-recurring. Recurring revenues are those items that are expected to continue annually such as property taxes, special assessments, and contracts for service. Non-recurring revenues are those sources that are difficult to predict an amount or have an expectation of not continuing such as sales of assets, grant revenues, loan proceeds, and insurance proceeds.

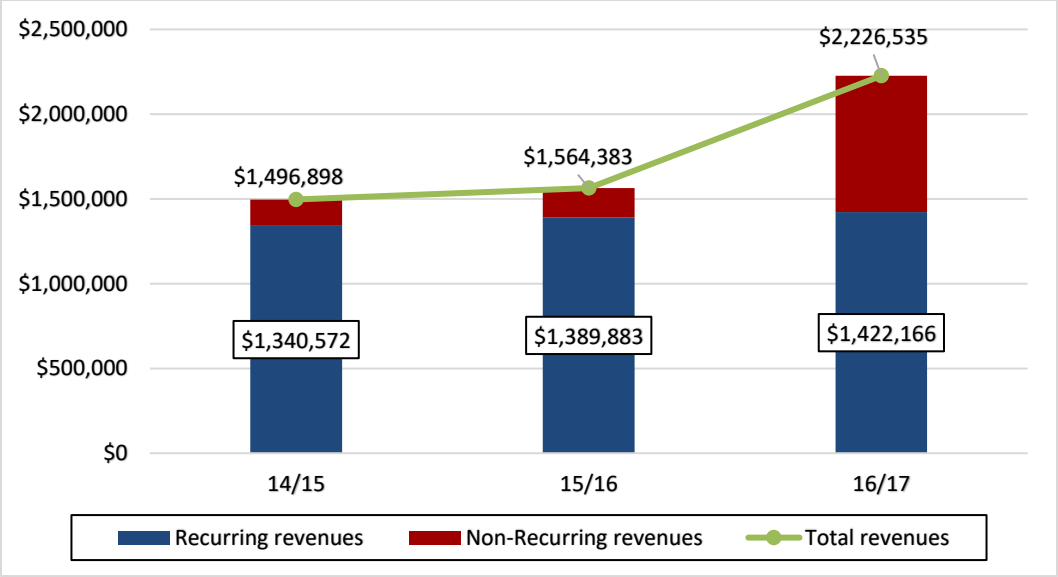
Figure 74: MBFPD Recurring versus Non-Recurring Revenues, FY 14/15–16/17

	2015	2016	2017
REVENUES			
Real estate taxes	$ 676,987	$ 726,428	$ 758,711
Special tax	283,920	283,790	283,790
Special Assessment	379,665	379,665	379,665
Total recurring revenue	1,340,572	1,389,883	1,422,166
Interest	3,500	4,500	5,000
Employee liability reserve - CERBT	-	-	523,014
Workers Comp reimbursements	-	10,000	-
Emergency response recovery fee	35,103	-	-
Plan checks and developer fees	4,000	8,000	5,000
Emergency response recovery	5,000	5,500	2,000
Miscellaneous	5,000	32,000	8,000
Grants & donations	103,723	114,500	261,355
Total other - non-recurring revenue	156,326	174,500	804,369
Total Revenues	$ 1,496,898	$ 1,564,383	$ 2,226,535

Figure 74 shows the recurring revenues generated in the District have increased approximately 6 percent from FY 14/15 to 16/17. The majority of this increase results from the increase in property tax revenue and contracts to provide services to neighboring districts and ambulance revenues. Non-recurring revenues have jumped dramatically as a result of significant increases in grant revenues.

Shown graphically in the following figure, the District revenue stream relies more on consistent funding sources for its operations.

Figure 75: Graphic Presentation of MBFPD Recurring and Non-Recurring Revenue, FY 14/15–16/17



Expenses

The District's budget is prepared according to California law and is based on accounting for certain transactions on a modified accrual basis of accounting. The funds are appropriated by the nature of the expenditure. Funds are also appropriated to provide for retiree pension and health insurance benefits. The District operates using one fund to record all transactions. The District Board approves the budget.

The following figure identifies the historic allocation of costs by major category for the District for the fiscal years ending June 30, 2015 through 2017.

Figure 76: Expenditures of the MBFPD General Fund, FY 14/15–16/17

	14/15	15/16	16/17
Salaries	$ 738,054	$ 750,600	$ 109,712
Benefits	307,917	311,982	642,344
Total salaries and benefits	1,045,971	1,062,582	752,056
Supplies	35,650	57,420	76,714
Services	320,842	393,758	1,153,918
Energy	13,115	13,691	14,920
Maintenance	81,320	41,932	196,860
Total recurring expenses	1,496,898	1,569,383	2,194,468
Capital	241,993	609,000	150,000
Transfers	(241,993)	-	32,067
Total non-recuring expenses	-	609,000	182,067
Total expenses	1,496,898	2,178,383	2,376,535

Recurring expenses have increased dramatically as the costs associated with service contract with North Tahoe have increased significantly between 14/15 and 16/17. A portion of these costs have been offset by the reduction in payroll costs at MBFPD with staffing being reduced to one administrative person.

Recurring expenses have increased from $1,496,898 to $2,184,468 or 47 percent between FY 14/15 and FY 16/17. Personnel and related costs have decreased 39 percent in the same time-period. Supply costs are have increased significantly during the review period. Maintenance costs Increased significantly in FY 16/17 as several items of deferred maintenance were addressed at the stations and a Plymovent exhaust removal system was installed at Station 61. Services increased significantly as the service contract with North Tahoe transferred the line firefighter positions to NTFPD. MBFPD has no debt service.

The District has an unfunded liability on its portion of pension obligations for retired employees. The amortization of these pension and the OPEB costs are being managed through cash flow and reserve balances and are included in the Benefits section of the figures in the report.

Payroll and related benefit costs were reduced significantly in FY 16/17 with the absorption of the line positions by North Tahoe. These savings were offset by a significant increase in the contract costs with NTFPD. A one-time payment to fund the retiree health insurance program was made in FY 16/17. MBFPD will continue to fund its portion of pension costs for its current employee and the costs of those personnel previously retired.

Figure 77: MBFPD Personnel Services Expenditures, FY 14/15–16/17

	FYE June 30		
	14/15	15/16	16/17
Salaries	$ 682,080	$ 645,399	$ 82,901
Holiday, Medicare taxes and extra time	24,854	18,981	6,411
Overtime	23,920	71,820	6,000
Health Insurance - retirees	286	9,358	567,123
PERS	159,074	122,479	67,770
Board of Directors	7,200	14,400	14,400
Health Insurance	84,281	121,909	-
Workers compensation	64,276	58,236	7,451
Total	$ 1,045,971	$ 1,062,582	$ 752,056

Fund Balance

Maintaining a reasonable cash position or fund balance is especially important for government agencies relying on property taxes or revenues streams that only occur at certain times of the budget cycle. Funds must be available to provide timely payment of current obligations and operating expenses of the District. At June 30, 2017, cash reserves available to fund these obligations were indicated at approximately $1,561,000 or approximately twelve months of operations.

Current Budget

Revenues

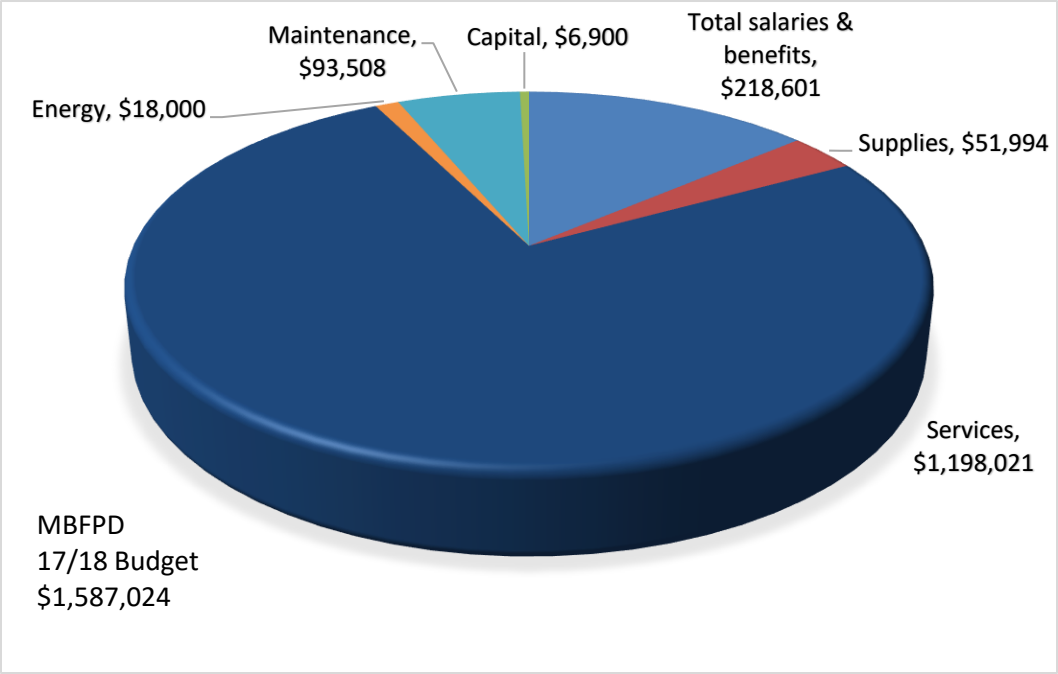
Revenues from the various property tax assessments are forecast to increase approximately 2.5 percent for 17/18. In 17/18, the net negative impact from the ERAF deduction for Meeks Bay is $76,888.

Grant revenues are forecast to decrease significantly in 17/18.

Expenses

The current budget of the Meeks Bay Fire Protection District for the FY 17/18 is projected to be a balanced budget. The following chart indicates the allocation of expenses between the major categories of the MBFPD budget.

Figure 78: Graphic Presentation of MBFPD FY 17/18 Budget



STAKEHOLDER INPUT

ESCI interviewed a wide variety of both Districts' internal and external stakeholders. The purpose of these interviews was to gain a better understanding of issues, concerns, and opinions about the emergency service delivery system, opportunities for shared services, historical barriers to formal merger, and community expectations.

It is important to note that the information solicited and provided during this process was provided in the form of "people inputs," some of which are perceptions as reported by stakeholders. All information was accepted at face value without an in-depth investigation of its origination or reliability. The project team reviewed the information for consistency and frequency of comment to identify specific patterns and/or trends. The observations included in this report were confirmed by multiple sources or the information provided was significant enough to be included. Based on the information review, the team was able to identify a series of observations, recommendations, and needs which are included in this report.

Stakeholders were identified within three separate groups: Elected & Business Community, Chief Officers, Labor Leaders, and Administrative Staff. Stakeholders included members of the business environment including the Resort Association, Water Districts, Home Owners Associations, etc.

Twenty stakeholders were scheduled for interviews that were completed over a three-day-period. These stakeholders represented Home Owners Association(s), Board of Supervisors, Meeks Bay Fire Protection Board of Directors, North Tahoe Fire Protection District Board of Directors, Community Service Districts, neighboring fire district, NTFPD Local Union, Administrative staff members, Chief Officers, and a variety of community association representatives, as well as a few community members.

The responses are summarized below:

Elected Official and Business Community

Are you aware of why we are here and the purpose of this project?

Most of the interviewees responded that they were aware of the purpose of the interviews. For the few that did not, a team member provided information to bring them up to date. Each stakeholder that was interviewed was asked to share their position and background if they were so inclined to do so.

In your opinion, what are the advantages/positives/strengths of the existing emergency service delivery system?

Responses were consistent in that there has been a notable improvement in the services provided by the two Districts, now that they are acting as one. Response times have improved, there is an increase in staffing of stations and medic units are responding from newly-assigned stations.

A comment repeated several times during the interviews was the awareness that there is now an economy of scale and sharing of resources. The community comes together due to a boundary drop and there are advantages of having one command structure.

Having a Chief Officer representing Meeks Bay is an asset. Some interviewees went as far as saying the current delivery system meets and exceeds previous services levels.

What are the disadvantages/negatives/weaknesses of the existing system?
A feeling of loss of community due to the change in staffing at local fire stations. The relationships that previously were built between the staff/firefighters and public has deteriorated; concern that it will eventually be a thing of the past.

Troubled that the personal service that has been previously given (to the locals) in the past will end, resulting in not being able to drop by the station and visit or call the station directly to report renter's starting bond fires or matters of that nature.

There is a disconnect between the community and station and fear of a loss of identity.

One district will be benefiting more from legal unification than the other.

Does the existing system provide the residents and community with acceptable protection?
There were no responses received other than "Yes."

ADDITIONAL COMMENTS INCLUDED:

- We are providing exceptional service.
- Now we have additional fire engines, better equipment and appear to act as one. Medical responses have improved.
- Providing service is more important than having two different representatives.

How important do you think it is for the District to have its own fire department?
The majority of the stakeholder's opinion is, that if the communities (citizens) receive the appropriate level of service, they do not care about having their own fire department identity.

It should be noted that long-time residents of some communities have a kindred connection with their fire department and aren't necessarily opposing the possibility of a formal merger; they have a connection that has been on-going for many years. It is that connection in which they fear will eventually vanish.

Do you believe there would be advantages to operating the two Districts under an alternative governance model such as formally merging the two Districts into one?
Interpretation of an "alternative governance model" differed between many of the stakeholders. Models such as JPA, Special District, Formal Merger, and Consolidation were referenced during their responses.

Most of responses supported continuing with the current process, moving toward formally merging. A few supported a "Full Merger" and the remaining felt the system is working well now and believe remaining under the current agreement is best.

The common thread of maintaining if not improving the current level of service regardless of the governance model is important as is economy of scale, no duplication of over-head personnel, etc.

Do you have any thoughts as to what type of other governance might be more advantageous?
Responses were like the answers to the previous question. Some interviewees were not familiar with the intricacies and/or the complexities of forming a Joint Powers Authority, Community Service District, Annexation, etc.

Interviewees were aware that the union of these two Districts is unique in that they are in and serve two different counties—Placer and El Dorado. Due to this uniqueness, should an annexation or formal merger move forward, both counties Local Agency Formation Commissions (LAFCO) becomes involved.

There were minimal comments regarding LAFCO. There was recognition that there could be a financial advantage to formal merger, should this project move forward.

Are there any disadvantages to adopting a different governance model than what currently is in place?
Responses such as—It is unknown; they are operating well, they have clear lines of communication. There is no duplicating of efforts any longer.

A question: "Does being in two counties change anything for one of the Districts?" Opened a brief conversation about the two county agencies becoming one.

Do you believe the community would support an additional fire assessment if the additional funding would improve operations and enhance the financial stability of a fully merged operation?
The answers were in line with one another; do your homework, speak with other districts that are in two contagious counties. A good, solid financial plan as well as strong marketing plan is needed.

The approach that is taken to bring this topic to the public must include the purpose for the special fees and the history of threat of wildland fires.

If sales and/or transient tax will be affected, it may be negative to the visitors who come to this area.

The fee would need to be reasonable and fair.

In the event a merger or other type of governance model were to move forward, what is the one issue that, if not addressed properly, would be a deal breaker.
A loss of identify resonated in many of the responses. The need for assurance that their voices will be heard, and they can or will be involved; and the agency needs to listen to their constituents.

Should there be a decline in service levels, reduction in the level of employment, and benefits for the employees—it could be a deal breaker.

Primary focus needs to be service delivery, administration, and cost standpoints.

Who do you think would be opposed to the change?
Several comments were shared, however it ultimately came down to: the Firefighters Union, Meeks Bay Board of Directors, North Tahoe Board of Directors, and non-supportive electronic (social media) submitted messages to the community.

Is there anything you would like to add that we have not discussed*?*
Improved communication from the District to the community regarding fire safety, i.e., "fire safety sign" at stations, a Community Bulletin Board at the Post Office and stations, hazards fuel reduction, and increased District visibility—crews need to be more visible throughout the area.

Currently, the working relationship is serving the community well and has never seen it run as smoothly as it does today.

Chief Officers and Labor Leaders

What strengths contribute to the success of the fire department? What do they do well?
Currently functioning as an Alternative Governance model. Administrative tasks are efficient and streamlined. The boundary lines no longer exist between the two Districts.

The communities now have a Public Information Officer and focus has been on paying attention to the past what could have been done better. Beginning with working together as a united front. There were comments that they consider themselves as functionally consolidated.

A sense of pride was exhibited when reviewing the past four years since the Agreement between the two Districts was approved. They are providing services to several communities along the North and West shores of Lake Tahoe as well as to Alpine Meadows. Station 61 in Meeks Bay now has an Advanced Life Support Firefighter on duty, every day, 24/7, resulting in quicker medical response to the west shore than previously. Cross staffing has been implemented. There now exists an economy of scale, improved facilities and apparatus, more personnel available to respond to emergencies every day.

How have operations and administration changed as a result of the current agreement between NTFPD and Meeks Bay FPD?
Historically, Meeks Bay Fire District's call volume was considerably less than North Tahoe Fire District's. At no fault to the Meeks Bay Firefighters, the lack of responses didn't provide un-typical incidents or experiences that help develop additional skill sets. With the current system, Meeks Bay firefighters are now part of the North Tahoe Fire District's shift assignments, allowing them the advantage of working in multiple stations throughout the District, while honing their skills.

Since the District began working as one entity, Meeks Bay's firefighters who previously were not exposed to regular training; now participate in on-going training. Current staffing at Station 61 is considered an improvement and an asset for the over-all fire District and for the community.

It is apparent that the members of the North Tahoe Fire Protection District are considering themselves as a fully functionally consolidated District, other than political subdivisions. Previous issues with external agencies have been mitigated and relationships with neighboring fire districts have also improved.

What are some areas in which you think the department could make improvements?
Having one Board, one set of Policies and Procedures, one Budget; no duplication. Analyzing the staffing levels while considering risk, distance, and population served and based on good data. Focus needs to include not only staffing but facilities, alternative deployment, and Standard of Coverage.

Working with two separate counties is difficult. Services and internal departments each work differently than the other; it is grueling to get and keep connected. With the Districts as one, it would be better.

Currently, there are three Boards to report to North Tahoe, Meeks Bay, and Alpine Meadows. It is time consuming and, in some cases, redundant.

What do you see as the top three critical issues faced by the fire district/s today?
Develop a Standards of Cover.

Economy, Wildland Urban Interface, and competition for services.

Staffing models, Efficiency of deploying apparatus and personnel.

Fire adaptive communities, Capital Facilities Plan, and staffing.

Financial (feasibility of everything moving forward), continued leadership to provide direction, and motivation.

Sustainability, economy, and Facilities.

What opportunities, in your view, are available to improve the service and capabilities in the event a new governance model such as formal merger was to take place?
Having one governing body which encompasses two different counties, may open doors to apply for grants.

Provide depth to the organization allowing the ability to backfill when on strike teams, etc.

Reduce duplicate level of government, by having one Board.

What has not yet been aligned is personnel, administrative staff need cross training.

What challenges do you see to the change?
Loss of ownership.

The two Boards.

"Community Culture?"

Struggling with the unknown.

Risk of losing that "one-on-one contact."

Makeup of the Board.

Possible issues due to being within two counties.

The operational-side of what we are doing now is working well. Not certain how the design of the new Board will *go.*

What drawbacks do you see to the Districts formally combining under a new governance?
No drawback; need to insure the level of service from Station 61 remains as it is today.

None. Does not see any drawbacks.

"Improved specialization." "Don't worry about balancing the talent when taking on another district. Will be a struggle. Continuity of workforce.

Risk of losing the relationship with a small community within a small district.

Loss of institutional memory—knowing the community well enough that when the alarm comes in, you know exactly who and where. Providing the same level of customer service may be a drawback.

Possibly losing representation in areas they have (Board).

Loss of ability to apply for grants.

What are the critical issues that you believe will need to be addressed prior to moving forward with formal merger?
Finances, memorandums of understanding, and buy-in.

Solid financial data, consolidation/coordination of operations, and cultural differences.

Revamp the leadership model, mid-management, and staffing/bidding of stations.

Full financial understanding of unfunded liabilities and consensus of governance.

Administration and Board make up.

Perceived loss of government due to Station 61 no longer having an office; it would be moved up to Station 61.

What are the three critical issues that you believe will need to be addressed prior to moving forward with combining the Districts as one?

Insuring the communities that the level of service they are receiving now will, at a minimum, remain the same or increase. Giving the community a sense of ownership in the station that this is where they go for community CPR and community needs, and should there be a tax assessment, how will it affect the constituents.

Believes most of this has been taken care of except for the Board. How many members? 5…7?

What was intended to be a benefit for all has not worked out well; need to address staffing. It would fail if nothing changes. Nothing has been done to improve the product other than for Meeks Bay.

#1: Community relations. #2: Deployment/staffing. #2: How to continue relationships with El Dorado County.

Who or what groups do you believe would oppose the change?

Other than one or both Boards, do not know of anyone who would be opposed to the governance/coming together.

Doesn't see any groups of opposition. Possibly Friends of the West Shore; not certain.

Does not see any; their needs are being met.

Is there anything that you would like to add that we have not discussed?

It makes sense to merge/consolidate. Volunteers are needed. Some local citizens very much want to see this through. Community outreach needs to occur by attending HOA meetings, public event, etc. Summertime is the best time to promote the merger.

Technology continues to change the District. Computers in engines, applications on cell/smart phones, etc., and; it will continue—such as a deployment model on your phone. The fire service needs to be more technology efficient. Eventually, there may be a Basin-wide communication center.

Nothing will ever be perfect; not everyone will be happy. This has gone far better than ever imagined.

Administrative Staff

What are the three critical issues that you believe will need to be addressed prior to moving forward with formal merger?

Finances.

Chain of Command must be understood and followed.

Fire Chief and Labor Management relations.

In the event the two Districts move forward with an alternative governance model, what duplicated costs do you believe would be eliminated and/or consolidated that would result in economy of scale?

Working at one office/location and being more centralized. Currently working at both locations. The Meeks Bay FPD's Board wishes a presence at the station.

Training for the staff; institutional memory is gone.

Cross training. There is no back-up for any of the Admin staff.

Contracting payroll to ADP (NT). MB has payroll via El Dorado County.

Eliminate redundancy.

Separation of duties.

Update/appropriate Standard Operation Procedures.

What do you see as the top three critical issues faced by the Districts today?

Money. Meeks Bay is so small with a limited amount of property tax revenue. We still need to maintain an appropriate level of service to in that District.

Financial management software.

Clarification as to if a consolidated district will be exempt from ERAF.

What opportunities, in your view, are available to improve the service and capabilities in the event an alternative governance model such as formal merger were to take place?

We are using two sets of books currently. Need to consolidate into one system.

Merging the two would give the district improved funding source, i.e., benefit assessments/special taxes.

What challenges do you see?
The long-term Board members.

It could be political for some of the Board members.

We are maintaining the level of service; others stated that the level of service is better.

What drawbacks do you see to the Districts formally merging under an alternative governance model?
A seven-member Board consisting of five representatives from North Tahoe, one from Meeks Bay, and one from Alpine Meadows.

Making sure the Local Agency Formation Commission addresses concerns that taxes received are used in the area in which they are paid.

Survey

ESCI conducted a confidential survey to determine information and opinion on key issues. The survey was mailed to 2,000 homes within the Districts. Respondents included property owners, renters, full-time residents and part-time residents. ESCI received over 680 responses to the survey. The following figures provide a visual of the result of the survey. There is one graphic figure for each question of the survey. Approximately 150 respondents answered the question that they or a family member required the service of the Districts.

Demographics

Figure 79: Survey Results—Residency

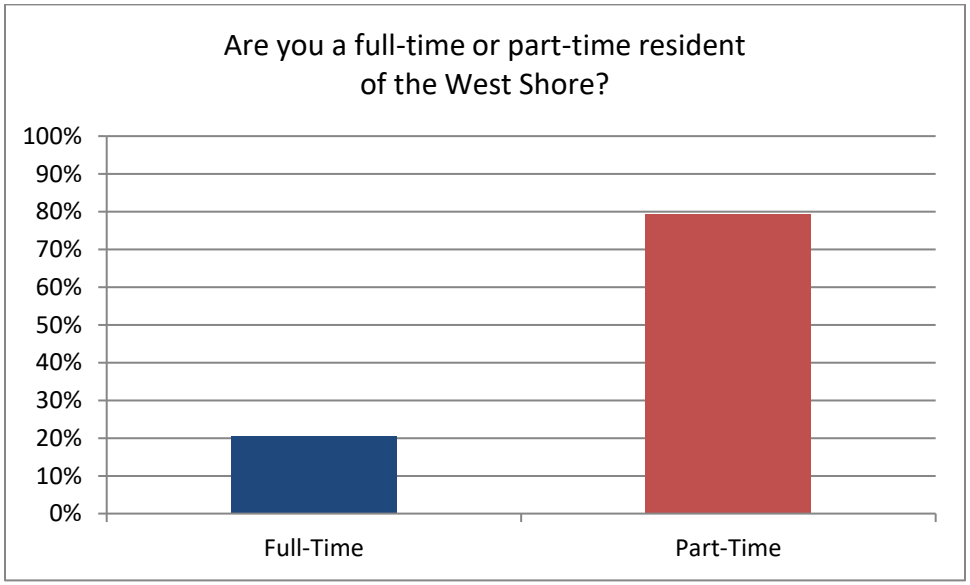


Figure 80: Survey Results—Rent/Own

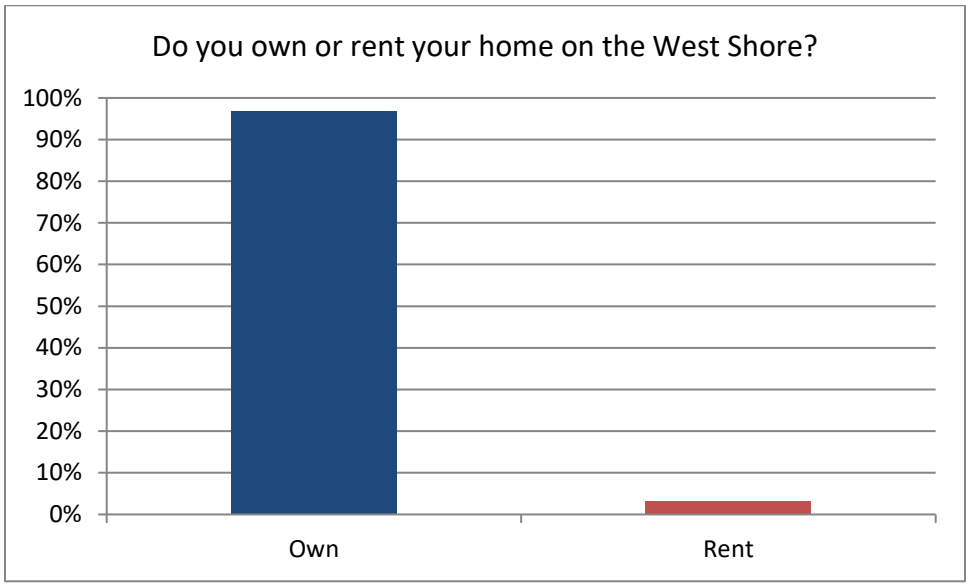


Figure 81: Survey Results—Placer/El Dorado

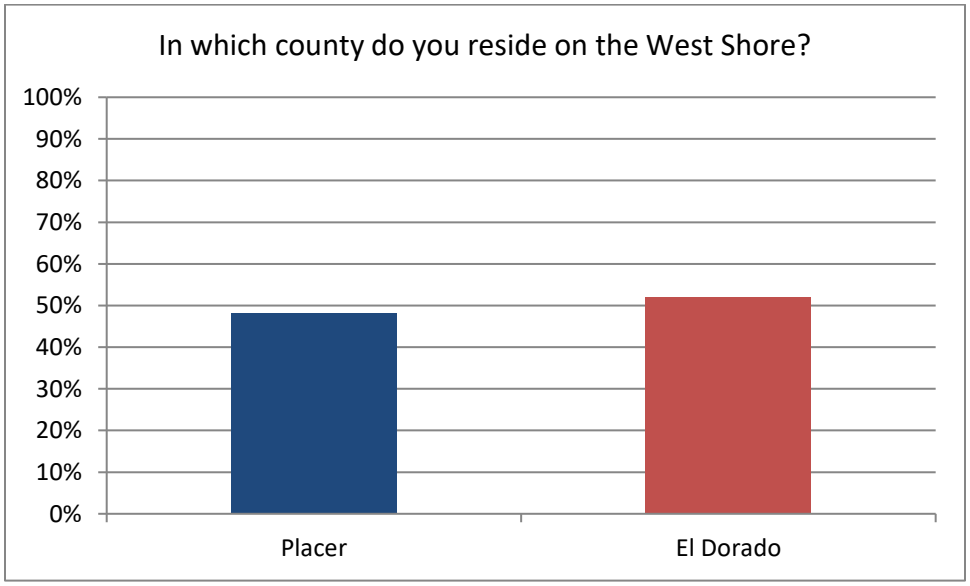
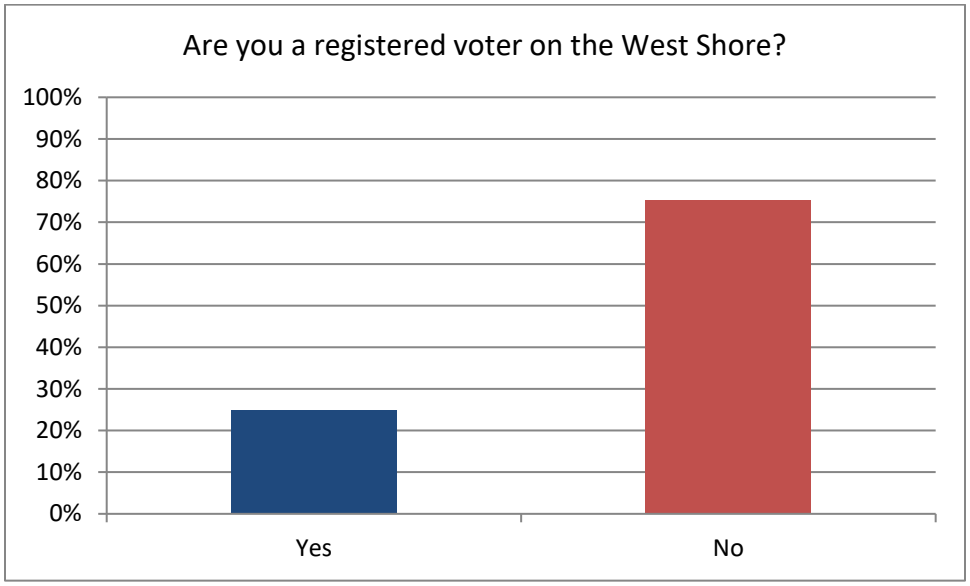


Figure 82: Survey Results—Voter Status



Fire Service

Figure 83: Survey Results—EMS Awareness

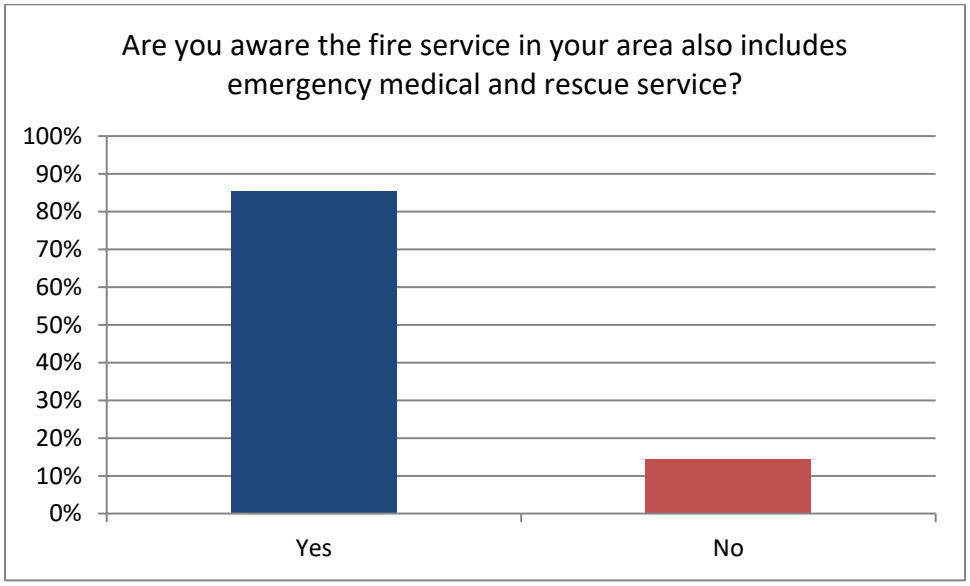


Figure 84: Survey Results—Ambulance Service Awareness

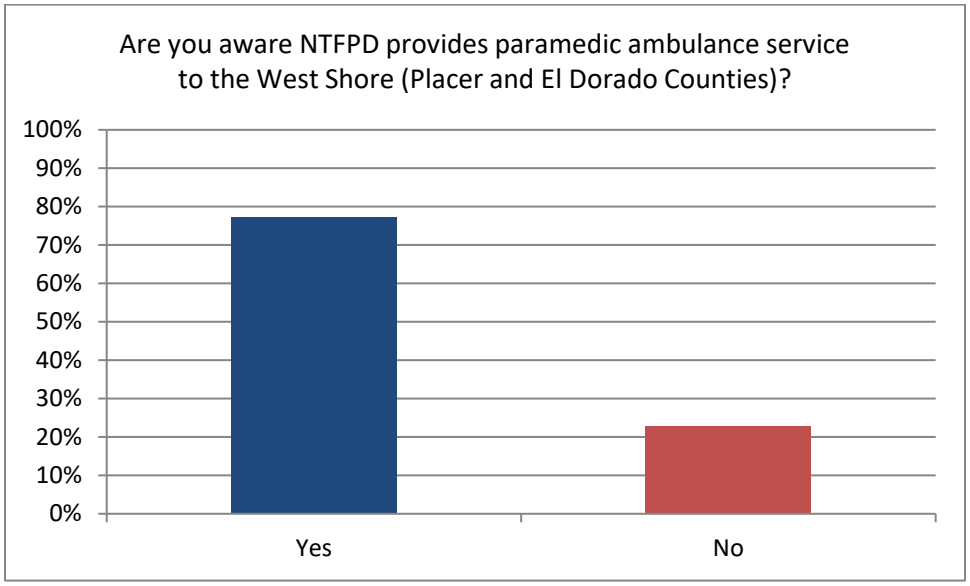


Figure 85: Survey Results—Relative Members

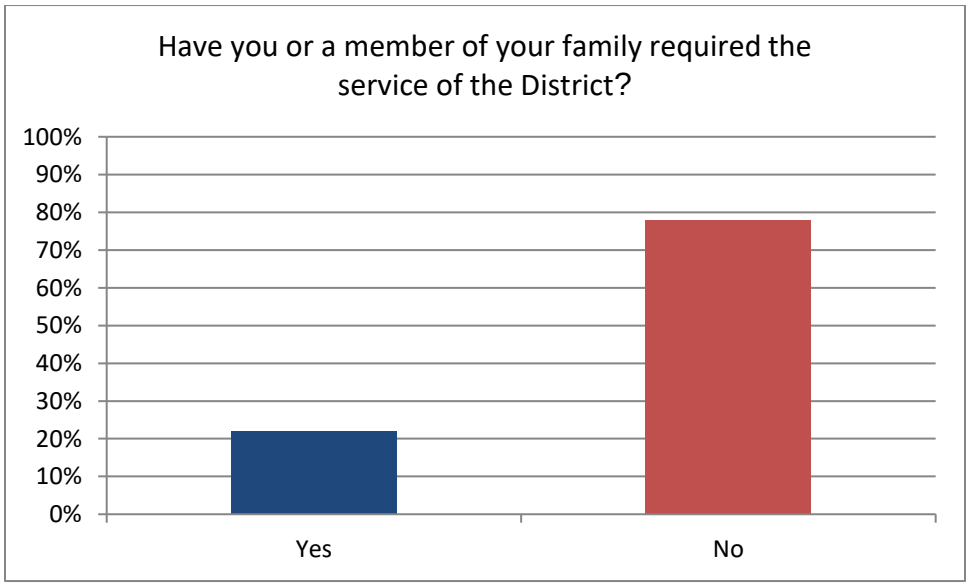


Figure 86: Survey Results—Perceived Professionalism

Figure 87: Survey Results—Perceived Friendliness

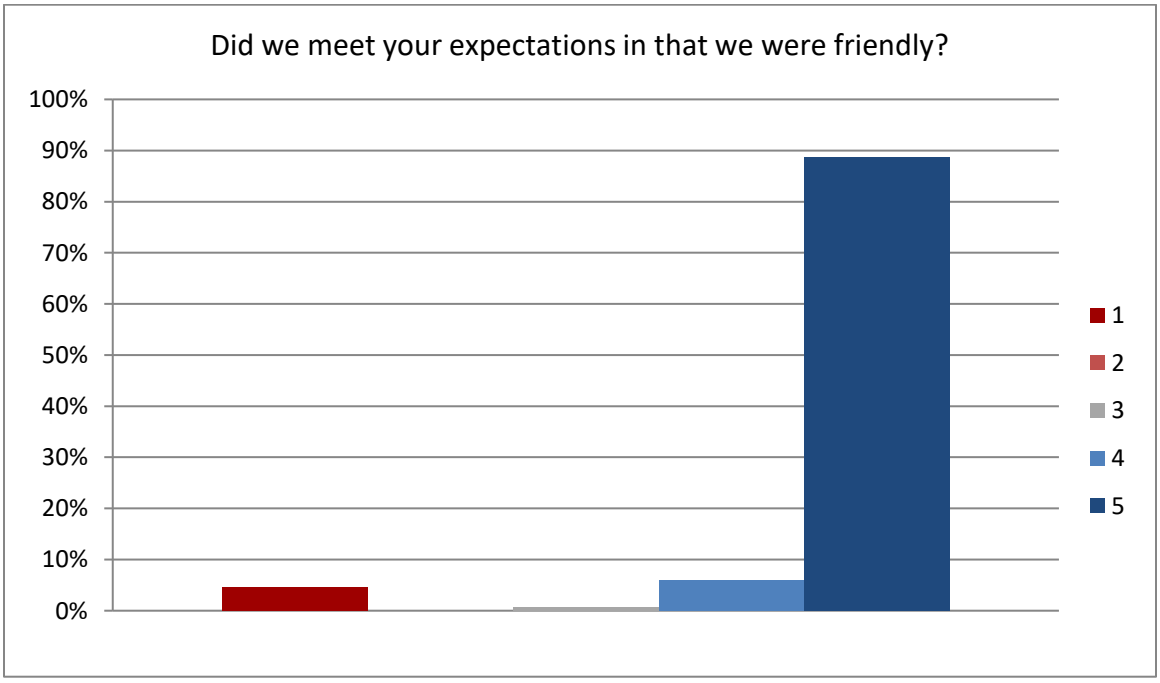
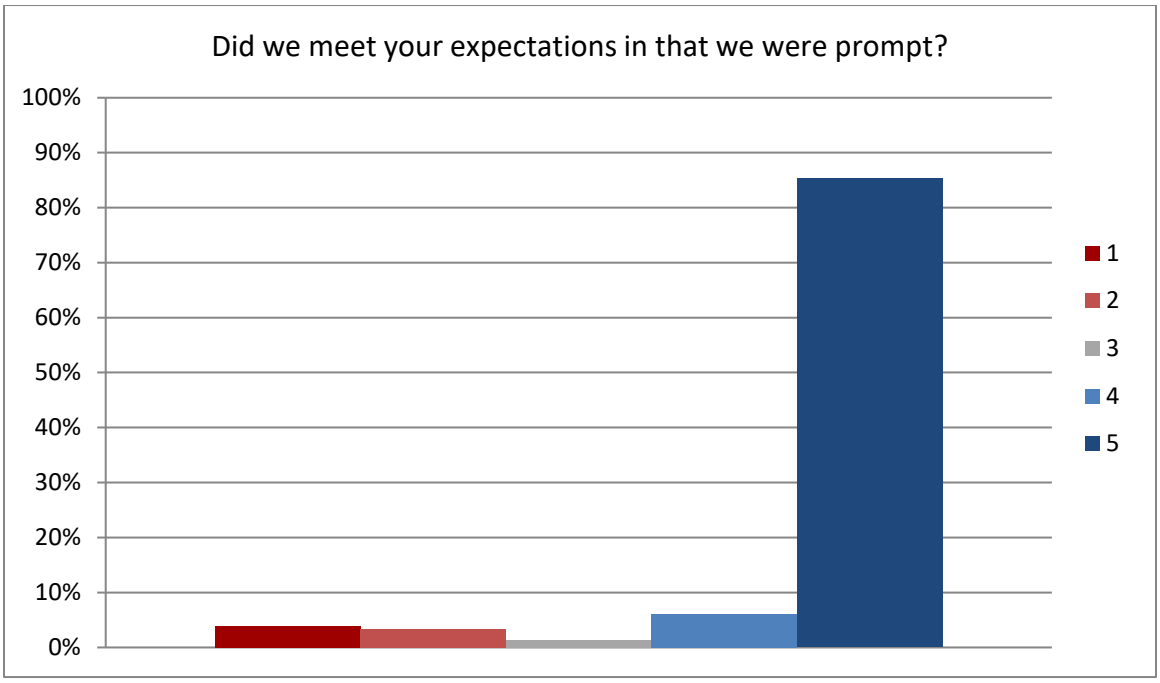


Figure 88: Survey Results—Perceived Promptness



Responses to Service Provided

Figure 89: Survey Results—Retaining Separate Districts

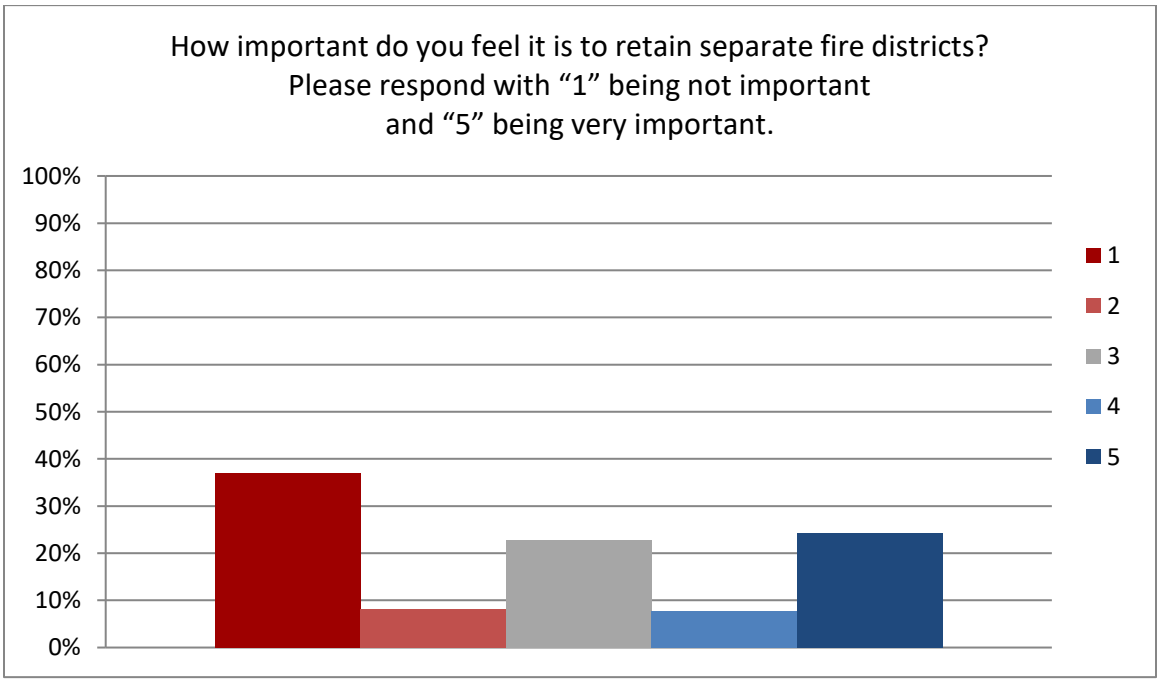


Figure 90: Survey Results—Merging Districts

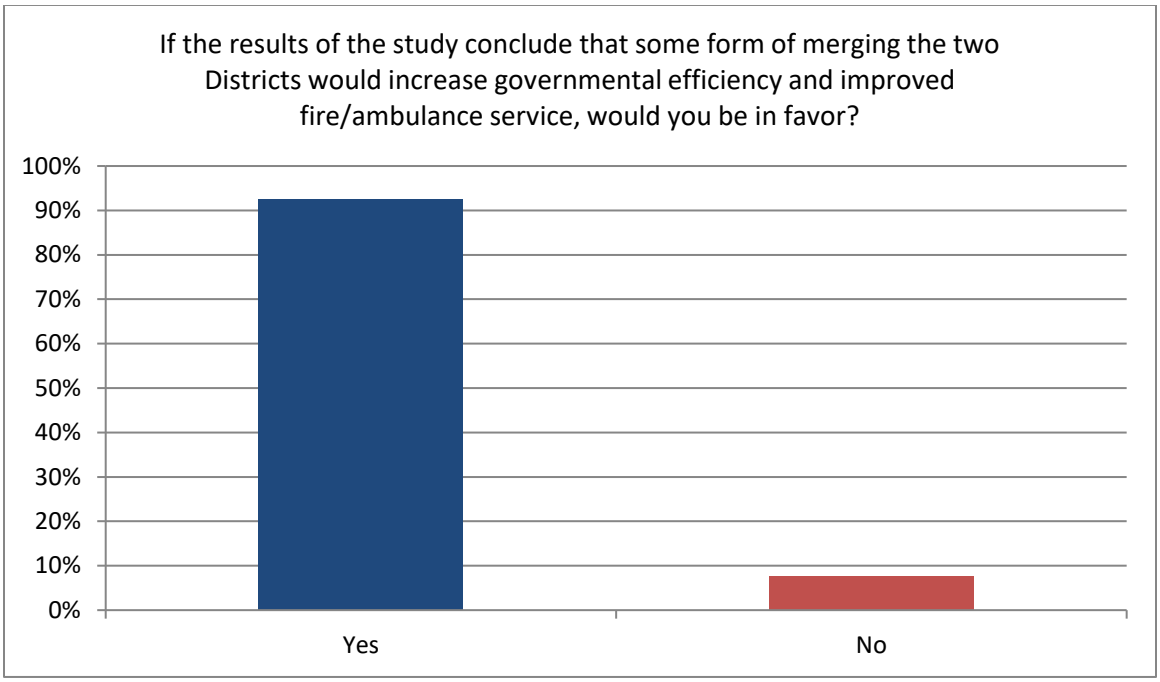
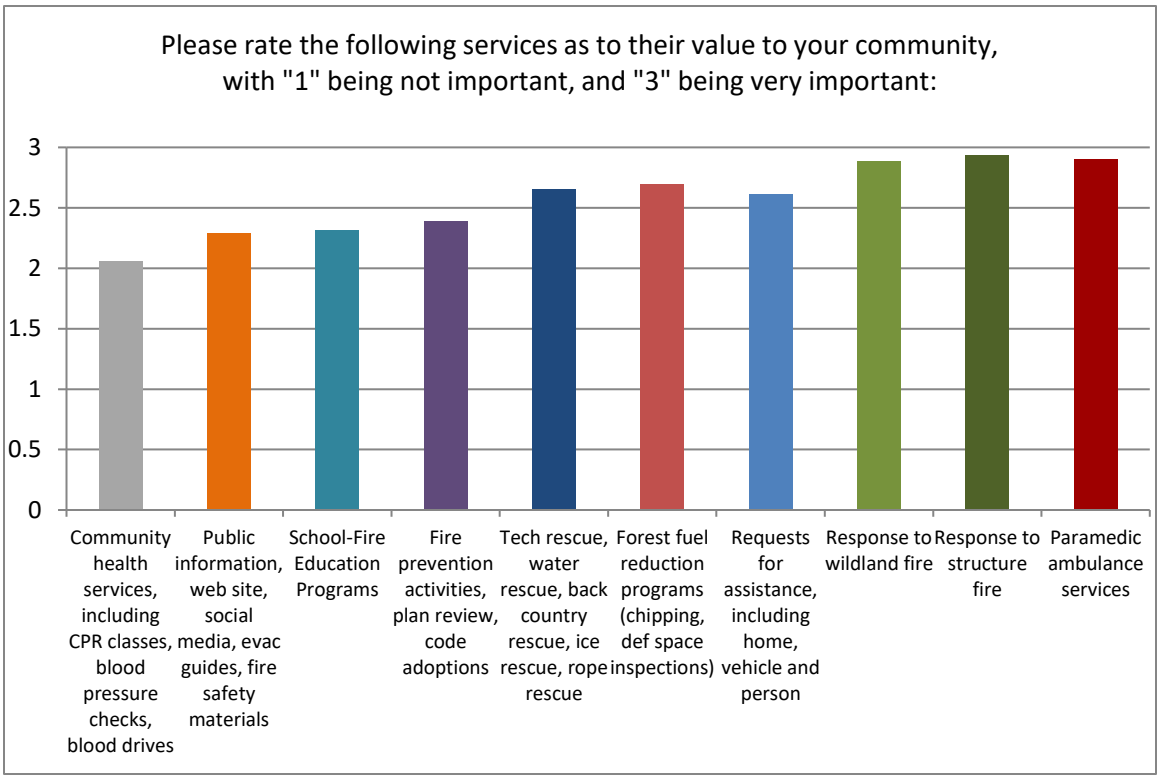


Figure 91: Survey Results—Services Provided



FUTURE OPPORTUNITIES FOR COOPERATIVE EFFORTS

NTFPD and MBFPD are joined together via an intergovernmental agreement entered into in April 2014. The two agencies work as one with a single Fire Chief overseeing the combined organization. NTFPD and MBFPD Boards of Directors provide policy oversight.

Under the terms of the Agreement for Fire Services Management and Related Services the NTFPD Fire Chief has designated a member of his command staff to serve as the designated MBFPD Chief for daily operations and liaison to the Board.

General Partnering Strategies

The concept of regional cooperation and service delivery in the California fire service has significantly developed since the 1970s. While the scope and manner in which these partnerships are formed and managed has evolved and changed, the fundamental desired outcomes have stayed consistent. The recent Wine Country Firestorm, the Oakland/Berkeley Hills Firestorm, Loma Prieta and Northridge earthquakes, as well as California's unique and on-going urban interface and wildland fire problem continue to point to the need for integrated and seamless regional service delivery models.

In addition, a consistent rise in the cost of personnel, benefits, post-retirement medical benefit liabilities, and supplies and services has resulted in significant and sometimes unmanageable cost increases. These cost increases have been combined with post Proposition 13 property tax reductions and significant economic downturns that have negatively impacted other government funding mechanisms. These significant cost increases and revenue reductions have created an environment under which government and public safety agencies must create greater efficiencies while finding ways to provide effective and adequate public safety services.

Having completed the evaluation of current conditions process, ESCI is now armed with the information necessary to effectively evaluate the opportunities that exist for additional shared service delivery opportunities between the participating agencies. There are many ways that Districts can work together. These can include fundamental sharing of resources and programs, or legal assimilation of multiple agencies into one, in the form of a reorganization or legal unification. The scope of this study, with respect to shared services, is to evaluate alternate governance models for the Districts. These models will be presented with insight and guidance where appropriate.

ESCI's experience is that any of these options must have general alignment and agreement between the communities, elected officials, district leadership, fire administration, and labor groups to be successful. Any recommended governance model that does not have basic support and reasonable alignment of expectations from the aforementioned stakeholders, stands a high likelihood of not succeeding. ESCI has attempted to create recommendations and system modeling around the concepts and system design that have a reasonable chance for support and success. ESCI conducted a confidential survey of one thousand property owners within the Districts to provide insight into community opinions.

This report provides a clear and understandable analysis of the current fire service delivery system. This current condition analysis was utilized to develop possible governance models and analyze their potential for operational enhancements and financial and administrative effectiveness and efficiencies. ESCI views these models through the lens of conducting and participating in many cooperative service studies and provides answers and recommendations that address the common concerns of regional service delivery models. ESCI has attempted to address questions and concerns identified during our data collection, site visits, interviews, and survey.

The general themes identified and addressed in this report center around legal unification, redundancy, local identity, cost allocation, financial and operational sustainability, governance, and oversight and implementation. While no report can address every issue, question, and perspective completely, ESCI has presented a significant amount of detail and recommendations to present a path forward for the NTFPD and MBFPD.

Options for Shared Services

The following discussion identifies and explains multiple approaches that may be accessed in the State of California for sharing services or partnering in the delivery of services with neighboring agencies. These alternative delivery systems are included to ensure a basic understanding of available partnering strategies. The presented approaches fall in a range from limited levels of partnering, many of which are already in place in the NTFPD and MBFPD study area, up to complete integration of participating agencies into a single entity. While we will briefly discuss various options, in accordance with the project scope, ESCI has focused the report analysis and recommendations on comparing the status quo option to an alternate governance model.

To adequately discuss the partnering continuum, the terminology and statutory provisions that are available to decision makers must be understood. The following partner strategies, while not necessarily described by statute, differentiate between various approaches to partnering:

Status Quo (continuation of cooperative agreements and systems)

This option continues the current status of NTFPD and MBFPD organizations without change. Both agencies continue to do business as they are today, including service provision to the two respective jurisdictions and joint response areas. There is no change to governance, staffing, or deployment of resources beyond the level of cooperation that is already in place. The current collaborative practices, through the existing cooperative service arrangements and agreements, would remain in effect.

The NTFPD and MBFPD can continue to operate independently under this initiative, as they do at this writing. Each retains its own governance structure, under the direction of its existing separate Fire District Board of Directors, and administration of each agency continues without change. While existing cooperative efforts between all the participating agencies continue, potential savings from the economies of scale and streamlining of governance will not be realized.

Advanced Auto Aid Systems

When two or more agencies participate in a full boundary drop approach to dispatching the closest resource first regardless of jurisdiction. This process can be greatly enhanced with the utilization of automatic vehicle location technology.

Functional Consolidation

When two or more agencies enter a collaborative relationship, typically through a contract for service, no permanent organizational commitment is made, and all decision-making power remains with each individual organization. Interagency collaboration can take many forms and may include shared administrative and support functions, combined operational practices, participation of fire agencies in activities such as local fire management bodies (such as fire defense boards), mutual aid agreements, and interagency disaster planning exercises. It can also provide for complete service delivery as an integrated fire agency from one local agency to another.

This functional integrated approach is already in place between NTFPD and MBFPD in that MBFPD utilizes (via cooperative agreement) the administrative services of NTFPD.

One form of functional consolidation is through Contract for Service or Intergovernmental Agreement (IGA), described in greater detail below.

Contract for Service-Intergovernmental Agreement (IGA)[1]

In the State of California, authorization for an intergovernmental agreement (contract for service) for the provision of fire services between agencies as provided for by California Statute and Government Code (CGC) Section 55613-55614, and the California Public Contracting Code (CPCC) Section 20811 and 20812 are commonly referred to as a "Contract for Service."

The California Government Code and Public Contracting Code is written with the intent of being liberally construed relating to contracting for public safety services by cities and fire districts, and states, in part, that:

> *CPCC 20811. When a district board determines that it is in the public interest, a district may contract with any other public agency for fire protection services, rescue services, emergency medical services, hazardous material emergency response services, ambulance services, and any other emergency services for the protection of lives and property.*

[1] California Government Code and California Public Contracting Code, Sections 55513–55614, 55631, 55632, 20811, 20812.

This permissive statute allows for a local agency, which includes cities and districts to enter into a written agreement with any other unit or units of a local agency for the performance of any or all fire services and activities that a party to the agreement, its officers or agencies, have authority to perform. The agreement may provide for the performance of a function or activity:

(1) By a consolidated and fully integrated department;
(2) By jointly providing for administrative officers and services;
(3) By means of facilities or equipment jointly constructed, owned, leased, or operated;
(4) By services and or functions provided by one of the parties for any other party;

Collaborative approaches under the CGC can include shared or contracted programmatic services, often referred to as *functional unification* or *functional consolidation*. Approaches may include shared administrative service, training programs, fire prevention outreach, or numerous other functional collaborative strategies. This approach can also include a fully integrated/consolidated fire district with services contracted to another local agency.

California law, regulations, and policy directives declares intergovernmental cooperation as a matter of statewide concern and grants special districts broad power to contract with other governmental entities for any function or activity the agencies have authority to perform.

Operational Consolidation

Operational consolidation occurs when two or more separate departments join operationally or administratively to form one organization. The entities remain largely separate politically; however, they deliver service as if they were one agency.

NTFPD and MBFPD are, in essence, operationally consolidated as a result of the Operating Agreement for Providing Safety Personnel and Employee Association Unification agreements currently in place.

Joint Powers Authority (JPA)

(CGC Section 6500, et seq.)

Joint powers are exercised when the public officials of two or more agencies agree to create another legal entity or establish a joint approach to work on a common problem, fund a project, or act as a representative body for a specific activity. ESCI is not recommending formation of a JPA.

Legal Unification

The concept of legal unification means combining two or more existing organizations into a single, unified, agency. Doing so includes all aspects of the organization's policies, administration, governance, financing, functions, and operations. Legal integration of fire services in California can be achieved in several ways, the most common forms for fire districts are: district formation, consolidation, reorganization, annexation, or formation of a JPA. District formation, consolidation, reorganization, annexation and, in some cases JPAs, are changes of organization which require approval by the Local Agency Formation Commission (LAFCO) (Appendix A).

Each county has its own independent LAFCO able to address local needs and establish relevant policies. The commission is composed of two representatives from the board of supervisors, the cities, the special districts and one public member. In addition, there is one alternate representative for each membership category.

LAFCO has the following basic responsibilities:

- Discourage urban sprawl
- Preserve agricultural and open-space lands
- Efficiently extend local government services

LAFCOs are expected to provide resources to sort out government service providers, as well as assist in the coordination and long-range planning of those services. LAFCO's role has expanded from oversight of boundary changes to conducting studies that analyze the efficient and economical provision of local government services.

When districts consolidate all assets are combined including property, facilities, and equipment. In this report ESCI has presented property, facilities, and equipment inventory of both Districts, as well as, identified the condition of these assets. This baseline provides a basis for negotiating a fair distribution.

It is also important to address the liabilities of districts when considering a legal unification. The liabilities of each district must be balanced since each district would not want to bear the liabilities of the other. ESCI has identified each district's liabilities with recommendations to balance the differences.

Legal unification of districts includes a change in the board of directors of districts. It is common to include the composition of the board of the combined district with details regarding representation from each district area. Fire district law allows district boards to be composed of three, five, seven, nine, or eleven members. However, administration of large boards is more involved and costly. Consolidated districts may prefer to retain representation from each area, while others are comfortable with the lines fading over time.

The legislature provided LAFCO a full range of terms and conditions which can be determined as part of the LAFCO approval of a proposal. It is through this mechanism that the negotiated aspects of legal unification can be addressed. The extent of issues which can be addressed is provided in Appendix B: LAFCO Terms and Conditions.

The legal unification of NTFPD and MBFPD would be a multi-county proposal to LAFCO. The LAFCO of the principal county would have authority. Principal county is defined as the county having the greatest portion of the assessed value within the districts. In this case the principal county and the LAFCO with jurisdiction would be Placer County. The law does allow the commission of the principal county to designate the affected county jurisdiction over the proceedings.

Legal Unification Process

The initiation of a proposal through application to LAFCO can occur as follows:

1. Resolution of Application by the districts: (CGC Section 56853)
   It is most effective if both districts pass substantially similar resolutions of application for a consolidation. The Commission is required to approve or conditionally approve the proposal. An application for reorganization can also be made by district resolution. The resolution of application may contain the terms and conditions of the legal unification. It is expected the districts would have negotiated and come to agreement on board composition, employee MOUs and effective date. The Commission may order any material change in the conditions; however, the districts are to receive mailed notice and no action may occur for 30 days. If either district requests, action can only occur after notice and hearing.
2. Petition: (CGC Sections 56864.1, 56865, and 56870)
   Application can be made to LAFCO by petition. In the case of fire protection districts registered voters within the districts would be required. The number of signatures required depends on the changes of organization requested in the application. For example, an application for consolidation of districts would require at least 5 percent of the registered voters within each of the districts.
3. LAFCO Resolution Initiating Proposal: (CGC Section 56375)

The Commission has the authority to initiate a proposal for consolidation. This action must be as the result of the recommendations of a study including a Service Review and/or Sphere of Influence (SOI) study or update. It should be noted that LAFCOs are designed to reflect the conditions within their local county. The Commission is composed of locally elected representatives. Also, each LAFCO adopts policies and procedures to address local issues.

FINANCIAL PROJECTIONS

An organization must develop plans for its future, be it a mature entity or one experiencing growth. An estimate of the future funding stream(s) must be made to ensure a consistent level of services are available to the population served. This is especially critical in a jurisdiction in which revenue growth is affected by legislation. Likewise, an accurate assessment of costs is necessary to determine if the available funding stream is sufficient to provide for the of delivery of services and, if not, what alternatives are available to fill that gap.

Agreements that were executed in 2014 between Meeks Bay Fire Protection District and North Tahoe Fire Protection District provide the framework under which North Tahoe Fire District would provide a full-time Chief Officer coverage, as well as management of MBFPD's firefighters and staff for fire protection, training. and administrative duties. Under the Operating Agreement for Providing Safety Personnel and Employee Association Unification document, the line personnel staffing the Meeks Bay station became employees of the North Tahoe Fire Protection District leaving one employee remaining with Meeks Bay; the Meeks Bay Fire Protection District's Office Manager. The Office Manager remains the Secretary for the Meeks Bay Fire Protection District's Board of Directors and performs duties at Meeks Bay as well as assists with administrative duties at North Tahoe Fire Protection District. The administrative functions of the Districts have been combined to increase efficiency and cost effectiveness.

North Tahoe Fire Protection District

The financial projections presented in the next figure utilize previously observed trends from the historic financial results of the District. The District provided an amended budget for FY 17/18 during the course of the ESCI project. The amended figures were utilized throughout the forecasts and consolidating schedules.

Revenues

Property Taxes

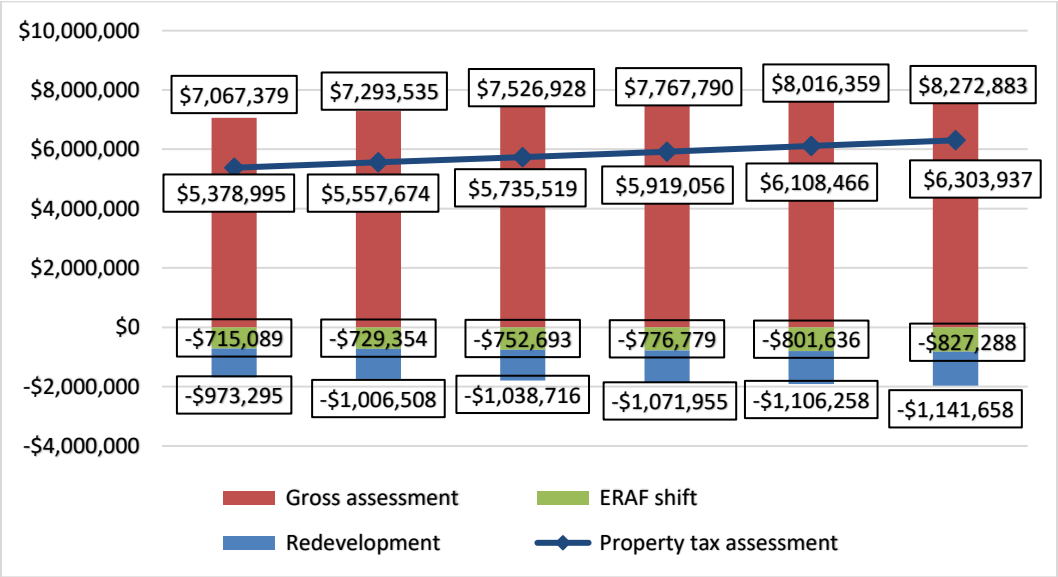
Revenues from property tax valuations and related assessments are forecast to increase 3.2 percent per in FY 18/19 and 2.7 percent per year thereafter during the five-year forecast period. The Special Fire Protection Tax and the Fire Assessment are both forecast to grow similarly to the property tax during the five-year forecast period with the Fire Assessment being capped in FY 18/19. The property tax revenues continue to be negatively impacted by the ERAF reallocation as well as the reallocation, combined at a cost to the District of approximately $1,700,000 of operating funds on an annual basis. Revenues from RDA pass-throughs and RDA dissolution activities are forecast at approximately $684,000 in FY 17/18 and are projected to increase at approximately 3 percent per year during the forecast period. The following schedule indicates the impact of the re-allocations on property tax revenues.

Figure 92: Forecast Impact on NTPFD property Tax Revenues of the Reallocations to ERAF and Redevelopment

	Budgeted	Actual FYE June 30				
	17/18	18/19	19/20	20/21	21/22	22/23
Net Property tax assessment (Gross minus shifts)	$5,378,995	$5,557,674	$5,735,519	$5,919,056	$6,108,466	$6,303,937
Gross assessment	7,067,379	7,293,535	7,526,928	7,767,790	8,016,359	8,272,883
ERAF shift	(715,089)	(729,354)	(752,693)	(776,779)	(801,636)	(827,288)
2013/2014 Redevelopment	(973,295)	(1,006,508)	(1,038,716)	(1,071,955)	(1,106,258)	(1,141,658)

The next schedule graphically indicates the growth of the tax revenues to the District as well as the growth of the reallocation of revenues.

Figure 93: Graphic Presentation of the Impact of Revenue Reallocation on District Property Tax Revenues



Other recurring tax revenues are forecast to remain static during the forecast period. Non-recurring revenues are forecast to reduce by $400,000 per year as the SAFER grant award burns off in FY 18/19. Strike team reimbursements and other non-recurring revenues are forecast to remain similar to those received in FY 17/18. Single purpose grants are included in the FY 17/18 budget that are not continuing past the end of the performance period. Most grant revenues are offset by expenses in a similar amount. The service contract with Alpine Springs expires in 2021 and which, without renewal, will have a negative impact on recurring revenues. The forecast assumes the Alpine Springs service contract will be renewed with similar compensation terms.

The following schedule provides a forecast of recurring versus non-recurring revenues.

Figure 94: Forecast NTFPD Recurring versus Non-Recurring Revenues, FY 17/18–22/23

	Amended Budget	Forecast Periods				
	17/18	18/19	19/20	20/21	21/22	22/23
REVENUES						
Property taxes	$ 5,646,595	$ 5,557,674	$ 5,707,731	$ 5,861,840	$ 6,020,109	$ 6,182,652
Special fire tax	2,641,136	2,725,652	2,799,245	2,874,825	2,952,445	3,032,161
Fire Suppression Assessment	736,047	758,128	778,598	799,620	821,210	843,382
RDA pass-throughs and disollution	684,000	705,888	724,947	744,521	764,623	785,267
Other tax collections	-	271,084	225,053	205,479	185,377	164,733
Service Contracts	1,646,999	1,811,593	1,867,834	1,925,839	1,985,666	2,047,371
Ambulance services	1,450,000	1,450,000	1,479,000	1,508,580	1,538,752	1,569,527
IGT	-	126,088	126,088	126,088	126,088	126,088
Mitigation fees	110,000	110,000	110,000	110,000	110,000	110,000
Inspections/plan check fees	120,000	120,000	120,000	120,000	120,000	120,000
Total Recurring Revenue	13,034,777	13,636,108	13,938,495	14,276,792	14,624,269	14,981,181
Non-Recurring Revenue						
CalFire Lease	13,000	15,000	13,000	13,000	13,000	13,000
GEMT ambulance reimbursements	42,340	150,000	150,000	150,000	150,000	150,000
Grant Proceeds	1,088,389	924,079	700,000	710,000	653,000	615,000
Interest Income	71,000	83,000	83,000	83,000	83,000	83,000
Sale of Surplus Assets	10,000	10,000	10,000	10,000	10,000	10,000
Strike team reimbursements	781,075	793,175	700,000	700,000	700,000	700,000
Transfers from other funds	160,000	160,000	160,000	160,000	160,000	160,000
Meeks Bay cost share	122,032	-	-	-	-	-
Other	31,337	129,155	297,657	297,657	297,657	297,657
Total Non-Recurring Revenue	2,319,173	2,264,409	2,113,657	2,123,657	2,066,657	2,028,657
Total Revenue	$ 15,353,950	$ 15,900,517	$ 16,052,152	$ 16,400,449	$ 16,690,926	$ 17,009,838

Expenses

Expenses, similar to the types of revenues, are considered recurring normal operating expenses or non-recurring with the non-recurring categories identified as use of grant funds, asset acquisitions costs, short term debt service payments, and transfers between operating and reserve accounts.

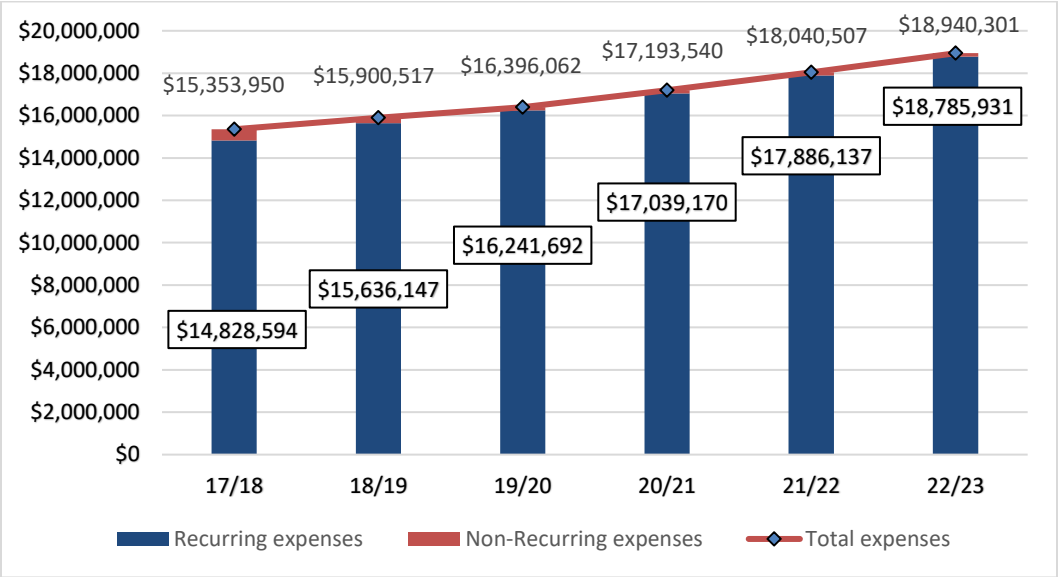
Recurring Expenses

For the forecast period, payroll costs are projected to increase by 6 percent per year to account for step increases and COLA adjustments. This increase will also affect payroll taxes and pension costs. Overtime is forecast to remain static during the period. Health insurance costs are projected to rise 5 percent per year in the forecast period. The payments for the unfunded portion of the pension liability are forecast, according to CalPERS calculations to remain relatively consistent at approximately $1,350,000 per year during the five-year period. Other recurring expenses are forecast to grow by 3 percent per year. In summary, recurring expenses are forecast to increase approximately 26 percent between the FY 17/18 amended budget amount of $15,353,950 and the FY 22/23 forecast amount of $18,940,301.

Non-recurring expenses are forecast to reduce in FY 18/19 and to remain at that level throughout the five-year forecast period.

The following figure provides a visual depiction of the recurring versus non-recurring expenses during the forecast period.

Figure 95: Recurring versus Non-Recurring Costs FY 17/18 Amended Budget and FY 22/23



The following schedule is the forecast budget for NTFPD for the five-year period, including approved adjustments to the FY 17/18 budget.

Figure 96: Five Year Cash Flow Forecast for NTFPD, FY 17/18–FY 22/23

	Amended Budget 17/18	Forecast Periods 18/19	19/20	20/21	21/22	22/23
REVENUES						
Property taxes	$ 5,646,595	$ 5,557,674	$ 5,707,731	$ 5,861,840	$ 6,020,109	$ 6,182,652
Special fire tax	2,641,136	2,725,652	2,799,245	2,874,825	2,952,445	3,032,161
Fire Suppression Assessment	736,047	758,128	778,598	799,620	821,210	843,382
RDA pass through and dissolution	684,000	705,888	724,947	744,521	764,623	785,267
Other tax collections	-	271,084	225,053	205,479	185,377	164,733
Service Contracts	1,646,999	1,811,593	1,867,834	1,925,839	1,985,666	2,047,371
Ambulance services	1,450,000	1,450,000	1,479,000	1,508,580	1,538,752	1,569,527
IGT	-	126,088	126,088	126,088	126,088	126,088
Mitigation fees	110,000	110,000	110,000	110,000	110,000	110,000
Inspections/plan check fees	120,000	120,000	120,000	120,000	120,000	120,000
Total Recurring Revenue	13,034,777	13,636,108	13,938,495	14,276,792	14,624,269	14,981,181
Non-Recurring Revenue						
CalFire Lease	13,000	15,000	13,000	13,000	13,000	13,000
GEMT ambulance reimbursements	42,340	150,000	150,000	150,000	150,000	150,000
Grant Proceeds	1,088,389	924,079	700,000	710,000	653,000	615,000
Interest Income	71,000	83,000	83,000	83,000	83,000	83,000
Sale of Surplus Assets	10,000	10,000	10,000	10,000	10,000	10,000
Strike team reimbursements	781,075	793,175	700,000	700,000	700,000	700,000
Transfers from other funds	160,000	160,000	160,000	160,000	160,000	160,000
Meeks Bay cost share	122,032	-	-	-	-	-
Other	31,337	129,155	297,657	297,657	297,657	297,657
Total Non-Recurring Revenue	2,319,173	2,264,409	2,113,657	2,123,657	2,066,657	2,028,657
Total Revenue	15,353,950	15,900,517	16,052,152	16,400,449	16,690,926	17,009,838
EXPENSES						
Salaries & wages	6,449,328	6,921,283	7,299,328	7,694,490	8,113,361	8,557,365
Benefits	4,378,742	4,788,055	4,921,429	5,226,797	5,555,035	5,907,972
Total salaries & benefits	10,828,070	11,709,338	12,220,757	12,921,287	13,668,397	14,465,337
Supplies	1,212,635	1,120,886	1,154,513	1,189,148	1,224,822	1,261,567
Services	1,040,285	1,036,169	1,067,254	1,099,272	1,132,250	1,166,217
Energy	120,204	121,000	124,630	128,369	132,220	136,187
Maintenance	801,528	859,450	885,234	911,791	939,144	967,319
Debt service	825,872	789,304	789,304	789,304	789,304	789,304
Total Recurring Expenses	14,828,594	15,636,147	16,241,692	17,039,170	17,886,137	18,785,931
Capital	415,356	154,370	154,370	154,370	154,370	154,370
Transfers to other funds	110,000	110,000	-	-	-	-
Total Non-Recurring expenses	525,356	264,370	154,370	154,370	154,370	154,370
Total	15,353,950	15,900,517	16,396,062	17,193,540	18,040,507	18,940,301
Net cash flow	-	(0)	(343,909)	(793,091)	(1,349,581)	(1,930,463)
Beginning cash balance	7,474,889	7,474,889	7,474,889	7,130,979	6,337,888	4,988,307
Ending cash balance	7,474,889	7,474,889	7,130,979	6,337,888	4,988,307	3,057,845

Finding:

- Forecast recurring expenses are projected to rapidly outpace forecast recurring revenue, creating a potential funding gap. These increasing recurring costs are primarily associated with personnel compensation increases and the increased costs of employee benefits, current and retired. Maintaining a healthy fund balance (cash reserves) creates an environment of security for the District, its employees, and its ability to provide services to its constituency.

Recommendation: Pension and Benefit Plan

- Develop a plan to minimize and control the impact of pension and employee post-retirement benefits on recurring costs. The plan will require negotiating with the bargaining groups to obtain concessions on their respective contracts.

Meeks Bay Fire Protection District

The financial projections presented in the following figures utilize previously observed trends from the historic financial results of the District.

Revenues

Property Taxes

Revenues from property tax valuations and related assessments, based on the historical growth factors, are forecast to increase 4 percent per year during the five-year forecast period. The Special Fire Protection Tax and the Special Assessment are both forecast to remain static during the five-year forecast period.

Figure 97: MBFPD Property Tax and Other Property Based Revenues

	Adopted Budget	FYE June 30 Forecast				
	17/18	18/19	19/20	20/21	21/22	22/23
Real estate taxes	$793,199	$818,581	$851,324	$885,377	$920,792	$957,624
Special tax	283,660	283,660	283,660	283,660	283,660	283,660
Special Assessment	381,063	381,063	381,063	381,063	381,063	381,063
Total taxes, recurring revenue	**$1,457,922**	**$1,483,304**	**$1,516,047**	**$1,550,100**	**$1,585,515**	**$1,622,347**

Non-recurring revenues are forecast to remain static during the five-year period.

The following schedule provides a forecast of non-recurring revenues.

Figure 98: Forecast of MBFPD Non-Recurring Revenues

	Adopted Budget	FYE June 30 Forecast				
	17/18	18/19	19/20	20/21	21/22	22/23
Interest	$8,700	$8,700	$8,700	$8,700	$8,700	$8,700
Employee liability reserve, CERBT	-	-	-	-	-	-
Workers Comp reimbursements	5,500	5,500	5,500	5,500	5,500	5,500
Emergency response recovery fee	8,000	8,000	8,000	8,000	8,000	8,000
Plan checks and developer fees	16,500	16,500	16,500	16,500	16,500	16,500
CEBRT Reimbursement	-	21,518	-	-	-	-
Miscellaneous	5,500	5,500	5,500	5,500	5,500	5,500
Grants & donations	78,000	15,000	78,000	78,000	78,000	78,000
Total other, non-recurring revenue	**$122,200**	**$76,828**	**$122,200**	**$122,200**	**$122,200**	**$122,200**

Expenses

Expenses, similar to the types of revenues, are considered recurring normal operating expenses or non-recurring with the non-recurring categories being identified as use of grant funds, asset acquisitions costs, short term debt service payments, and transfers between operating and reserve accounts.

Recurring Expenses

For the forecast period, payroll costs are projected to increase by 4 percent per year to account for step increases and COLA adjustments. This increase will also affect payroll taxes and pension costs. Overtime is forecast to remain static during the period. Health insurance costs are projected to rise 5 percent per year in the forecast period. The payments for the unfunded portion of the pension liability are forecast to remain relatively consistent at approximately $75,000 per year during the five-year period. The service contract payment to North Tahoe FPD is forecast to increase approximately 5 percent annually between the 17/18 budgeted amount and the forecast amount for FY 22/23. Other recurring expenses are forecast to grow by 3 percent per year. In summary, total expenses are forecast to increase approximately 4 percent annually between the FY 17/18 updated budget amount of $1,587,022 and the FY 22/23 forecast amount of $1,913,590.

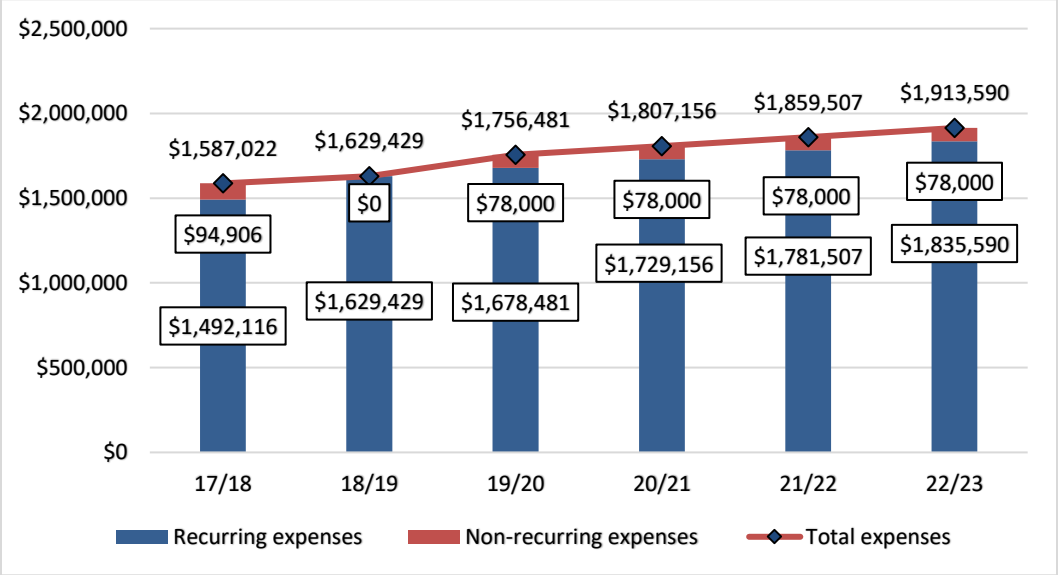
Figure 99: MBFPD Recurring and Non-recurring Expenditures, FY 17/18–22/23

	Budgeted	Forecast FYE				
	17/18	18/19	19/20	20/21	21/22	22/23
Salaries	$ 96,523	$ 98,889	$ 102,405	$ 106,061	$ 109,863	$ 113,818
Benefits	122,078	161,338	163,584	165,943	168,418	171,017
Total salaries and benefits	218,601	260,227	265,989	272,003	278,281	284,834
Supplies	51,994	46,958	48,367	49,818	51,312	52,852
Services	1,110,013	1,238,855	1,278,235	1,318,867	1,360,792	1,404,049
Energy	18,000	16,250	16,738	17,240	17,757	18,290
Maintenance	93,508	67,139	69,153	71,228	73,365	75,566
Total recurring expenses	1,492,116	1,629,429	1,678,481	1,729,156	1,781,507	1,835,590
Capital	94,906	-	78,000	78,000	78,000	78,000
Transfers	-	-	-	-	-	-
Total non-recuring expenses	94,906	-	78,000	78,000	78,000	78,000
Total expenses	$ 1,587,022	$ 1,629,429	$ 1,756,481	$ 1,807,156	$ 1,859,507	$ 1,913,590

Non-recurring expenses are forecast to reduce to $78,000 in FY 18/19 and to remain at that level throughout the five-year forecast period.

The following figure provides a visual depiction of the recurring versus non-recurring expenses during the forecast period.

Figure 100: Presentation of MBFPD Recurring versus Non-Recurring Expenditures, FY 17/18–22/23



The following schedule is the forecast budget for MBFPD for the five-year period.

Figure 101: Cash Flow Forecast for MBFPD, FY 17/18–22/23

	FYE June 30					
	Budget	Projections				
	17/18	18/19	19/20	20/21	21/22	22/23
Revenues						
Property taxes	$ 1,457,922	$ 1,483,304	$ 1,516,047	$ 1,550,100	$ 1,585,515	$ 1,622,347
Other	122,200	76,828	122,200	122,200	122,200	122,200
Total revenues	1,580,122	1,560,132	1,638,247	1,672,300	1,707,715	1,744,547
Expenses						
Salaries & wages	96,523	98,889	102,405	106,061	109,863	113,818
Benefits	122,078	161,338	163,584	165,943	168,418	171,017
Total salaries & benefits	218,601	260,227	265,989	272,003	278,281	284,834
Supplies	51,994	46,958	48,367	49,818	51,312	52,852
Services	1,198,019	1,238,855	1,356,235	1,396,867	1,438,792	1,482,049
Energy	18,000	16,250	16,738	17,240	17,757	18,290
Maintenance	93,508	67,139	69,153	71,228	73,365	75,566
Capital	6,900	-	-	-	-	-
Total expenses	1,587,022	1,629,429	1,756,481	1,807,156	1,859,507	1,913,590
Net cash flow	(6,900)	(69,297)	(118,234)	(134,856)	(151,791)	(169,043)
Beginning cash	1,561,501	1,554,601	1,485,304	1,367,070	1,232,214	1,080,423
Ending cash	$ 1,554,601	$ 1,485,304	$ 1,367,070	$ 1,232,214	$ 1,080,423	$ 911,380

Findings:

- Recurring expenses are projected to increase at approximately 4 percent during the five-year forecast period but revenues are forecast to grow by approximately 2 percent, creating a future sustainability issue that will need to be addressed. These increasing recurring costs are primarily associated with personnel compensation increases and the increased costs of employee benefits, current and retired.
- Meeks Bay FPD is continuing to expend funds on numerous operational items such as clothing, structural and wildland protective clothing, and apparatus maintenance.

Recommendation: Consolidation of Operational Expenses

- Responsibility for operational expenses should be consolidated under North Tahoe FPD to take advantage of volume purchasing savings and to minimize the impact on both districts' budgets.

Consolidation of District Budgets

To evaluate the potential financial benefits of merging the Districts, the budgets need to be evaluated in that context. The following presentation will combine the two adopted budgets for FY 17/18 and during the combination, revenues and expenses that are presently exchanged between the Districts will be eliminated.

Figure 102: Consolidated Adopted Budgets FY 17/18, With Consolidating District Revenues/Expenses Eliminated

Updated Budgets FY 17/18	North Tahoe	Meeks Bay	Elimination entries	Total
REVENUES				
Property taxes	$ 5,646,595	$ 793,199		$ 6,439,794
Special fire tax	2,641,136	283,660		2,924,796
Fire Suppression Assessment	736,047	381,063		1,117,110
Other property and special taxes	684,000			684,000
Service Contracts	1,646,999		(972,800)	674,199
Ambulance services	1,450,000			1,450,000
Mitigation fees	110,000			110,000
Inspections/plan check fees	120,000	16,500	-	136,500
Total Recurring Revenue	13,034,777	1,474,422	(972,800)	13,536,399
Non-Recurring Revenue				
CalFire Lease	13,000			13,000
GEMT ambulance reimbursements	42,340			42,340
Grant Proceeds	1,088,389	78,000		1,166,389
Interest Income	71,000	8,700		79,700
Sale of Surplus Assets	10,000			10,000
Strike team reimbursements	781,075			781,075
Transfers from other funds	160,000			160,000
Meeks Bay cost share	122,032		(122,032)	-
Other	31,337	19,000	-	50,337
Total Non-Recurring Revenue	2,319,173	105,700	(122,032)	2,302,841
Total Revenue	15,353,950	1,580,122	(1,094,832)	15,839,240
EXPENSES				
Salaries & wages	6,449,328	96,523		6,545,851
Benefits	4,378,742	122,078	-	4,500,820
Total salaries & benefits	10,828,070	218,601	-	11,046,671
Supplies	1,212,635	51,994		1,264,629
Services	1,040,285	1,198,019	(1,094,832)	1,143,472
Energy	120,204	18,000		138,204
Maintenance	801,528	93,508		895,036
Debt service	825,872	-	-	825,872
Total Recurring Expenses	14,828,594	1,580,122	(1,094,832)	15,313,884
Capital	415,356	6,900		422,256
Contingency	110,000	-	-	110,000
Total Non-Recurring expenses	525,356	6,900	-	532,256
Total	15,353,950	1,587,022	(1,094,832)	15,846,140
Net cash flow	$ -	$ (6,900)	$ -	$ (6,900)

Utilizing the same concept of eliminating the Service Fee income, the Service Fee Expense, and incorporating the assumptions contained in the two individual forecasts, the following figure displays the two Districts' individual forecasts into a consolidated forecast.

Figure 103: Consolidated Forecast FY 18/19 through FY 22/23

	Forecasted Operations FYE June 30,				
	18/19	19/20	20/21	21/22	22/23
REVENUES					
Property taxes	$ 6,376,255	$ 6,559,055	$ 6,747,217	$ 6,940,902	$ 7,140,276
Special fire tax	3,009,312	3,082,905	3,158,485	3,236,105	3,315,821
Fire Suppression Assessment	1,139,191	1,159,661	1,180,683	1,202,273	1,224,445
Other property and special taxes	976,972	950,000	950,000	950,000	950,000
Service Contracts	704,425	725,236	746,679	768,772	791,537
Ambulance services	1,450,000	1,479,000	1,508,580	1,538,752	1,569,527
IGT	126,088	126,088	126,088	126,088	126,088
Mitigation fees	110,000	110,000	110,000	110,000	110,000
Inspections/plan check fees	137,000	136,500	136,500	136,500	136,500
Total Recurring Revenue	14,029,244	14,328,445	14,664,231	15,009,391	15,364,194
Non-Recurring Revenue					
CalFire Lease	15,000	13,000	13,000	13,000	13,000
GEMT ambulance reimbursements	150,000	150,000	150,000	150,000	150,000
Grant Proceeds	939,079	778,000	788,000	731,000	693,000
Interest Income	92,610	91,700	91,700	91,700	91,700
Sale of Surplus Assets	10,000	10,000	10,000	10,000	10,000
Strike team reimbursements	793,175	700,000	700,000	700,000	700,000
Transfers from other funds	160,000	160,000	160,000	160,000	160,000
Meeks Bay cost share	-	-	-	-	-
Other	164,373	316,657	316,657	316,657	316,657
Total Non-Recurring Revenue	2,324,237	2,219,357	2,229,357	2,172,357	2,134,357
Total Revenue	16,353,481	16,547,802	16,893,588	17,181,748	17,498,551
EXPENSES					
Salaries & wages	7,020,172	7,401,733	7,800,550	8,223,224	8,671,182
Benefits	4,949,393	5,085,014	5,392,740	5,723,454	6,078,989
Total salaries & benefits	11,969,565	12,486,747	13,193,290	13,946,678	14,750,172
Supplies	1,167,844	1,202,879	1,238,966	1,276,135	1,314,419
Services	1,167,856	1,280,892	1,316,978	1,354,148	1,392,432
Energy	137,250	141,368	145,609	149,977	154,476
Maintenance	926,589	954,387	983,018	1,012,509	1,042,884
Debt service	789,304	789,304	789,304	789,304	789,304
Total Recurring Expenses	16,158,408	16,855,576	17,667,165	18,528,750	19,443,687
Capital	154,370	154,370	154,370	154,370	154,370
Contingency	110,000	-	-	-	-
Total Non-Recurring expenses	264,370	154,370	154,370	154,370	154,370
Total	16,422,778	17,009,946	17,821,535	18,683,120	19,598,057
Net cash flow	(69,297)	(462,143)	(927,947)	(1,501,372)	(2,099,506)
Beginning cash	8,716,101	8,646,804	8,184,660	7,256,713	5,755,341
Ending cash	$ 8,646,804	$ 8,184,660	$ 7,256,713	$ 5,755,341	$ 3,655,835

Findings:

- A SAFER grant with a budgeted revenue amount of $469,269 will expire in FY 18/19. Unless the grant funded firefighters are terminated, a replacement revenue source must be located. This cost, in total is estimated at $600,000 per year with salaries, benefits, and other employee related costs.
- The Alpine Springs Agreement expires in 2021 but this forecast anticipates its renewal with similar compensation terms.
- The most significant portion of the negative cash flow is the increase in personnel costs including wages, salaries, pension costs, and health insurance costs.
- Other grant revenues and related expenditures were forecast to be significantly lower but, as these are usually revenue neutral, there is no impact to the bottom line.

Recommendations: Financial Projections

- Renew and extend the Alpine Springs agreement,
- Evaluate increasing the Special Tax and/or the Special Assessment rates to offset the growth in service delivery costs.
- Evaluate employee benefit costs to obtain savings.

Additional Potential Cost Savings from Consolidation

A review was made of the Meeks Bay Fire Protection District budget to identify potential cost savings that would be possible through a merger of the two Districts. The prior agreements between the two Districts have produced significant cost savings through the reduction of duplicate command and administrative staff positions. The potential cost savings are not included in the forecast. The following figure lists the cost account and the potential savings:

Figure 104: Potential Annual Cost Savings from Consolidation

Cost Account	Potential Savings
Board of Directors may be reduced or eliminated	$ 7,000
Internet service could be consolidated with NTFPD	$ 5,700
Computer systems could be fully integrated and system maintenance combined	$ 12,000
Liability insurance could be combined and while it would not fully eliminate the amount it would be significantly reduced due to the consolidation	$ 11,000
Subscriptions and memberships	$ 1,000
Board expenses may be reduced or eliminated	$ 10,200
Annual audit and OPEB valuation would be reduced	$ 4,000
Dispatch service costs would be reduced	$ 20,000
TOTAL POTENTIAL ANNUAL SAVINGS	**$ 70,900**

Presently the NTFPD is burdened with two significant revenue reallocations, the first for ERAF and the second for a Redevelopment Program. In FY 17/18, these revenue reductions amounted to $715,089 and $973,295 respectively. NTFPD receives RDA pass-through and dissolution payments from the Redevelopment District which offset a portion of those revenue shifts. In 18/19, these payments are estimated to amount to approximately $706,000. When reviewing the consolidated forecasts for the next three years, restoration of that revenue stream will almost cover the projected negative cash flows. Renewal and extension of the Alpine Springs contract will bring years four and five back into a more manageable deficit. Similarly, Meeks Bay suffers from an approximately $76,000 net revenue reduction resulting from the ERAF reallocation.

Education Revenue Augmentation Fund (ERAF)

During the stakeholder interviews several questions came up regarding a multicounty district being exempt from ERAF. ESCI conducted extensive research as to the history of ERAF and multicounty exemptions. Per Article 3. Revenue Allocation Shifts for Education [97 - 97.81] *(Article 3 added by Stats. 1994, Ch. 1167, Sec. 3),* a special district that was not a multicounty district as of July 1, 1979 is not eligible for the exemption from ERAF at any time in the future.

Findings:

- NTFPD and MBFPD for all intense purposes (with the exception of governance and budgets) are operating as one agency.
- The April 5, 2014 and December 16, 2015 agreements between MBFPD and NTFPD have resulted in enhanced service to the MBFPD community, improved training and equipment, and a depth of resources not previously enjoyed.
- The prior agreements between the two districts have produced significant cost savings through the reduction of duplicate command and administrative staff positions.
- The Meeks Bay Fire Protection District has an extremely low call volume however the risk to life and assessed property valuation warrants a staffed station.
- Given the size, call volume, and budget of MBFPD remaining as a standalone entity does not seem to be justified or financially viable.

CONCLUDING RECOMMENDATIONS

- ESCI recommends that both Districts take the necessary steps to initiate the legal unification process.
- The legal unification would eliminate duplication of governance and further enhance economy of scale.
- The Districts should meet to negotiate all pertinent matters to be included in terms and conditions of the legal unification.
- Formation of a new district would result in all employees starting over in their pension and benefit packages. Therefore, it is recommended the legal unification occur as a reorganization with one district annexing into the other.
- Given the size and capabilities of the NTFPD, the logical approach is to achieve legal unification through a reorganization by annexing the MBFPD into NTFPD.
- The Districts should pass substantially similar resolutions of application to LAFCO which include relevant terms and conditions.
- The Districts should develop informational material regarding the benefits of legal unification and to answer questions. This material should be distributed both internally and externally.
- The Districts should conduct informational public workshops.

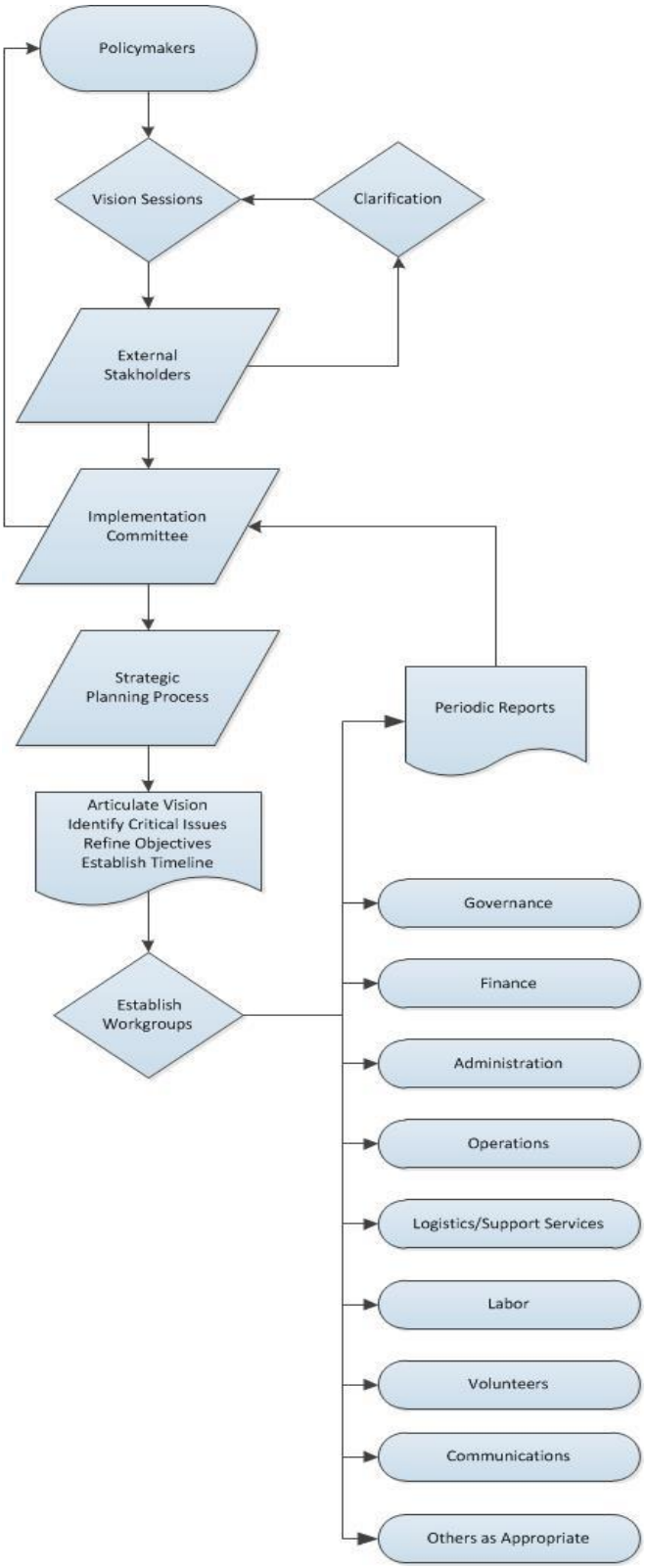
Plan of Implementation

Implementation

Many studies and reports have been published and presented to clients over the years by ESCI. Many times, clients are overwhelmed with information and options. It takes time to digest the report and then figure out what to do next. ESCI finds it helpful to offer a process whereby the clients can break the process down into smaller segments. Those smaller pieces allow policy-makers, fire chiefs, and communities to examine details and have discussions about what is possible. The following is offered as a framework to consider in the initial stages of evaluation. It is a strategic planning approach to partnerships and mergers or legal unifications.

The following flowchart outlines a process whereby these strategies can be further refined, other critical issues identified, timelines assigned, and specific tasks developed.

Figure 105: Process for Evaluating & Implementing Partnering Strategies



The process flowchart starts with the policymakers convening a series of facilitated meetings to discuss the recommendations within the study and develop a shared vision of both agencies. Key external stakeholders are often invited into the process to lend their expertise and perspective, ensuring that the community at large is represented in these important deliberations. Often, internal stakeholders have difficulty with "possibilities thinking" because of their close association with the status quo, which is human nature. The external stakeholders add valuable perspective by asking key questions and challenging the status quo. It is of extreme importance that the facilitator/s be neutral parties absent of any predetermined biases.

Establish Implementation Working Groups

As the flowchart indicates, various Implementation Working Groups should be established that will be charged with the responsibility of performing the necessary detailed work involved in analyzing and weighing critical issues and identifying specific tasks. Membership for these Implementation Working Groups should be identified as part of that process as well.

The number and titles of the working groups will vary depending on the type and complexity of the strategies begin pursued. The following list provides some key recommended working groups used in most collaboration processes and a description of some of their primary assigned functions and responsibilities.

Joint Implementation Committee (Task Force)

This committee is typically made up of the fire chiefs or chief executives of each of the participating agencies but may also include outside stakeholders such as business and community interests. The responsibilities of this group are to:

- Develop goals and objectives which flow from the joint vision statement approved by the policymakers' vision sessions.
- Include recommendations contained in this report where appropriate.
- Establish the work groups and commission their work.
- Identify anticipated critical issues the work groups may face and develop contingencies to address these.
- Establish timelines to keep the work groups and the processes on task.
- Receive regular updates from the work group chairs.
- Provide regular status reports to the policymakers as a committee.

Governance Working Group

This group will be assigned to examine and evaluate various governance options for the cooperative service or legal unification effort. A recommendation and the proposed process steps will be provided back to the Joint Implementation Committee and the Policy-Maker Group. Once approved, this working group is typically assigned the task of shepherding the governance establishment through to completion. The membership of this group typically involves one or more elected officials and senior management from each participating agency. Equality of representation is a key premise.

Finance Working Group

This group will be assigned to review the financial projections contained in the study and complete any refinements or updating necessary. The group will look at all possible funding mechanisms and will work in partnership with the Governance Working Group to determine impact on local revenue sources and options. Where revenue is to be determined by formula rather than a property tax rate, such as in a contractual cooperative venture, this group will evaluate various formula components and model the outcomes, resulting in recommendations for a final funding methodology and cost distribution formula. The membership of this group typically involves senior financial managers and staff analysts and may also include representatives from the agencies' administrative staffs.

Administration Working Group

Working in partnership with the Governance Working Group, this group will study all of the administrative and legal aspects of the selected strategies they are assigned and will identify steps to ensure the process meets all administrative best practices and the law. Where necessary, this group will oversee the preparation and presentation of policy actions such as proposed ordinances, joint resolutions, dissolutions, and needed legislation to the policymakers. The membership of this group typically involves senior management staff from the entities involved and may also include legal counsel.

Operations Working Group

This group will be responsible for an extensive amount of work and may need to establish multiple sub-groups to accommodate its workload. The group will work out all of the details necessary to make operational changes required by the strategy. This involves detailed analysis of assets, processes, procedures, service delivery methods, deployment, and operational staffing. Detailed integration plans, steps, and timelines will be developed. The group will coordinate closely with the Logistics/ Support Services Working Group. The membership of this group typically involves senior management, mid-level officers, training staff, volunteer leadership and labor representatives. This list often expands with the complexity of the services being provided by the agencies.

Logistics/Support Services Working Group

This group will be responsible for any required blending of capital assets, disposition of surplus, upgrades necessary to accommodate operational changes, and the preparation for ongoing administration and logistics of the cooperative effort. The membership of this group typically involves mid-level agency management, administrative, and support staffs. Where involved, support functions such as Maintenance or Fire Prevention may also be represented.

Labor Working Group

This group will have the responsibility, where necessary, for blending the workforces involved. This often includes the analysis of differences between collective bargaining agreements, shifts schedules, policies, and working conditions. The process also includes work toward developing a consensus between the bargaining units on any unified agreement that would be proposed. Often, once the future vision is articulated by the policy-makers, labor representatives are willing to step up and work together as a team to identify challenges presented by differing labor agreements and offer potential consensus solutions.

The membership of this group typically involves labor representatives from each bargaining unit, senior management and, as needed, legal counsel.

Communication Working Group

Perhaps one of the most important, this group will be charged with developing an internal and external communication policy and procedure to ensure consistent, reliable, and timely distribution of information related exclusively to the cooperative effort or legal unification. The group will develop public information releases to the media and will select one or more spokespersons to represent the communities in their communication with the public on this particular process. The importance of speaking with a common voice and theme both internally and externally cannot be overemphasized. Fear of change can be a strong force in motivating a group of people to oppose that which they do not clearly understand. A well-informed workforce and public will reduce conflict. The membership of the group typically involves public information officers and senior management.

Meet, Identify, Challenge, Refine, and Overcome

Once the working groups are established, they will set their meeting schedules and begin their various responsibilities and assignments. It will be important to maintain organized communication up and down the chain of command. The working group chairs should also report regularly to the Joint Implementation Committee. When new challenges, issues, impediments, or opportunities are identified by the working groups, this needs to be communicated to the Joint Implementation Committee right away so that the information can be coordinated with findings and processes of the other working groups. Where necessary, the Joint Implementation Committee and a working group chairperson can meet with the policy-makers to discuss significant issues that may require a refinement of the original joint vision.

The process is continual as the objectives of the plan are accomplished one by one. When sufficient objectives have been met, the Joint Implementation Committee can declare various goals as having been fully met, subject to implementation approval by the policy bodies. This formal “flipping of the switch” will mark the point at which implementation ends and integration of the agencies, to whatever extent has been recommended, begins.

APPENDICES

Appendix A: LAFCO Legal Unification Options

A common question regarding legal unification is "What is LAFCO's role?" The general rule of thumb is LAFCO approval is required for formal cooperation, such as:

- City or district incorporation or disincorporation
- Amendments to Spheres of Influence or Service Boundaries
- Annexation or detachment of areas
- Consolidation of districts
- Merger of cities
- Reorganizations: multiple changes of boundary or organization
- Change in authorized service (i.e., Community Service District adding a service)
- New or extended service outside the boundary of an agency

District Formation
(CGC Section 56039)

A new special district is formed after an extensive legal process and study requiring LAFCO approval. Fire districts are formed under and governed by the Fire Protection District Law (Health & Safety Code §13800, et seq.). The full range of roles and responsibilities are provided within the Act. LAFCO enabling legislation and local policies discourage the formation of new single-purpose special districts.

Merger
(CGC Section 56056)

A merger happens when a special district loses its autonomy and a city takes over its service operations. This term does not apply when there is no city involved in the joining of fire districts.

Consolidation
(CGC Section 56030)

A consolidation occurs when two or more special districts legally combine under the same enabling act. All aspects of the two districts are combined including the board of directors, district territory, services, facilities, personnel, assets and liabilities. Both NTFPD and MBFPD have experienced the consolidation process.

Reorganization
(CGC Section 56073)

A reorganization takes place when one or more actions occur in a single proposal. For example, a community service district with fire service function transfers that service to a fire district and the service territory is annexed into the fire district. Another example discussed in the section "District Formation" is a reorganization which would occur if one fire district annexed another district to achieve a legal unification without forming a separate new district. All employees would be covered by the pension contract of the annexing district. The name of the district could change to reflect the combined agency. This action could be one of the terms and conditions of approval adopted by LAFCO.

Annexation
(CGC Section 56017)

An annexation occurs when a city or district attaches additional territory to its boundary. Annexation to one or the other fire district is not the subject of this study.

Appendix B: LAFCO Terms and Conditions

GOVERNMENT CODE - GOV

TITLE 5. LOCAL AGENCIES [50001 - 57550]

(Title 5 added by Stats. 1949, Ch. 81.)

DIVISION 3. CORTESE-KNOX-HERTZBERG LOCAL GOVERNMENT REORGANIZATION ACT OF 2000 [56000 - 57550]

(Heading of Division 3 amended by Stats. 2001, Ch. 388, Sec. 1.)

PART 3. COMMISSION PROCEEDINGS FOR A CHANGE OF ORGANIZATION OR REORGANIZATION [56650 - 56898]

(Heading of Part 3 amended by Stats. 1985, Ch. 1599, Sec. 8.)

CHAPTER 6. Commission Decision [56880 - 56898]

(Chapter 6 added by Stats. 2000, Ch. 761, Sec. 211.)

ARTICLE 2. Terms and Conditions [56885 - 56890]

(Article 2 added by Stats. 2000, Ch. 761, Sec. 211.)

56885.

The commission may, at any time, authorize any legislative body holding a hearing pursuant to this division, to continue the hearing to a date or dates extending beyond the dates specified in this division.

(Added by Stats. 2000, Ch. 761, Sec. 211. Effective January 1, 2001.)

56885.5.

(a) In any commission order giving approval to any change of organization or reorganization, the commission may make that approval conditional upon any of the following factors:

(1) Any of the conditions set forth in Section 56886.

(2) The initiation, conduct, or completion of proceedings for another change of organization or a reorganization.

(3) The approval or disapproval, with or without election, as may be provided by this division, of any resolution or ordinance ordering that change of organization or reorganization.

(4) With respect to any commission determination to approve the disincorporation of a city, the dissolution of a district, or the reorganization or consolidation of agencies that results in the dissolution of one or more districts or the disincorporation of one or more cities, a condition that prohibits a district that is being dissolved or a city that is being disincorporated from taking any of the following actions, unless it first finds that either an emergency situation exists as defined in Section 54956.5, or the legislative body of the successor, as designated by the commission has taken action approving one or more of the following actions:

(A) Approving any increase in compensation or benefits for members of the governing board, its officers, or the executive officer of the agency.

(B) Appropriating, encumbering, expending, or otherwise obligating, any revenue of the agency beyond that provided in the current budget at the time the commission approves the dissolution or disincorporation.

(b) If the commission so conditions its approval, the commission may order that any further action pursuant to this division be continued and held in abeyance for the period of time designated by the commission, not to exceed six months from the date of that conditional approval.

(c) The commission order may also provide that any election called upon any change of organization or reorganization shall be called, held, and conducted before, upon the same date as, or after the date of any election to be called, held, and conducted upon any other change of organization or reorganization.

(d) The commission order may also provide that in any election at which the questions of annexation and district reorganization or, incorporation and district reorganization, or disincorporation and district reorganization are to be considered at the same time, there shall be a single question appearing on the ballot upon the issues of annexation and district reorganization or incorporation and district reorganization.

(Amended by Stats. 2015, Ch. 304, Sec. 10. (AB 851) Effective January 1, 2016.)

56886.

Any change of organization or reorganization may provide for, or be made subject to one or more of, the following terms and conditions. If a change of organization or reorganization is made subject to one or more of the following terms and conditions in the commission's resolution making determinations, the terms and conditions imposed shall prevail in the event of a conflict between a specific term and condition authorized pursuant to this section and any of the general provisions of Part 5 (commencing with Section 57300). However, none of the following terms and conditions shall directly regulate land use, property development, or subdivision requirements:

(a) The payment of a fixed or determinable amount of money, either as a lump sum or in installments, for the acquisition, transfer, use, or right of use of all or any part of the existing property, real or personal, of any city, county, or district.

(b) The levying or fixing and the collection of any of the following, for the purpose of providing for any payment required pursuant to subdivision (a):

(1) Special, extraordinary, or additional taxes or assessments.

(2) Special, extraordinary, or additional service charges, rentals, or rates.

(3) Both taxes or assessments and service charges, rentals, or rates.

(c) The imposition, exemption, transfer, division, or apportionment, as among any affected cities, affected counties, affected districts, and affected territory of liability for payment of all or any part of principal, interest, and any other amounts which shall become due on account of all or any part of any outstanding or then authorized but thereafter issued bonds, including revenue bonds, or other contracts or obligations of any city, county, district, or any improvement district within a local agency, and the levying or fixing and the collection of any (1) taxes or assessments, or (2) service charges, rentals, or rates, or (3) both taxes or assessments and service charges, rentals, or rates, in the same manner as provided in the original authorization of the bonds and in the amount necessary to provide for that payment.

(d) If, as a result of any term or condition made pursuant to subdivision (c), the liability of any affected city, affected county, or affected district for payment of the principal of any bonded indebtedness is increased or decreased, the term and condition may specify the amount, if any, of that increase or decrease which shall be included in, or excluded from, the outstanding bonded indebtedness of that entity for the purpose of the application of any statute or charter provision imposing a limitation upon the principal amount of outstanding bonded indebtedness of the entity.

(e) The formation of a new improvement district or districts or the annexation or detachment of territory to, or from, any existing improvement district or districts.

(f) The incurring of new indebtedness or liability by, or on behalf of, all or any part of any local agency, including territory being annexed to any local agency, or of any existing or proposed new improvement district within that local agency. The new indebtedness may be the obligation solely of territory to be annexed if the local agency has the authority to establish zones for incurring indebtedness. The indebtedness or liability shall be incurred substantially in accordance with the laws otherwise applicable to the local agency.

(g) The issuance and sale of any bonds, including authorized but unissued bonds of a local agency, either by that local agency or by a local agency designated as the successor to any local agency which is extinguished as a result of any change of organization or reorganization.

(h) The acquisition, improvement, disposition, sale, transfer, or division of any property, real or personal.

(i) The disposition, transfer, or division of any moneys or funds, including cash on hand and moneys due but uncollected, and any other obligations.

(j) The fixing and establishment of priorities of use, or right of use, of water, or capacity rights in any public improvements or facilities or any other property, real or personal. However, none of the terms and conditions ordered pursuant to this subdivision shall modify priorities of use, or right of use, to water, or capacity rights in any public improvements or facilities that have been fixed and established by a court or an order of the State Water Resources Control Board.

(k) The establishment, continuation, or termination of any office, department, or board, or the transfer, combining, consolidation, or separation of any offices, departments, or boards, or any of the functions of those offices, departments, or boards, if, and to the extent that, any of those matters is authorized by the principal act.

(l) The employment, transfer, or discharge of employees, the continuation, modification, or termination of existing employment contracts, civil service rights, seniority rights, retirement rights, and other employee benefits and rights.

(m) The designation of a city, county, or district, as the successor to any local agency that is extinguished as a result of any change of organization or reorganization, for the purpose of succeeding to all of the rights, duties, and obligations of the extinguished local agency with respect to enforcement, performance, or payment of any outstanding bonds, including revenue bonds, or other contracts and obligations of the extinguished local agency.

(n) The designation of (1) the method for the selection of members of the legislative body of a district or (2) the number of those members, or (3) both, where the proceedings are for a consolidation, or a reorganization providing for a consolidation or formation of a new district and the principal act provides for alternative methods of that selection or for varying numbers of those members, or both.

(o) The initiation, conduct, or completion of proceedings on a proposal made under, and pursuant to, this division.

(p) The fixing of the effective date or dates of any change of organization, subject to the limitations of Section 57202.

(q) Any terms and conditions authorized or required by the principal act with respect to any change of organization.

(r) The continuation or provision of any service provided at that time, or previously authorized to be provided by an official act of the local agency.

(s) The levying of either of the following:

(1) Assessments or fees, including the imposition of a fee pursuant to Section 50029 or 66484.3. For the purposes of this section, imposition of a fee as a condition of the issuance of a building permit does not constitute direct regulation of land use, property development, or subdivision requirements.

(2) General or special taxes subject to approval by the voters.

(t) The extension or continuation of any previously authorized charge, fee, assessment, or tax by the local agency or a successor local agency in the affected territory.

(u) The transfer of authority and responsibility among any affected cities, affected counties, and affected districts for the administration of special tax and special assessment districts, including, but not limited to, the levying and collecting of special taxes and special assessments, including the determination of the annual special tax rate within authorized limits; the management of redemption, reserve, special reserve, and construction funds; the issuance of bonds which are authorized but not yet issued at the time of the transfer, including not yet issued portions or phases of bonds which are authorized; supervision of construction paid for with bond or special tax or assessment proceeds; administration of agreements to acquire public facilities and reimburse advances made to the district; and all other rights and responsibilities with respect to the levies, bonds, funds, and use of proceeds that would have applied to the local agency that created the special tax or special assessment district.

(v) Any other matters necessary or incidental to any of the terms and conditions specified in this section. If a change of organization, reorganization, or special reorganization provides for, or is made subject to one or more of, the terms and conditions specified in this section, those terms and conditions shall be deemed to be the exclusive terms and conditions for the change of organization, reorganization, or special reorganization, and shall control over any general provisions of Part 5 (commencing with Section 57300).

(Amended by Stats. 2015, Ch. 304, Sec. 11. (AB 851) Effective January 1, 2016.)

56886.1.

When applicable, the terms and conditions of any change of organization or reorganization shall provide public utilities, as defined in Section 216 of the Public Utilities Code, 90 days following the recording of the certificate of completion to make the necessary changes to impacted utility customer accounts.

(Added by Stats. 2001, Ch. 388, Sec. 21. Effective January 1, 2002.)

56886.3.

If the terms and conditions of any change of organization provide for the formation of a new improvement district, or the annexation or detachment of territory to, or from, an existing improvement district, the commission shall do all of the following:

(a) Exclude any lands proposed to be formed into, or to be annexed to, the improvement district which the commission finds will not be benefited by becoming a part of the improvement district.

(b) Exclude any lands proposed to be detached from an improvement district which the commission finds will be benefited by remaining a part of the improvement district.

(Added by renumbering Section 57053 by Stats. 2000, Ch. 761, Sec. 226. Effective January 1, 2001.)

56886.5.

(a) If a proposal includes the formation of a district or the incorporation of a city, the commission shall determine whether existing agencies can feasibly provide the needed service or services in a more efficient and accountable manner. If a new single-purpose local agency is deemed necessary, the commission shall consider reorganization with other single-purpose local agencies that provide related services.

(b) If a proposal includes the consolidation of two or more special districts not formed pursuant to the same principal act, the commission shall determine whether any service provided at that time could be discontinued due to a lack of authority under the principal act of the successor. If a new single-purpose local agency is deemed necessary to provide the needed service or services, the commission shall consider the formation of a new district that is authorized to provide the service or services.

(Amended (as amended by Stats. 2004, Ch. 471, Sec. 4) by Stats. 2007, Ch. 98, Sec. 7. Effective January 1, 2008.)

56886.6.

The commission shall not impose a condition for the provision of services by the annexing city to an area which has not been placed within that city's adopted sphere of influence, as defined in Section 56076, unless that condition would mitigate effects which are a direct result of the annexation.

In the case of any annexation proposal for which a certificate of completion was not recorded prior to January 1, 1985, a condition imposed thereon which does not comply with the requirements of this section is null and void and shall not affect the validity of or terminate the annexation proceedings.

(Added by renumbering Section 56376 by Stats. 2011, Ch. 300, Sec. 66. (AB 1430) Effective January 1, 2012.)

56886.7.

(a) The commission shall not impose any condition on an annexing local agency with respect to the standards or frequency of maintenance of any existing street or road within the annexed territory.

(b) The commission shall not impose a condition which requires a local agency to improve an existing public facility which is not owned by the agency.

(c) This section shall not be construed as authorizing a commission to impose any conditions which it is not otherwise authorized to impose.

(Added by renumbering Section 56376.5 by Stats. 2011, Ch. 300, Sec. 67. (AB 1430) Effective January 1, 2012.)

56887.

Any change of organization or reorganization may be conditionally approved by a local agency formation commission subject to the certification by the California Coastal Commission of an amendment to the local coastal program of a city or a county.

(Added by Stats. 2000, Ch. 761, Sec. 211. Effective January 1, 2001.)

56887.5.

If any change of organization or reorganization pertains to city or district territory which is located, in whole or in part, within the boundaries of any city or county, any terms and conditions authorized by Section 56886 may be made applicable to that city or county. However, no indebtedness or liability which is subject to the requirement of an election, under the provisions of Section 18 of Article XVI of the California Constitution, shall be incurred or assumed by any city or county, except as provided in Section 18 of Article XVI of the California Constitution.

(Added by Stats. 2000, Ch. 761, Sec. 211. Effective January 1, 2001.)

56889.

If any commission order approving or conditionally approving a change of organization or reorganization would result in the annexation to a city of land that is subject to a contract executed pursuant to the Williamson Act (Chapter 7 (commencing with Section 51200) of Division 1), for which the commission has determined pursuant to Section 56754 that the city shall succeed to the contract, the commission shall impose a condition that requires the city to adopt the rules and procedures required by the Williamson Act, including but not limited to the rules and procedures required by Sections 51231, 51237, and 51237.5.

(Added by Stats. 2000, Ch. 761, Sec. 211. Effective January 1, 2001.)

56890.

Any of the terms and conditions authorized by Section 56886 may be made applicable to all or any part of any city or district or any improvement district within that local agency or any territory annexed to, or detached from, any city or district or improvement district within that local agency.

(Added by Stats. 2000, Ch. 761, Sec. 211. Effective January 1, 2001.)

Source: https://leginfo.legislature.ca.gov

Appendix C: Table of Figures

Figure 1: North Tahoe Fire Protection District Organizational Chart 7
Figure 2: Meeks Bay Fire Protection District Organizational Chart 9
Figure 3: Communications Team Meeting Schedule 12
Figure 4: Fire Station Condition Definitions 16
Figure 5: North Tahoe Fire Protection District Station #51—Administrative Headquarters and Fire Station 17
Figure 6: North Tahoe Fire Protection District Station #52 18
Figure 7: North Tahoe Fire Protection District Station #53—Homewood Station 19
Figure 8: North Tahoe Fire Protection District Station #54 20
Figure 9: North Tahoe Fire Protection District Station #55 21
Figure 10: North Tahoe Fire Protection District Station #56 and Annex 22
Figure 11: Meeks Bay Fire Protection District Station #61 23
Figure 12: Meeks Bay Fire Protection District Station #62—Storage Facility 24
Figure 13: North Tahoe Fire District Apparatus Inventory 26
Figure 14: Meeks Bay Fire Protection District Apparatus and Vehicle Inventory 28
Figure 15: Administrative and Support Staffing 31
Figure 16: Details the Emergency Response Staffing for the Combined Operation 33
Figure 17: Combined Emergency Response Positions 34
Figure 18: Daily Emergency Response Staffing by Station 35
Figure 19: NTFPD & MBFPD Historic Service Demand, 2008–2017 46
Figure 20: NTFPD & MBFPD Percentage Change, 2008–2017 47
Figure 21: NTFPD & MBFPD Incident Count 47
Figure 22: NTFPD & MBFPD Incidents by Month, 2016 & 2017 48
Figure 23: NTFPD & MBFPD Incidents by Day of Week, 2016 & 2017 48
Figure 24: NTFPD & MBFPD Incidents by Hour, 2016–2017 49
Figure 25: NTFPD & MBFPD 10-Year Projection of Calls 49
Figure 26: NTFPD & MBFPD Current Resource Distribution 50
Figure 27: NTFPD & MBFPD Tahoe Study Area Service Demand, 2016–2017 51
Figure 28: NTFPD & MBFPD Incident Address Geocoding Results, 2016 & 2017 52
Figure 29: NTFPD & MBFPD NFIRS Incident Types Summary, 2016–2017 52
Figure 30: NTFPD & MBFPD NFIRS Incident Type Summary, 2016–2017 53
Figure 31: NTFPD & MBFPD 9 Year Summary of NFIRS Incident Types 53
Figure 32: NTFPD & MBFPD NFIRS 300 Series—EMS Calls, 2016 & 2017 54
Figure 33: NTFPD & MBFPD NFIRS 100 Series—Fire Incidents, 2016 & 2017 55
Figure 34: Geographic Distribution of NTFPD & MBFPD NFIRS 100 Series—Fire Incidents, 2016 & 2017. 55
Figure 35: NTFPD & MBFPD NFIRS 111 & 112 Fire Incidents, 2016 & 2017 56
Figure 36: Tahoe Basin Population Density 57
Figure 37: Tahoe Basin Owner Occupied Housing (2012) 58

Figure 38: Tahoe Basin Annual growth rate by US Census Blocks (2012–2017) 59
Figure 39: NTFPD & MBFPD ISO 1.5-mile & 5-mile Travel Distance 60
Figure 40: NTFPD & MBFPD Station Travel Time 61
Figure 41: Effective Response Force Arrival Time 62
Figure 42: Effective Response Force—Firefighters 63
Figure 43: Effective Response Force—Firefighters, With Automatic Aid 64
Figure 44: Second Unit Arrival 65
Figure 45: Concurrent Calls North Tahoe FPD & Meeks FPD, 2017 65
Figure 46: NTFPD & MBFPD Unit Hour Utilization, 2017 66
Figure 47: NTFPD & MBFPD Station Response Zones 67
Figure 48: GVECC Dispatch Time Performance 70
Figure 49: Dispatch Time Performance by Hour of Day 71
Figure 50: Turnout Time Performance 71
Figure 51: Turnout Time by Hour of Day 72
Figure 52: Initial Unit Travel Time Capability 73
Figure 53: Travel Time Performance—First Arriving Unit 74
Figure 54: Overall Travel Time and Incidents by Hour of Day—First Arriving Unit 74
Figure 55: Travel Time Performance by Region 75
Figure 56: Response Time Performance—First Arriving Unit 76
Figure 57: Hourly Response Time Performance 76
Figure 58: Received to Arrival Time—First Arriving Unit 77
Figure 59: Hourly Received to Arrival Performance 78
Figure 60: Mutual Aid Resources 78
Figure 61: Tahoe Area Regional Fire Services 79
Figure 62:Budget and Finance District Survey 2017/18 Components 81
Figure 63: Property Valuation in NTFPD, FY 13/14–16/17 82
Figure 64: NTFPD Property Tax Revenues, FY 13/14–16/17 83
Figure 65: Graphic Presentation of Increase in NTFPD Property Tax Revenues, FY 13/14–16/17 83
Figure 66: NTFPD Recurring and Non-Recurring Revenues, FY 13/14–FY 16/17 84
Figure 67: Graphic Presentation of NTFPD Recurring and Non-Recurring Revenue, FY 13/14–16/17 85
Figure 68: Expenditures of the NTFPD General Fund and Debt Service Fund, FY 13/14–16/17 86
Figure 69: NTFPD Personnel Services Expenditures, FY 13/14–16/17 87
Figure 70: Graphic Presentation of the Adopted NTFPD FY 17/18 Budget 88
Figure 71: FY 17/18 Adopted NTFPD Budget 88
Figure 72: Budget and Finance District Survey Components 89
Figure 73: Graphic Presentation of Increase in MBFPD Property Tax Revenues, FY 14/15–16/17 90
Figure 74: MBFPD Recurring versus Non-Recurring Revenues, FY 14/15–16/17 91
Figure 75: Graphic Presentation of MBFPD Recurring and Non-Recurring Revenue, FY 14/15–16/17 92
Figure 76: Expenditures of the MBFPD General Fund, FY 14/15–16/17 92

Figure 77: MBFPD Personnel Services Expenditures, FY 14/15–16/17 93
Figure 78: Graphic Presentation of MBFPD FY 17/18 Budget 94
Figure 79: Survey Results—Residency 103
Figure 80: Survey Results—Rent/Own 104
Figure 81: Survey Results—Placer/El Dorado 104
Figure 82: Survey Results—Voter Status 105
Figure 83: Survey Results—EMS Awareness 105
Figure 84: Survey Results—Ambulance Service Awareness 106
Figure 85: Survey Results—Relative Members 106
Figure 86: Survey Results—Perceived Professionalism 107
Figure 87: Survey Results—Perceived Friendliness 107
Figure 88: Survey Results—Perceived Promptness 108
Figure 89: Survey Results—Retaining Separate Districts 108
Figure 90: Survey Results—Merging Districts 109
Figure 91: Survey Results—Services Provided 109
Figure 92: Forecast Impact on NTPFD property Tax Revenues of the Reallocations to ERAF and Redevelopment 117
Figure 93: Graphic Presentation of the Impact of Revenue Reallocation on District Property Tax Revenues 117
Figure 94: Forecast NTFPD Recurring versus Non-Recurring Revenues, FY 17/18–22/23 118
Figure 95: Recurring versus Non-Recurring Costs FY 17/18 Amended Budget and FY 22/23 119
Figure 96: Five Year Cash Flow Forecast for NTFPD, FY 17/18–FY 22/23 120
Figure 97: MBFPD Property Tax and Other Property Based Revenues 121
Figure 98: Forecast of MBFPD Non-Recurring Revenues 122
Figure 99: MBFPD Recurring and Non-recurring Expenditures, FY 17/18–22/23 123
Figure 100: Presentation of MBFPD Recurring versus Non-Recurring Expenditures, FY 17/18–22/23 123
Figure 101: Cash Flow Forecast for MBFPD, FY 17/18–22/23 124
Figure 102: Consolidated Adopted Budgets FY 17/18, With Consolidating District Revenues/Expenses Eliminated 125
Figure 103: Consolidated Forecast FY 18/19 through FY 22/23 126
Figure 104: Potential Annual Cost Savings from Consolidation 127
Figure 105: Process for Evaluating & Implementing Partnering Strategies 130

FINANCIAL ANALYSIS Update

Placer County
LOCAL AGENCY
FORMATION COMMISSION

July 2022

AP TRITON

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TABLE OF CONTENTS

Introduction **2**

SECTION I: FINANCIAL ANALYSIS **3**

Updated Financial Analysis **4**

North Tahoe Fire Protection District 4

Meeks Bay Fire Protection District 10

SECTION II: FINANCIAL PROJECTIONS **16**

Updated Financial Projections **17**

North Tahoe Fire Protection District 17

Meeks Bay Fire Protection District 19

Combined Revenues & Expenses 21

SECTION III: FISCAL RECOMMENDATIONS **25**

Recommendations **26**

SECTION IV: APPENDICES **28**

Appendix A: Table of figures **29**

Appendix B: Attachments **30**

INTRODUCTION

AP Triton, LLC was retained by the Placer County Local Agency Formation to research and update the contents of the financial analysis section of the previous (2018) *Performance Review and Examination of Alternative Governance Models* conducted on behalf of the North Tahoe and Meeks Bay Fire Protection Districts (NTFPD and MBFPD).

The purpose of the update is to provide the applicant with necessary and updated financial analyses and projections as required to complete all components of the MBPFD and NTFPD Application for Reorganization.

SECTION I:
Financial Analysis

UPDATED FINANCIAL ANALYSIS

As is common with municipal forms of government, both North Tahoe Fire Protection District (NTFPD) and Meeks Bay Fire Protection District (MBFPD) employ an accounting and budgeting system that utilizes the "fund accounting" concepts. Under this system, the financial reports provide a short-term view of the districts' operations, the cost of providing those services, and the source of revenues to pay for those costs. A "fund" segregates resources and expenditures for specific activities or objectives. This type of accounting system is not designed to identify a profit or loss, it is to track the sources and uses of cash. The General Fund typically provides for the operations of the core services provided by the government unit, such as law enforcement, fire protection, human resources, legal, finance, and the administrative side of the operation, such as the office of the Fire Chief or Board of Directors of the district. With regards to both agencies included in this study, the annual budget for each district is prepared in the General Fund. Both districts operate on a fiscal year beginning July 1 and ending June 30.

For analysis purposes, AP Triton classifies revenues as either recurring or non-recurring. Recurring revenues can be reasonably anticipated on an annual basis and are generally quantifiable. Non-recurring revenues are those that may not occur annually or are not easily quantifiable, such as debt proceeds, one-time grant awards, or proceeds from the disposal of assets. As an example, property tax revenue meets the definition of recurring revenues, while reimbursed strike team revenues would be less readily quantifiable and be classified as non-recurring. Similarly, salaries would be included in recurring expenses, while capital expenditures would typically be included in non-recurring expenses.

Both agencies participate in the CalPERS pension system. Costs associated with this benefit have grown significantly over the past several years and are projected to continue to grow as each district strives to eliminate its respective unfunded actuarial liability associated with the pension obligation.

North Tahoe Fire Protection District

As previously identified, both agencies utilize fund accounting to record and report their transactions. The North Tahoe Fire Protection District operates through one fund, the General Fund. This fund is used to account for all receipts and disbursements, treated as revenues and expenses for each fiscal year. NTFPD reviews capital expenditures against specific project appropriation accounts.

Revenues

Property Taxes

The collection of local property taxes is the single largest source of revenue pertaining to the NTFPD. Revenues generated from this source are affected by two primary components—the assessed value of the real properties taxed and the tax rate charged against that value. Market conditions affect the value of properties in the community, and, in California, values are subject to state legislation limiting the growth of real estate tax assessments. There are diverse types of properties that are components of the total valuation in the NTFPD. NTFPD's property tax revenues have increased by approximately 4.6% annually, resulting in an increase in property tax revenue from $5,460,000 in FY 17 to $6,526,416 (FY 20/21—without RDAs, Special Tax, Fire Supp Assessment, & CFD Mello Roos) in FY 21.

The district's registered voters passed a special tax in August 2005, providing $2,867,936 of revenue in FY 21. This revenue stream has increased annually by a rate of approximately 2.6%. Additionally, property owners within the district passed a special assessment in the fall of 2007, which provided $788,592 of revenue in FY 21. Annual growth of this special assessment is limited by the statute.

In 2019/2020, voters approved the Community Facilities District (CFD) No. 2012-1 (Ladder Truck O&M), which provided $15,813 of revenue in FY 21.

NTFPD has consistently received annual residual distributions (RDA dissolution) from the Placer County Successor Agency as well as pass-through funds.

Other Revenues

Ambulance revenues have increased by approximately 6% from FY 17 to FY 21 despite experiencing an annual reduction in revenues in FY 18 and FY 19. In addition to these receipts, NTFPD receives GEMT and IGT federal funds through the State of California for Medicare/Medi-Cal ambulance transports.

The district provides fire, EMS, and prevention services under contracts to other agencies, including Alpine Springs County Water District, Meeks Bay Fire District, North Tahoe Public Utilities District, El Dorado County, and the Nevada Fire Safe Council.

Other revenues attributable to the NTFPD include funds from grant funds, prevention fees, interest, and rental income. Other reimbursements and administrative billings provide other additional funds.

Ambulance service revenues contribute approximately 12% of the district's total annual recurring revenue.

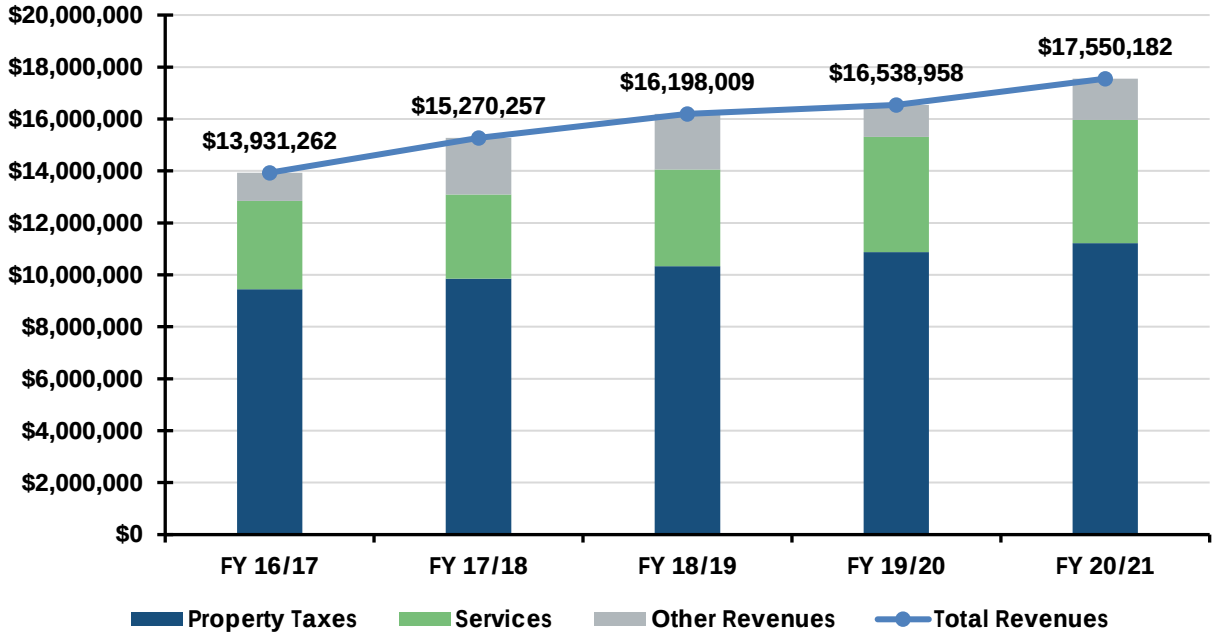
The following figure provides the General Fund's historical amounts for recurring and non-recurring revenue sources for NTFPD.

Figure 1: NTFPD Historical Revenues, FY 16/17–FY 20/21

Revenue	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual
Property Tax Revenue	5,459,566	5,662,125	5,955,405	6,233,717	6,542,229
Special Fire Tax	2,585,869	2,641,136	2,735,741	2,832,795	2,867,936
Fire Suppression Assessment	720,307	736,047	756,114	779,164	788,592
RDA Passthrough	221,412	249,456	284,926	328,158	356,610
RDA Dissolution	463,017	558,050	604,092	705,617	663,800
Other Tax Collections	—	—	—	—	—
Total Taxes Collected	***9,450,171***	***9,846,814***	***10,336,278***	***10,879,451***	***11,219,167***
Service Contracts	1,744,462	1,668,410	1,841,741	1,991,736	2,080,979
Ambulance Services	1,511,147	1,375,481	1,310,363	1,706,079	1,856,723
IGT	—	—	304,258	267,470	277,760
Mitigation Fees	76,874	120,262	132,589	76,156	97,202
Inspections/Plan Check Fees	59,312	83,561	131,574	387,398	432,401
Total Recurring	**12,841,966**	**13,094,528**	**14,056,803**	**15,308,290**	**15,964,232**
CalFire Lease	1,467	21,493	21,555	18,239	18,032
GEMT Ambulance Reimburse.	20,712	329,772	90,683	(43,955)	(37,661)
Grant Proceeds—SAFER	323,365	519,124	134,083	—	—
Grants—MDTS	90,604	—	—	143,901	—
Other Grants	—	420,376	447,323	596,778	501,700
Interest Income	78,388	92,087	108,898	93,325	20,744
Sale of Surplus Equip	78	14,484	28,939	1,241	203
Strike Team Reimbursements	484,290	685,664	1,089,440	277,517	908,786
Transfers from CFD Mello Roos	—	—	—	1,090	1,045
Meeks Bay Cost Share	—	82,039	169,631	133,581	154,780
Other	90,392	10,690	50,654	8,951	18,321
Non-Recurring	**1,089,296**	**2,175,729**	**2,141,206**	**1,230,668**	**1,585,950**
Total Revenue	**13,931,262**	**15,270,257**	**16,198,009**	**16,538,958**	**17,550,182**

The following figure displays historical property taxes and revenues from services.

Figure 2: NTFPD Historical Property Taxes, Services, & Other Revenues, FY 16/17–FY 20/21



The operating expenses of the NTFPD are like those of most emergency services departments and include salaries and related benefits, supplies, services, utilities, repairs, and maintenance costs. The district also makes payments annually on debt incurred to build fire stations and acquire apparatus, to make capital expenditures not requiring long-term financing, and to move funds to other accounts.

As expected, salaries and benefits comprise approximately 75% of the NTFPD's operating expenses annually. Wildland incidents affect salary and wage expenditures, which typically result in significant overtime costs. Authorized positions have remained within one or two positions over the past five years Triton analyzed. In FY 21, 49-line positions were authorized, with an additional administrative and support staff for a total of 62 authorized positions. As previously discussed, costs related to CalPERS pension liability have risen significantly, outpacing the increase in compensation over the past few years to extinguish the previously unfunded pension liability.

Recurring operating expenses, other than salaries and benefits, of NTFPD have increased and decreased during the historical period based on the needs of the organization and economic conditions affecting costs such as energy. The following figure provides a historical review of the operating costs, debt service, and capital expenditures of NTFPD.

Figure 3: NTFPD Historical Expenses, FY 16/17–FY 20/21

Expenses	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual
Salaries	6,377,412	6,685,625	6,716,959	7,315,489	7,558,097
Benefits	4,154,163	4,322,411	4,886,791	4,683,388	5,006,600
Total Salaries & Benefits	***10,531,575***	***11,008,036***	***11,603,750***	***11,998,877***	***12,564,697***
Supplies	1,016,562	1,104,632	1,406,038	962,606	1,401,129
Services	944,262	967,319	1,151,552	1,206,481	1,177,103
Energy	134,836	102,899	120,639	141,035	152,409
Maintenance	347,897	465,217	366,098	314,914	337,010
Recurring Expenses	**12,975,132**	**13,648,103**	**14,648,077**	**14,623,913**	**15,632,348**
Debt Service	755,489	802,029	868,952	869,650	890,163
Capital	220,323	300,119	603,399	405,749	71,237
Non-Recurring Expenditures	**975,812**	**1,102,148**	**1,472,351**	**1,275,399**	**961,400**
Total Expenditures	**13,950,944**	**14,750,251**	**16,120,428**	**15,899,312**	**16,593,748**

Government agencies are unlike for-profit enterprises in that they cannot easily create new sources of revenue. To that end, changes in economic conditions negatively affecting revenues cannot be overcome without reducing services or using pre-established reserve balances. At the end of FY 21, Reserve balances were at approximately 55% of total annual expenditures or a little more than six months of expenditures.

Figure 4: NTFPD Summary of Revenues, Expenses, & Reserve Balances, FY 16/17–FY 20/21

Revenues/Expenses	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual
Recurring Revenues	12,841,966	13,094,528	14,056,803	15,308,290	15,964,236
Non-Recurring Revenues	1,169,296	2,285,729	2,266,206	1,330,668	1,685,950
Total Revenues	**14,011,262**	**15,380,257**	**16,323,009**	**16,638,958**	**17,650,186**
Recurring Expenses	13,730,621	14,450,132	15,517,029	15,493,563	16,522,511
Non-Recurring Expenditures	298,180	421,826	738,312	499,586	184,654
Total Expenditures	**14,028,801**	**14,871,958**	**16,255,341**	**15,993,149**	**16,707,165**
Net Cash Flow (Deficit)	**(17,539)**	**508,299**	**67,668**	**645,809**	**943,021**
Beginning Reserve Balance	6,955,331	6,937,792	7,446,091	7,513,759	8,159,568
Ending Reserve Balance	**6,937,792**	**7,446,091**	**7,513,759**	**8,159,568**	**9,102,589**

Findings:

- NTFPD has experienced significant growth in property tax, special fire tax, and fire suppression tax revenue streams.
- Total revenues have historically met the financial needs of the NTFPD.
- A portion of total revenues ($900,000) is from grants.
- NTFPD participates in the CalPERS pension system and has accrued a significant unfunded actuarial liability (UAL), and this UAL is being reduced on an annual basis without significant impact on operations.
- The district maintains sufficient operating reserves to provide for unanticipated expenditures or unanticipated economic downturns.

Meeks Bay Fire Protection District

MBFPD also employs an accounting and budgeting system that is like most forms of government entities. This system utilizes "funds," more easily described as separate operating divisions of a parent company, to track expenditures made by and revenues attributable to the operation of each type of division. The General Fund typically reflects the operations of the performance of the core services provided by the municipality such as law enforcement, fire protection, human resources, legal, finance, and the administrative side of the operation such as the Office of the Fire Chief or Board of Directors of the district. Within the General Fund, the annual budget for the district is prepared.

Additional funds may be created to manage specific projects, programs, debt service, special or specific income streams, or to account for an allocation of revenue from an assessment of taxes. As a small fire protection district, MBFPD employs the use of a single fund to manage its activities that are funded by an assessment of several types of property taxes and special assessments.

AP Triton has analyzed the historical revenues and expenses from FY 16/17 through FY 20/21 for the district to develop relevant financial trends, strengths, and weaknesses which, in conjunction with the annual budget information for FY 21/22, will assist in the completion of the financial forecasts presented later in this report. MBFPD is funded from revenues consisting primarily of property tax assessments, special assessments, and fees for services provided to the communities. The district operates on a fiscal year beginning July 1 and ending June 30.

The district's annual budget includes expenses for all operations. It also includes the contribution to or withdrawal from its fund balance.

MBFPD has incurred a significant deferred liability on its portion of pension obligations for employee retirements. The district has been making payments that will amortize these liabilities within the maximum 30-year period required by CalPERS. The amortization of these pension and OPEB costs creates a significant drain on the cash flow of the district and may have an impact on the future of service delivery by committing scarce resources to meet its pension obligations.

Revenues

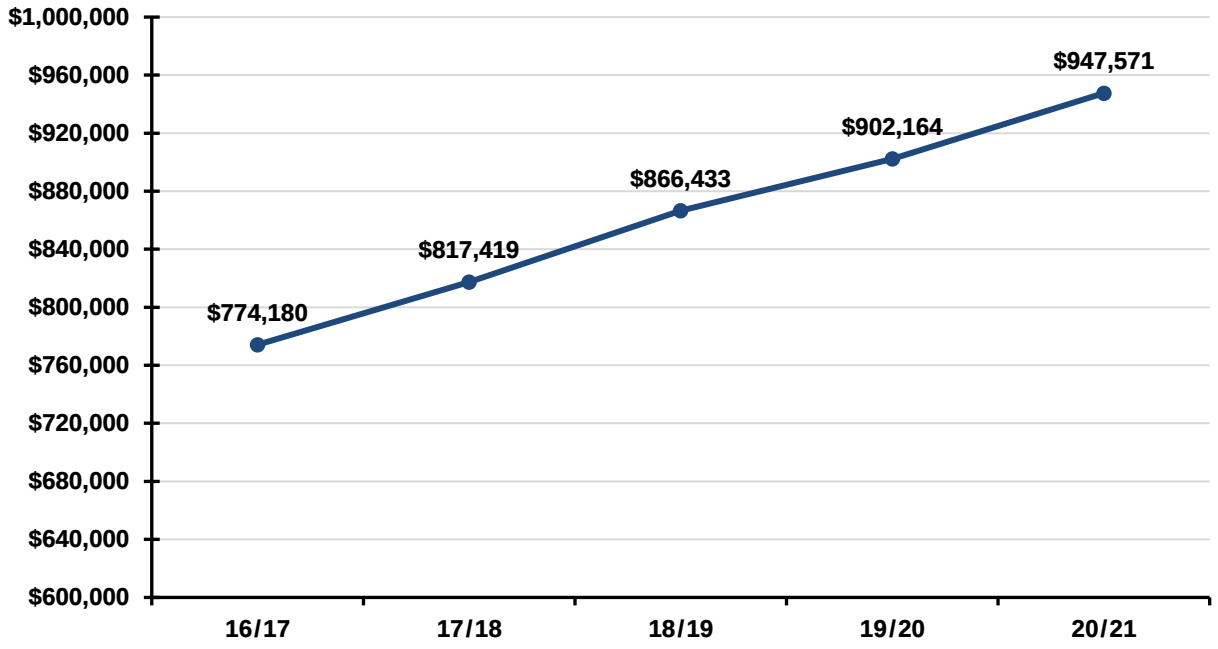
Property Taxes

The collection of local property taxes is the single largest source of revenue for the district. Revenues generated from this source are affected by two primary components, the assessed value of the real properties taxed, and the tax rate charged against that value. Property value is affected by the market conditions in the community and, in California, is subject to state legislation limiting the growth of real estate tax assessments. Several types of properties are components of the total valuation in the district.

Like NTFPD, a tax rate is applied to the assessed valuations to determine the district's revenue benefit. In certain economic situations, assessed taxes are reallocated to specified programs such as the Educational Revenue Augmentation Fund (ERAF), resulting in a reduction of the revenue to the district.

As shown in the next figure, property tax revenues from FY 16/17 through FY 20/21 have increased by approximately 22%. The following figure provides a more visible representation of the impact on the district's revenues resulting from the amount of growth in assessed values as well as the reallocation of tax revenues into other programs. The figure indicates the consistent increase in property tax revenue over the past five years.

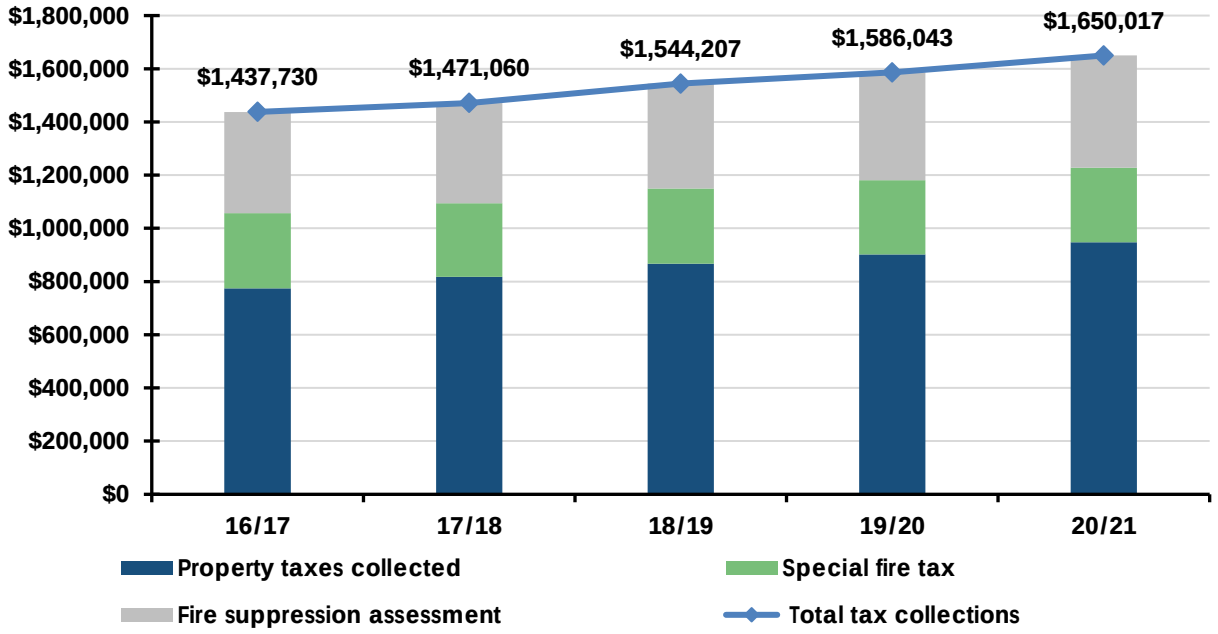
Figure 5: MBFPD Property Tax Revenues, FY 16/17–FY 20/21



Other Tax Revenues

Additionally, a voter-approved Special Tax, based on 2,180 billable parcels, and a voter-approved Special Assessment, based on $219.24 per single-family equivalent, are the other significant sources of funds for the district's operations. The Special Tax, implemented in FY 05/06, has allowed the district to rebuild reserves while, at the same time, maintaining staffing levels, training, and equipment. The Special Assessment was increased by an approved 2% COLA for the FY 21/22 budget. The funds collected are deposited in various accounts of the General Fund of MBFPD. The following figure indicates the growth of the tax revenues from the three assessments over the past five years.

Figure 6: MBFPD Total Tax Revenues, FY 16/17–FY 20/21



MBFPD has two categories of revenues—recurring and non-recurring. Recurring revenues can be reasonably anticipated on an annual basis and are generally quantifiable, such as property taxes, special assessments, and contracts for service. Non-recurring revenues are those that may not occur annually or are not easily quantifiable, such as sales of assets, grant revenues, loan proceeds, and insurance proceeds.

Figure 7: MBFPD Recurring vs. Non-Recurring Revenues, FY 16/17–FY 20/21

Revenue	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual
Property Tax Revenue	774,180	817,419	866,433	902,164	947,571
Special Fire Tax	282,864	277,212	283,714	278,316	280,852
Fire Suppression Assessment	380,686	376,429	394,060	405,563	421,594
Total Taxes Collected	***1,437,730***	***1,471,060***	***1,544,207***	***1,586,043***	***1,650,017***
Service Contracts	16,903	19,870	13,375	5,425	46,225
Total Recurring	**1,454,633**	**1,490,930**	**1,557,582**	**1,591,468**	**1,696,242**
Grant Proceeds	33,858	2,190	28,588	1,551	800
Interest Income	10,496	16,362	28,559	25,691	7,606
Other	27,240	11,044	46,760	219,873	50,469
Total Non-Recurring	**71,594**	**29,596**	**103,907**	**247,115**	**58,875**
Total Revenue	**1,526,227**	**1,520,526**	**1,661,489**	**1,838,583**	**1,755,117**

Expenses

The district's budget is prepared according to California law and is based on accounting for certain transactions on a modified accrual basis of accounting. The funds are appropriated by the nature of the expenditure. Funds are also appropriated to provide for retiree pension and health insurance benefits. The district operates using one fund to record all transactions. The District Board approves the budget.

The MBFPD is authorized at one full-time administrative personnel, having transferred by agreement, the suppression personnel to the North Tahoe Fire Protection District. MBFPD continues to provide funding for the staffing of its station through a contract payment to NTFPD. The district's station is staffed with NTFPD personnel and provides fire suppression, fire investigation, inspections, plan review services, emergency medical response, hazardous materials spill/release response, fire prevention, life safety education, and community risk reduction.

Employee benefit costs to the agency, most significantly, in the form of payments for unfunded pension liabilities and retiree health insurance, amount to almost $300,000 annually. The amortization of these pension and OPEB costs are managed through cash flow and reserve balances and are included in the Benefits section of the figures in the report. MBFPD firefighter positions, current pension costs, and other current benefit costs are paid through a contract to the North Tahoe Fire Protection District. Other costs such as uniforms, personal protective gear, radios and related, technology costs, maintenance costs, fleet maintenance, training, district expenses such as legal and audit, dispatch services, and other costs continue to be funded directly by the district in support of the service delivery system.

The following figure identifies the historical allocation of costs by major category for the district for the fiscal years ending June 30, 2017, through 2021.

Figure 8: MBFPD Recurring Non-Recurring Expenses, FY 16/17–FY 20/21

Expenses	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual
Salaries & Benefits	743,708	225,140	242,893	284,364	336,686
Supplies	114,984	138,312	165,751	155,762	176,554
Services	1,035,704	1,018,649	1,155,354	1,228,701	1,258,176
Maintenance	75,113	16,227	38,112	32,682	22,356
Insurance	21,524	21,735	16,029	16,565	14,949
Total Recurring Expenses:	**1,991,033**	**1,420,063**	**1,618,139**	**1,718,074**	**1,808,721**
Capital	558,456	22,319	44,605	23,071	57,349
Total Non-Recurring Expenses:	**558,456**	**22,319**	**44,605**	**23,071**	**57,349**
Total Expenditures:	**2,549,489**	**1,442,382**	**1,662,744**	**1,741,145**	**1,866,070**

Fund Balance

Maintaining a reasonable cash position or fund balance is especially important for government agencies relying on property taxes or revenue streams that only occur at certain times of the budget cycle. Funds must be available to provide timely payment of current obligations and operating expenses of the district. The June 30, 2017, cash reserves available to fund these obligations were indicated at approximately $1,294,000 or approximately ten months of operations. In FY 17/18, FY 18/19, and FY 19/20, the district experienced positive or nearly positive cash flow and increased reserve balances. However, in FY 20/21, expense growth outpaced revenue growth, and the district experienced negative cash flow and a reduction in reserves of $110,000.

The following figure summarizes MBFPD revenues and expenses and reflects the impact on the reserve balance from FY 16/17 to FY 20/21.

Figure 9: MBFPD Summarized Revenues and Expenses, FY 16/17–FY 20/21

Revenues/Expenses	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual
Recurring Revenues	1,454,633	1,490,930	1,557,582	1,591,468	1,696,242
Non-Recurring Revenues	71,594	29,596	103,907	247,115	58,875
Total Revenues:	**1,526,227**	**1,520,526**	**1,661,489**	**1,838,583**	**1,755,117**
Recurring Expenses	1,991,033	1,420,063	1,618,139	1,718,074	1,808,721
Non-Recurring Expenditures	558,456	22,319	44,605	23,071	57,349
Total Expenditures:	**2,549,489**	**1,442,382**	**1,662,744**	**1,741,145**	**1,866,070**
Net Cash Flow (Deficit)	(1,023,262)	78,144	(1,255)	97,438	(110,953)
Beginning Reserve Balance	**2,317,598**	**1,294,336**	**1,421,633**	**1,420,378**	**1,517,816**
Prior Period Adjustment	—	49,153	—	—	—
Ending Reserve Balance	**1,294,336**	**1,421,633**	**1,420,378**	**1,517,816**	**1,406,863**

Findings:

- MBFPD has experienced an approximately 3% annual revenue growth between FY 17 and FY 21.
- MBFPD is staffed only with an administrative person.
- The service contract with NTFPD represents 80% of the annual revenues of the district.
- MBFPD has accrued a substantial unfunded actuarial liability for pension costs for prior employees that consumes a sizable portion (13%) of its annual operating revenue.

SECTION II:
Financial Projections

UPDATED FINANCIAL PROJECTIONS

North Tahoe Fire Protection District

Revenues

Property tax revenues have historically increased at an annual rate of 4.75% over the past five years. While there is no reason to indicate the growth trend will not continue, this projection will use a 4% property tax growth factor to remain conservative in its presentation. This philosophy will remain throughout the revenue projections. A 2% growth factor will be utilized in projecting the special fire tax and the fire suppression assessment. RDA pass-through and dissolution receipts are extremely difficult to project, and for that reason, the projected revenue from that source will use 80% of the FY 22 budgeted amount with no projected growth in those revenues.

Service contract revenue is projected to grow at a 3% annual rate, as is ambulance services revenue. Mitigation and inspection fee revenue are projected at $110,000 and $360,000 annually. Recurring revenues are projected to grow at an annual average rate of 2.7% through FY 26/27.

Non-recurring revenues, consisting of grants, strike team reimbursements, and other receipts, including the Meeks Bay 17% cost-sharing, are projected at $2,000,000 annually.

Expenses

Salaries and benefits are projected to increase 3% annually considering the cost of living (COLA) adjustments contained in the current Memorandum of Understanding between the labor association and the district. The total cost of the salaries and wages portion is anticipated to be reduced by grant funds and strike team wages totaling $750,000 annually. Benefits are expected to increase by 3% annually.

Supplies and services costs are expected to increase 2% annually using the FY 21/22 budget as a base year. The cost of utilities and fuels are expected to increase dramatically in FY 22 and FY 23 as the energy markets will be affected by the Russian invasion of Ukraine and the strain on world supplies caused by the canceling of export agreements between Europe and Russia. After establishing a new “base year” in FY 23, energy growth rates are expected to be 3% annually. Maintenance costs are projected to grow at an annual rate of 2%.

Debt service expenditures will continue to be reduced annually as final payments are made on four of the district’s long-term obligations during the projection period. Capital expenditures are projected at $100,000 annually.

The following figure projects the revenues, expenditures, and impact on reserves from the FY 21/22 budget through FY 26/27, assuming the Meeks Bay cost-sharing arrangement remains in place.

Figure 10: NTFPD Status Quo Revenue & Expense Projections, Budgeted FY 21/22–FY 26/27

Revenues/Expenses	FY 2022 Budget	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Property Tax Revenue	6,883,597	7,158,941	7,445,299	7,743,110	8,052,835	8,374,948
Special Fire Tax	2,962,084	3,021,326	3,081,752	3,143,387	3,206,255	3,270,380
Fire Suppression Assess	811,678	827,912	844,470	861,359	878,586	896,158
RDA Passthrough	348,655	278,924	278,924	278,924	278,924	278,924
RDA Dissolution	655,845	524,676	524,676	524,676	524,676	524,676
Total Taxes Collected	***11,661,859***	***11,811,778***	***12,175,121***	***12,551,457***	***12,941,276***	***13,345,086***
Service Contracts	2,152,857	2,217,443	2,283,966	2,352,485	2,423,060	2,495,751
Ambulance Services	1,500,000	1,545,000	1,591,350	1,639,091	1,688,263	1,738,911
IGT	65,838	131,676	131,676	131,676	131,676	131,676
Inspects/Plan-Check Fees	358,600	360,000	360,000	360,000	360,000	360,000
Recurring Revenue	**15,739,154**	**16,065,897**	**16,542,112**	**17,034,708**	**17,544,275**	**18,071,425**
Non-Recurring Revenue	**2,330,818**	**2,000,000**	**2,000,000**	**2,000,000**	**2,000,000**	**2,000,000**
Total Revenue	**18,179,972**	**18,065,897**	**18,542,112**	**19,034,708**	**19,544,275**	**20,071,425**
Salaries & Wages	7,577,728	7,887,454	8,143,878	8,407,994	8,680,034	8,960,235
Benefits	5,313,996	5,531,196	5,711,017	5,896,232	6,087,005	6,283,500
Total Salaries & Benefits	***12,891,724***	***13,418,650***	***13,854,895***	***14,304,226***	***14,767,038***	***15,243,734***
Supplies	1,504,362	1,534,449	1,565,138	1,596,441	1,628,370	1,660,937
Services	2,027,892	2,068,450	2,109,819	2,152,015	2,195,056	2,238,957
Energy	167,209	200,000	206,000	212,180	218,545	225,102
Maintenance	404,604	412,696	420,950	429,369	437,956	446,716
Debt Service	853,931	740,872	642,820	608,508	607,912	607,912
Recurring Expenses	**17,849,722**	**18,427,476**	**18,853,028**	**19,357,214**	**19,910,441**	**20,480,033**
Capital	120,250	100,000	100,000	100,000	100,000	100,000
Transfers to Other Funds	210,000	—	—	—	—	—
Non-Recurring Expenses	**330,250**	**100,000**	**100,000**	**100,000**	**100,000**	**100,000**
Total Expenses	**18,179,972**	**18,527,476**	**18,953,028**	**19,457,214**	**20,010,441**	**20,580,033**
Net Cash Flows (Deficit)	**—**	**(461,579)**	**(410,916)**	**(422,506)**	**(466,166)**	**(508,608)**
Beginning Fund Balance	9,102,589	9,102,589	8,641,010	8,230,094	7,807,588	7,341,422
Ending Fund Balance	**9,102,589**	**8,641,010**	**8,230,094**	**7,807,588**	**7,341,422**	**6,832,814**

Findings:

- The existing revenue stream is strained to provide for the anticipated future costs of the existing NTFPD operations.
- Growth in expenses continues to outpace growth in revenues.

Meeks Bay Fire Protection District

The FY 21/22 budget of MBFPD projects a deficit of $350,000 or almost 25% of the district's total current fund balance and approximately 87% of the district's Unassigned Fund Balance.

Property tax revenues are projected to grow at a 4% rate annually, while the Special Fire Tax and Fire Suppression Assessment are projected to grow at 0.9% and 2% annually, respectively. Service contracts are projected to be at $25,000 annually through FY 27.

Salaries are expected to escalate at 3% annually, while benefits are anticipated to grow at an annual 5% rate. Other expenses are projected to increase by 2% annually; however, the NTFPD contract is projected to increase 3% annually. No provision for capital expenditures has been forecast.

The net cash flows on an annual basis are a consistent drain on the reserve balances of MBFPD until the reserve balance is ultimately reduced to a negative number.

The following figure provides the revenue, expense, and impact on reserve balance projections for MBFPD.

Figure 11: MBFPD Revenue, Expense, & Reserve Impact Projections, Budgeted FY 22–FY 27

Revenues/Expenses	FY 2022 Budget	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Property Tax Revenue	985,039	1,024,441	1,065,418	1,108,035	1,152,356	1,198,451
Special Fire Tax	283,400	285,951	288,524	291,121	293,741	296,385
Fire Suppression Assess	430,350	438,957	447,736	456,691	465,825	475,141
Total Taxes Collected	***1,698,789***	***1,749,349***	***1,801,678***	***1,855,847***	***1,911,922***	***1,969,977***
Service Contracts	25,000	25,000	25,000	25,000	25,000	25,000
Recurring Revenue	**1,723,789**	**1,774,348**	**1,826,678**	**1,880,847**	**1,936,922**	**1,994,976**
CERBT Payment	55,963	55,963	55,963	55,963	55,963	55,963
Grant Proceeds	1,000	1,000	1,000	1,000	1,000	1,000
Interest Income	4,400	4,400	4,400	4,400	4,400	4,400
Plan Checks & Dev. Fees	7,000	7,000	7,000	7,000	7,000	7,000
VHR Inspections	70,000	70,000	70,000	70,000	70,000	70,000
Non-Recurring Revenue	**138,363**	**138,363**	**138,363**	**138,363**	**138,363**	**138,363**
Total Revenue	**1,862,152**	**1,912,711**	**1,965,041**	**2,019,210**	**2,075,285**	**2,133,339**
Salaries & Wages	113,392	116,794	120,298	123,906	127,624	131,452
Benefits	286,284	300,598	315,628	331,410	347,980	365,379
Total Salaries & Benefits	***399,676***	***417,392***	***435,926***	***455,316***	***475,604***	***496,831***
Supplies	255,376	260,484	265,693	271,007	276,427	281,956
Services	1,457,233	1,445,330	1,488,690	1,533,351	1,579,351	1,626,732
Maintenance	62,037	63,278	64,543	65,834	67,151	68,494
Insurance	12,569	12,820	13,077	13,338	13,605	13,877
Recurring Expenses:	**2,186,891**	**2,199,304**	**2,267,929**	**2,338,846**	**2,412,138**	**2,487,890**
Capital	—	—	—	—	—	—
Non-Recurring Expenses:	**—**	**—**	**—**	**—**	**—**	**—**
Total Expenses:	**2,186,891**	**2,199,304**	**2,267,929**	**2,338,846**	**2,412,138**	**2,487,890**
Net Cash Flow (Deficit)	**(324,739)**	**(286,592)**	**(302,887)**	**(319,636)**	**(336,853)**	**(354,550)**
Beginning Fund Balance	1,406,863	1,082,124	795,532	492,644	173,008	(163,845)
Ending Fund Balance	**1,082,124**	**795,532**	**492,644**	**173,008**	**(163,845)**	**(518,396)**

Findings:

- MBFPD revenues do not provide sufficient funding to pay for the delivery of fire protection services to the residents.
- Growth in expenses outpaces growth in revenues.

Combined Revenues & Expenses

The following figure combines the revenues and expenses of both organizations and indicates the elimination of the revenues and expenses associated with the service contract between NTFPD and MBFPD. As indicated in the following figure, cash flow of the combined districts is significantly negative, forcing a drawdown of combined reserves on an annual basis.

Figure 12: Cash Flows of the Combined Districts (Status Quo), Adopted Budgets FY 21/22–Projected FY 26/27

Rev/Exp	FY 2022 Budget	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Recurring Revenues	17,572,943	17,950,245	18,478,791	19,025,555	19,591,198	20,176,402
Less MBFPD Contract	(1,557,113)	(1,603,826)	(1,651,941)	(1,701,499)	(1,752,544)	(1,805,121)
Less MBFPD Special Assessment	—	(285,951)	(288,524)	(291,121)	(293,741)	(296,385)
Less MBFPD Fire Assessment	—	(438,957)	(447,736)	(456,691)	(465,825)	(475,141)
Add NTFPD Spl Fire Tax - MB Parcels	—	551,111	562,133	573,376	584,843	596,540
Add NTFPD Fire Assessments - MB Parcels	—	160,099	163,301	166,567	169,898	173,296
Adjusted Recurring Revenues	16,015,830	16,332,721	16,816,024	17,316,187	17,833,829	18,369,591
Non-Recurring Rev.	2,359,181	2,138,363	2,138,363	2,138,363	2,138,363	2,138,363
Total Revenues	**18,375,011**	**18,471,084**	**18,954,387**	**19,454,550**	**19,972,192**	**20,451,954**
Recurring Expenses	20,036,613	20,515,141	20,991,107	21,547,464	22,154,685	22,780,162
Less MBFPD Contract	(1,557,113)	(1,603,826)	(1,651,941)	(1,701,499)	(1,752,544)	(1,805,121)
Non-Recurring Exp.	330,250	100,000	100,000	100,000	100,000	100,000
Total Expenses	**18,809,750**	**19,011,314**	**19,439,166**	**19,945,965**	**20,502,141**	**21,075,041**
Net Cash Flow (Deficit)	(434,739)	(540,230)	(484,779)	(491,415)	(529,949)	(567,087)
Beginning Reserves	10,509,452	10,074,713	9,534,483	9,049,704	8,558,289	8,028,340
Ending Reserves	**10,074,713**	**9,534,483**	**9,049,704**	**8,558,289**	**8,028,340**	**7,461,253**

Opportunities for Expense Reduction

The consolidation of the districts provides opportunities to eliminate replicated costs for most, if not all, items currently included in the Meeks Bay Fire Protection District budget and projections. Meeks Bay has been compensating NTFPD through a cost-share arrangement by paying 17% of the operating costs of NTFPD. Therefore, these expenses offset other income on the NTFPD records, the net effect of these reductions is minimal. The MBFPD administrative position salary and related costs could be eliminated with the responsibilities allocated to current NTFPD administrative employees. The one cost that cannot be eliminated is the $200,000 plus annual payment of the unfunded pension liability for retired employees. Apparatus maintenance charges would still exist, but there would be an opportunity to examine the fleet to determine if there are surplus vehicles that may be sold. Insurance program costs for property and general liability would remain but in reduced amounts due to the purchasing power of a larger organization.

The consolidated projections with anticipated cost reductions and reduction in other revenues eliminate the originally budgeted transfers to reserves. Additionally, the revised projections do not project a continuance of grant revenues at the budgeted FY 21/22 levels as these programs are not “guaranteed” revenues. Offsetting the reduced grant revenue, salaries and benefits are reduced by a similar amount. The results of the projections are displayed in the following figure, based on the revised consolidated revenue, and expense amounts produce a marginally viable consolidated operation.

Revenues will be reduced as the Meeks Bay special tax is $35 per parcel above the North Tahoe amount. The North Tahoe special tax will survive the combination and be assessed against the Meeks Bay parcels resulting in a reduction of approximately $76,300 annually ($35 multiplied by 2,180 Meeks Bay parcels). The additional $50 per parcel ambulance fee currently charged to Meeks Bay property owners, but paid directly to NTFPD, by El Dorado County would remain.

Expenses will be increased in the first and second year of the combination as the Board of Directors is expected to increase to seven members from five members. It is expected the Board will return to the original five-member configuration in year three. The operating costs currently reported in the Meeks Bay financial information will be drastically reduced in the consolidation as the 17% cost-sharing will be eliminated. Certain expense items such as vehicle maintenance will remain in place at the full amount, while other items such as liability insurance will be reduced due to the economies of scale purchasing power of the larger combined organization. The following figure projects the annual net cash flow deficit from the combined operations. While this amount does indicate a deficit, it appears to be a manageable amount that may be further reduced or eliminated by additional efficiencies or economies of scale opportunities.

Figure 13: Consolidated Projections with Anticipated Cost Savings, Budgeted FY 21/22–Projected FY 26/27

Revenue/Expense	FY 2022 Budget	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Recurring Revenues	17,572,943	17,950,245	18,478,791	19,025,555	19,591,198	20,176,402
Less MBFPD Contract	(1,557,113)	(1,603,826)	(1,651,941)	(1,701,499)	(1,752,544)	(1,805,121)
Less MBFPD Special Assessment		(285,951)	(288,524)	(291,121)	(293,741)	(296,385)
Less MBFPD Fire Assessment		(438,957)	(447,736)	(456,691)	(465,825)	(475,141)
Add NTFPD Spl Fire Tax - MB Parcels		551,111	562,133	573,376	584,843	596,540
Add NTFPD Fire Assessments - MB Parcels		160,099	163,301	166,567	169,898	173,296
Adjusted Recurring Revenues	16,015,830	16,332,721	16,816,024	17,316,187	17,833,829	18,369,591
Non-Recurring Revenues	2,359,181	2,138,363	2,138,363	2,138,363	2,138,363	2,138,363
Total Revenues	**18,375,011**	**18,471,084**	**18,954,387**	**19,454,550**	**19,972,192**	**20,451,954**
Recurring Expenses	20,036,613	20,626,780	21,120,957	21,696,060	22,322,579	22,967,922
Add Funding for Two Additional Board Members	—	52,359	53,406	—	—	—
Less MBFPD Contract	(1,557,113)	(1,603,826)	(1,651,941)	(1,701,499)	(1,752,544)	(1,805,121)
Less VHR Inspection Expense	—	(70,000)	(70,000)	(70,000)	(70,000)	(70,000)
Less MBFPD Personnel Costs	—	(116,794)	(120,298)	(123,906)	(127,624)	(131,452)
Less MBFPD Personnel-Related Costs	—	(11,134)	(11,691)	(12,275)	(12,889)	(13,534)
Less Clothing Costs	—	(20,977)	(21,397)	(21,825)	(22,261)	(22,707)
Less Communications Costs	—	(10,400)	(10,608)	(10,820)	(11,036)	(11,257)
Less Technology Costs	—	(47,964)	(48,924)	(49,902)	(50,900)	(51,918)
Less Other Fleet Costs	—	(4,684)	(4,778)	(4,873)	(4,971)	(5,070)
Less EMS Program Costs	—	(16,206)	(16,530)	(16,860)	(17,198)	(17,542)
Less Office-Related Costs	—	(55,682)	(56,795)	(57,931)	(59,090)	(60,272)
Less Other FF Supplies	—	(8,142)	(8,304)	(8,471)	(8,640)	(8,813)
Less Prev. & Training Costs	—	(43,682)	(44,555)	(45,446)	(46,355)	(47,282)
Adj. Recurring Expenses	***18,479,500***	***18,669,648***	***19,108,542***	***19,572,252***	***20,139,071***	***20,722,954***
Non-Recurring Expenses	—	—	—	—	—	—
Total Expenses	**18,479,500**	***18,669,648***	***19,108,542***	***19,572,252***	***20,139,071***	***20,722,954***
Net Cash Flow (Deficit)	5,511	(198,564)	(154,155)	(117,702)	(166,879)	(215,000)
Beginning Reserves	10,509,452	10,514,963	10,316,399	10,162,244	10,044,542	9,877,663
Ending Reserves	**10,514,963**	**10,316,399**	**10,162,244**	**10,044,542**	**9,877,633**	**9,662,663**

SECTION III:
Fiscal Recommendations

RECOMMENDATIONS

Recommendation 1: Consider an increase in the NTFPD Special Fire Tax.

Description: The Special Fire Tax was approved by voters in August 2006 and has increased by approximately 2.6% annually. However, increases in recurring expenses have outpaced the growth in the combined property tax and Special Fire Tax.

Outcomes: The district currently receives approximately $900,000 in grant funds annually. As these funds may or may not continue indefinitely, a more stable source of revenue should be sought.

Estimated Financial Cost/Savings: Staff time and legal counsel to develop the formal application and ballot for approval by the voters.

Recommendation 2: Consider an increase in the MBFPD Special Tax or Special Assessment.

Description: The district's revenue stream cannot support the cost of providing services to its residents. The Special Tax was implemented in FY 15/16 and has shown little to no growth, statistically from FY 17 to FY 21. The Special Assessment, a charge based on a single-family equivalent, has increased by approximately 2.7% annually. Property taxes have increased by 22% between FY 17 and FY 21, or approximately 5.5% annually. However, increases in recurring expenses have outpaced the growth in the combined property tax, Special Tax, and the Special Assessment, growing at an annual rate of just over 9%.

Outcomes: An increase in the Special Tax and/or the Special Assessment would provide the funds necessary to provide a reasonable level of fire response services to the community.

Estimated Financial Cost/Savings: Staff time and legal counsel to develop the formal application and ballot for approval by the voters.

Recommendation 3: Review the Ambulance Fee Revenue for opportunities to increase the fees, increase the collection rate, or otherwise improve the revenue from that source.

Description: Ambulance revenue has increased by 35% between FY 19 and FY 21, or by approximately 11.7% annually. These schedules should be reviewed annually to determine opportunities for fee/cost recovery increases.

Outcomes: The NTFPD could potentially see an increase in revenue from that source.

Estimated Financial Cost/Savings: Staff time and legal counsel to develop the formal application for submittal to the Board for approval.

Recommendation 4: Explore the development of First Responder Fees to recover the costs associated with sending a fire apparatus on an EMS response.

Description: Medical responses are a significant portion of the workload of the NTFPD.

Outcomes: The NTFPD could potentially generate a significant amount of revenue from the implementation of a First Responder Fee.

Estimated Financial Cost/Savings: Staff and possibly consultant time and legal counsel to develop the proposed fee structure and develop the formal ordinance proposal for submittal to the Board for approval.

Recommendation 5: Explore the implementation of a separate $50 ambulance fee per parcel throughout the combined district.

Description: Medical responses are a significant portion of the workload of the NTFPD.

Outcomes: The NTFPD could potentially generate a significant amount of revenue from implementing a First Responder Fee.

Estimated Financial Cost/Savings: Staff and possibly consultant time and legal counsel to develop the proposed fee structure and develop the formal ordinance proposal for submittal to the Board for approval.

SECTION IV:
Appendices

APPENDIX A: TABLE OF FIGURES

Figure 1: NTFPD Historical Revenues, FY 16/17–FY 20/21 6
Figure 2: NTFPD Historical Property Taxes, Services, & Other Revenues, FY 16/17–FY 20/21..... 7
Figure 3: NTFPD Historical Expenses, FY 16/17–FY 20/21 8
Figure 4: NTFPD Summary of Revenues, Expenses, & Reserve Balances, FY 16/17–FY 20/21... 9
Figure 5: MBFPD Property Tax Revenues, FY 16/17–FY 20/21 11
Figure 6: MBFPD Total Tax Revenues, FY 16/17–FY 20/21 12
Figure 7: MBFPD Recurring vs. Non-Recurring Revenues, FY 16/17–FY 20/21 13
Figure 8: MBFPD Recurring Non-Recurring Expenses, FY 16/17–FY 20/21..... 14
Figure 9: MBFPD Summarized Revenues and Expenses, FY 16/17–FY 20/21..... 15
Figure 10: NTFPD Status Quo Revenue & Expense Projections, Budgeted FY 21/22–FY 26/2718
Figure 11: MBFPD Revenue, Expense, & Reserve Impact Projections, Budgeted FY 22–FY 27 20
Figure 12: Cash Flows of the Combined Districts (Status Quo), Adopted Budgets FY 21/22–Projected FY 26/27..... 21
Figure 13: Consolidated Projections with Anticipated Cost Savings, Budgeted FY 21/22–Projected FY 26/27..... 24

APPENDIX B: ATTACHMENTS

Meeks Bay FPD

- Measure R
- Measure Z
- CalPERS Latest Actuarial Reports

North Tahoe FPD

- NTFPD Resolution 2021-06: 74600, 74601, 74603 Property Tax Rolls
- Special Assessments & Special Taxes

EDC CSA No. 3

- EDC BOS Resolution for $50/parcel Ambulance Services

LAFCO Law

- Reorganization Definition
- Effects of an Annexation
- Effects of Dissolution
- California Government Code Section 56886 Conditions of Approval

Court Decisions

- Sunset Beach
- Upland

Maps

- North Tahoe
- Meeks Bay
- Proposed Reorganization NTFPD + MBFPD + MBFPD SOI

Meeks Bay Fire Protection District

RESOLUTION
of the Board of Directors

No: 92-4 ***Whereas,***

The Board of Directors of the Meeks Bay Fire Protection District is the governing body for the aforementioned special district...

WHEREAS, the aforementioned Special District is responsible for fire prevention, fire suppression and emergency medical services.

WHEREAS, the Board of Directors has determined that the current direct assessment of **$54.00** for an improved parcel and **$16.00** for an unimproved parcel, passed in **1987** is no longer sufficient to:

1. Maintain and/or improve the current level of services.
2. Supplement existing paid staff with additional paid, professional firefighters/paramedics.
3. Purchase/replace equipment.
4. Allow for inflation and the decreased property tax base due to government buyouts of land within the District.
4. Upgrade services as mandated by other governmental agencies.

THEREFORE, the Board of Directors of the Meeks Bay Fire Protection District concludes that the assessment be raised to **$85.00** per parcel.

Resolution 92-4

The mechanism for approving this increase in the current assessment shall be a special election, said election shall be administered by the Elections Department of the County of El Dorado in accordance with the applicable government codes, and shall require a two-thirds (2/3) majority of the ballots cast to pass. The balloting shall be done by mail. The question shall be known as **"Measure Z"**.

THE QUESTION SHALL BE:

> Shall the direct assessment for fire protection and emergency medical services be increased to $85.00 per parcel (annually) in the Meeks Bay Fire Protection District?

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE MEEKS BAY FIRE PROTECTION DISTRICT OF THE COUNTY OF EL DORADO AT A REGULAR (SPECIAL) BOARD MEETING OF SAID BOARD, HELD ON THE 6th DAY OF May, 19 92 BY THE FOLLOWING VOTE OF SAID BOARD:

AYES: Three (3)
NOES: None (0)
ABSENT: Two (2)

CHAIRMAN, BOARD OF DIRECTORS
BY Edward I. Miller

I CERTIFY THAT THE FOREGOING IS A CORRECT COPY OF A RESOLUTION DULY ADOPTED BY SAID BOARD OF DIRECTORS ON THE DATE THEREIN SET FORTH.

SECRETARY, BOARD OF DIRECTORS
BY Nicholas J. Kromydas

CERTIFICATE OF REGISTRAR OF VOTERS
RESULT OF THE OFFICIAL CANVASS

STATE OF CALIFORNIA)
) ss.
COUNTY OF EL DORADO)

I, MICHELE MAC INTYRE, Registrar of Voters of said County, do hereby certify that, in pursuance of the provisions of Elections Code Section 17080, et seq., I did canvass the returns of the votes cast in the Mailed Ballot Election held August 4, 1992 for the Meeks Bay Fire Protection District and find the results to be as follows:

468	registered voters
216	votes cast
167	in favor
48	against
1	rejected (blank)

The results show that said Measure Z did pass with the required two-thirds majority.

Witness my hand and Official Seal

this 5th day of August, 1992

Michele Mac Intyre

MICHELE MAC INTYRE
Registar of Voters

WITH PEN OR PENCIL

OVE NUMBER
ITTED LINE

OFFICIAL BALLOT

MEASURE "I"

EL DORADO COUNTY CALIFORNIA
ALL MAIL BALLOT ELECTION

MEEKS BAY FIRE PROTECTION DISTRICT

AUGUST 4, 1992

INSTRUCTIONS TO VOTERS:

To vote on the measure, mark an X in the square after the word "Yes" or after the word "No". All distinguishing marks are forbidden and make the ballot void. If you wrongly mark, tear or deface this ballot, return it to the Elections Dept. and obtain another.

MEASURE SUBMITTED TO VOTE OF VOTERS		
"Shall the direct assessment for fire protection and emergency medical services be increased to $85.00 per parcel (annually) in the Meeks Bay Fire Protection District?"	YES	
	NO	

Meeks Bay Fire Protection District

RESOLUTION
of the Board of Directors

No: 2003-13

WHEREAS, the Board of Directors of the Meeks Bay Fire Protection District, hereinafter referred to as District, conducted a hearing concerning the Direct Charge tax for the District; and

WHEREAS, the El Dorado County Elections Department did certify that Measures Z received the necessary two-thirds majority vote to establish the benefit assessment on the fourth of August, 1992; and

WHEREAS, it is the intent of the Board of Directors of the District to authorize the continued collection of the voter-approved benefit assessment of $85.00 for the purposes of fire protection and emergency medical services; and

WHEREAS, the El Dorado County Elections Department did certify that Measures R received the necessary two-thirds majority vote to establish the special tax on the fourth of August, 1998; and

WHEREAS, it is the intent of the Board of Directors of the District to authorize the continued collection of the voter-approved special tax of $45.00 for the purposes of maintaining/improving the delivery of fire prevention, fire suppression and first responder medical services; and

WHEREAS, in accordance with State law, the district may provide for the collection of the special taxes in the same manner and subject to the same penalty as, or with, other charges and taxes fixed and collected by the local agency, or by the county via the secured tax roll on behalf of the local agency. If such special taxes are collected by the county on behalf of the local agency, the county may deduct its reasonable costs incurred for such service before remittal of the balance to the local agency; and

WHEREAS, pursuant to Government Code §26911, whenever a special district has elected to have its assessments collected by the County on the property tax roll, the district shall transmit to the County Auditor, no later than August 10 of each year, a statement of the rates fixed for assessments.

NOW THEREFORE, BE IT RESOLVED, by the Board of Directors of the District that the District will direct the Auditor-Controller of the County of El Dorado to place on the Secured Property Tax Roll for FY 2003/04, and for each and every year thereafter until rescinded by this Board, the special parcel tax for the purposes of maintaining/improving the delivery of fire prevention, fire suppression and first responder medical services per the standing agreement between the District and the County of El Dorado based on the information delivered to the Auditor-Controller by the District by the statutory deadline of August 10 of each year.

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE MEEKS BAY FIRE PROTECTION DISTRICT OF THE COUNTY OF EL DORADO AT A REGULAR BOARD MEETING OF SAID BOARD, HELD ON THE 3rd DAY OF September, 2003 BY THE FOLLOWING VOTE OF SAID BOARD:

AYES:	4
NOES:	0
ABSTENTIONS:	0
ABSENT:	1 (Thomas)

PRESIDENT, BOARD OF DIRECTORS
BY: Edward I Miller

I CERTIFY THAT THE FOREGOING IS A CORRECT COPY OF A RESOLUTION DULY ADOPTED BY SAID BOARD OF DIRECTORS ON THE DATE THEREIN SET FORTH.

CLERK OF THE BOARD OF DIRECTORS
BY: Shawn R. Crawford

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BALLOTS MAY BE MARKED WITH PEN OR PENCIL

No.

VOTER MAY REMOVE NUMBER
CUT ALONG DOTTED LINE

OFFICIAL BALLOT

MEEKS BAY
FIRE PROTECTION DISTRICT

EL DORADO COUNTY CALIFORNIA
ALL MAIL BALLOT ELECTION

AUGUST 4, 1998

MEASURE R

INSTRUCTIONS TO VOTERS:

To vote on the measure, mark an X in the square after the word "Yes" or after the word "No". All distinguishing marks are forbidden and make the ballot void. If you wrongly mark, tear or deface this ballot, return it to the Elections Dept. and obtain another.

MEASURE SUBMITTED TO VOTE OF VOTERS		
"Shall the district impose a tax of $45.00 to augment the shortfall in revenue in order to maintain/improve the delivery of fire prevention, fire suppression and first responder medical services?"	YES	
	NO	

CERTIFICATE OF REGISTRAR OF VOTERS
RESULT OF THE OFFICIAL CANVASS

STATE OF CALIFORNIA)
) ss.
COUNTY OF EL DORADO)

I, **MICHELE MAC INTYRE**, Registrar of Voters of said County, do hereby certify that, in pursuance of the provisions of Elections Code Section 15300, et seq., I did canvass the returns of the votes cast in the Mailed Ballot Election held AUGUST 4, 1998, for the **MEEKS BAY FIRE PROTECTION DISTRICT--MEASURE R** and find the results to be as follows:

599 registered voters
264 ballots counted
-0- ballot(s) not counted
206 in favor of
58 against

MEASURE R DID receive the required two-thirds majority of votes cast, therefore it did pass.

Witness my hand and Official Seal

this 5th day of August, 1998

Michele Mac Intyre

MICHELE MAC INTYRE
Registrar of Voters
El Dorado County

certelec.895

Meeks Bay Fire Protection District

RESOLUTION

of the Board of Directors

No: 98-06

The Board of Directors of the Meeks Bay Fire Protection District is the governing body for the aforementioned special district...

WHEREAS, the aforementioned Special District is responsible for fire prevention, fire suppression and first responder emergency medical services;

WHEREAS, the Board of Directors has determined that the current direct assessment of $85.00 for all parcels, passed in 1992, is no longer sufficient to:

1. Maintain and/or improve the current level of services.
2. Supplement existing paid staff with additional paid, part-time firefighters.
3. Fund the ten year asset replacement program (to replace old infrastructure and equipment).
4. Allow for inflation and the decreased property tax base due to government buyouts of land within the District.
5. Upgrade services as mandated by other governmental agencies.
6. Attend the necessary training in order to stay current with the job requirements.
7. Stay current with the increased levels of documentation, required of a California Special District, by regulating agencies of the State and Federal governments.

WHEREAS, due to Proposition 218, merely raising the assessment is neither practical nor cost effective.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Meeks Bay Fire Protection District concludes that an additional tax of $ 45.00 is needed above the existing $85.00 assessment to continue to operate this District in a fiscally responsible, efficient manner that will provide the level of service that the property owners want to see continue.

The mechanism for approving this increase in the current assessment shall be a special election, said election shall be administered by the Elections Department of the County of El Dorado in accordance with the applicable government codes, and shall require a two-thirds (⅔) majority of the ballots cast to pass. The balloting shall be done by mail. The question shall be known as "**Measure R**".

The Question Shall Be:

> *Shall the District impose a tax of $ 45.00 to augment the shortfall in revenues in order to maintain improve the delivery of fire prevention, fire suppression and first responder emergency medical services?*

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE MEEKS BAY FIRE PROTECTION DISTRICT OF THE COUNTY OF EL DORADO AT A REGULAR BOARD MEETING OF SAID BOARD, HELD ON THE 27th DAY OF May, 19 98 BY THE FOLLOWING VOTE OF SAID BOARD:

AYES:	5
NOES:	0
ABSTENTIONS:	0
ABSENT:	0

PRESIDENT, BOARD OF DIRECTORS

BY: Edward L. Miller

I CERTIFY THAT THE FOREGOING IS A CORRECT COPY OF A RESOLUTION DULY ADOPTED BY SAID BOARD OF DIRECTORS ON THE DATE THEREIN SET FORTH.

SECRETARY, BOARD OF DIRECTORS

BY: Nicholas J. Kounydas

C:\OFFICE\BOARD RSLTNS 98.06

Meeks Bay Fire Protection District

RESOLUTION
of the Board of Directors

No: 2003-13

WHEREAS, the Board of Directors of the Meeks Bay Fire Protection District, hereinafter referred to as District, conducted a hearing concerning the Direct Charge tax for the District; and

WHEREAS, the El Dorado County Elections Department did certify that Measures Z received the necessary two-thirds majority vote to establish the benefit assessment on the fourth of August, 1992; and

WHEREAS, it is the intent of the Board of Directors of the District to authorize the continued collection of the voter-approved benefit assessment of $85.00 for the purposes of fire protection and emergency medical services; and

WHEREAS, the El Dorado County Elections Department did certify that Measures R received the necessary two-thirds majority vote to establish the special tax on the fourth of August, 1998; and

WHEREAS, it is the intent of the Board of Directors of the District to authorize the continued collection of the voter-approved special tax of $45.00 for the purposes of maintaining/improving the delivery of fire prevention, fire suppression and first responder medical services; and

WHEREAS, in accordance with State law, the district may provide for the collection of the special taxes in the same manner and subject to the same penalty as, or with, other charges and taxes fixed and collected by the local agency, or by the county via the secured tax roll on behalf of the local agency. If such special taxes are collected by the county on behalf of the local agency, the county may deduct its reasonable costs incurred for such service before remittal of the balance to the local agency; and

WHEREAS, pursuant to Government Code §26911, whenever a special district has elected to have its assessments collected by the County on the property tax roll, the district shall transmit to the County Auditor, no later than August 10 of each year, a statement of the rates fixed for assessments.

NOW THEREFORE, BE IT RESOLVED, by the Board of Directors of the District that the District will direct the Auditor-Controller of the County of El Dorado to place on the Secured Property Tax Roll for FY 2003/04, and for each and every year thereafter until rescinded by this Board, the special parcel tax for the purposes of maintaining/improving the delivery of fire prevention, fire suppression and first responder medical services per the standing agreement between the District and the County of El Dorado based on the information delivered to the Auditor-Controller by the District by the statutory deadline of August 10 of each year.

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE MEEKS BAY FIRE PROTECTION DISTRICT OF THE COUNTY OF EL DORADO AT A REGULAR BOARD MEETING OF SAID BOARD, HELD ON THE 3rd DAY OF September, 2003 BY THE FOLLOWING VOTE OF SAID BOARD:

AYES:	4
NOES:	0
ABSTENTIONS:	0
ABSENT:	1 (Thomas)

PRESIDENT, BOARD OF DIRECTORS
BY: Edward I Miller

I CERTIFY THAT THE FOREGOING IS A CORRECT COPY OF A RESOLUTION DULY ADOPTED BY SAID BOARD OF DIRECTORS ON THE DATE THEREIN SET FORTH.

CLERK OF THE BOARD OF DIRECTORS
BY: Shawn R. Crawford

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MEEKS BAY FIRE PROTECTION DISTRICT

FIRE PROTECTION AND EMERGENCY RESPONSE SERVICES ASSESSMENT

ENGINEER'S REPORT

MAY 2009

PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 50078 ET SEQ. AND ARTICLE XIIID OF THE CALIFORNIA CONSTITUTION

ENGINEER OF WORK:
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MEEKS BAY FIRE PROTECTION DISTRICT

BOARD OF DIRECTORS

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Nicholas J. Kromydas, Vice President
Jane L. Warmack, Secretary/Treasurer
Bruce C. Massie, Director
Stephen W. Hyde, Director

MEEKS BAY FIRE CHIEF

John Pang

ENGINEER OF WORK

SCI Consulting Group
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TABLE OF CONTENTS

INTRODUCTION 1

OVERVIEW 1
FUNDING CHALLENGES 1
ENGINEER'S REPORT 2
ASSESSMENT PROCESS 2
PROPOSITION 218 3
SILICON VALLEY TAXPAYERS ASSOCIATION, INC. V SANTA CLARA COUNTY OPEN SPACE AUTHORITY 3

CERTIFICATES 5

DESCRIPTION OF SERVICES 6

COST AND BUDGET 7

METHOD OF APPORTIONMENT 9

METHOD OF APPORTIONMENT 9
DISCUSSION OF BENEFIT 9
BENEFIT FACTORS 10
BENEFIT FINDING 12
GENERAL VERSUS SPECIAL BENEFIT 13
CALCULATING GENERAL BENEFIT 14

Benefit to Property Outside the Assessment District 14
Benefit to Property Inside the District that is Indirect and Derivative 15
Benefit To The Public At Large 16
Summary of General Benefits 16

BENEFIT FINDING 17
ZONES OF BENEFIT 17
ASSESSMENT APPORTIONMENT 18
METHOD OF ASSESSMENT 18

Fire Risk Factors 19
Replacement Cost Factors 20
An Example of Benefit Calculation 21
Summary of Benefits for Each Property Type 22
Residential Properties 23
Commercial/Industrial & Office Properties 23
Vacant and Undeveloped Properties 23
Rangeland & Open Space and Duck Club Properties 24

Agricultural Properties 24
Other Properties 24
CRITERIA AND POLICIES 25
Duration of Assessment 25
Appeals of Assessments Levied to Property 25
Assessment Funds Must Be Expended Within the District Area 26
Assessment Funds Cannot Be Used to Fund Salary Increases 26
ASSESSMENT **27**
ASSESSMENT DIAGRAM **29**
APPENDICES **30**
APPENDIX A – ASSESSMENT ROLL, FISCAL YEAR 2009-10 30
END NOTES **31**

LIST OF TABLES

TABLE 1 - COST AND BUDGET 7
TABLE 2 – FIRE RISK FACTORS 20
TABLE 3 – REPLACEMENT COST FACTORS 21
TABLE 4 – BENEFIT SUMMARY PER PROPERTY TYPE 23
TABLE 5 – SUMMARY COST ESTIMATE 27

INTRODUCTION

OVERVIEW

The Meeks Bay Fire Protection District (the "District") was formed in 1961, primarily as a volunteer fire department. Over the years the District has grown to over a dozen volunteers and has augmented its staff with paid professional firefighters and support employees. The District maintains and operates two fire stations, and currently has 6 full time firefighters and support staff, several part-time firefighters and 10 volunteer firefighters.

The District provides fire suppression and prevention, emergency response and emergency services, as well as basic hazardous materials response, and other services relating to the protection of lives and property.

The District is located on the western shore of Lake Tahoe in northern El Dorado County, and its service area encompasses approximately 14 square miles. The District includes the town of Meeks Bay as well as the communities of Tahoma, Rubicon, Glenridge, Gold Coast and Tahoe Hills. The District also responds to 911 calls up to Tahoe Ski Bowl Way (Homewood) and down to Eagle Falls in Emerald Bay.

The District is governed by a five member Board of Directors. Directors are elected by the general population within the District boundaries and serve four-year terms.

FUNDING CHALLENGES

At the current revenue sources and revenue levels, the District is operating well below the desired firefighter staffing levels, and well below standards recommended by the California Fire Chiefs Association and the National Fire Protection Association ("NFPA"). The NFPA recommends at least 3 firefighters per engine whereas the Meeks Bay Fire Protection District can currently only afford to provide one paid firefighter per shift during the majority of the year.

In order to fund the cost of hiring additional staff and improving fire protection and fire prevention services, the District is proposing a new benefit assessment. This Engineer's Report has been prepared to quantify a new benefit assessment that would provide funding for improved fire prevention and fire protection services for property in the District.

ENGINEER'S REPORT

This Engineer's Report (the "Report") was prepared to:

- Describe the fire suppression, safety and emergency response services and equipment that would be funded by the assessments (the "Services")
- Establish a budget for the Services that would be funded by the proposed 2009-10 assessments
- Determine the benefits received from the Services by property within the Meeks Bay Fire Protection District Fire Protection and Emergency Response Services Assessment (the "Assessment District") and
- Determine and assign a method of assessment apportionment to lots and parcels within the Assessment District.

This Report and the proposed assessments have been made pursuant to the California Government Code Section 50078 et seq. (the "Code") and Article XIIID of the California Constitution (the "Article").

The Assessment District is narrowly drawn to include only properties that will directly receive the additional fire protection services that are provided by the assessment funds and will specially benefit from such Services. The Assessment Diagram included in this report shows the boundaries of the Assessment District.

ASSESSMENT PROCESS

Following submittal of this Report to the District for preliminary approval, the Meeks Bay Fire Protection District Board of Directors (the "Board") may, by Resolution, call for an assessment ballot proceeding and public hearing on the proposed establishment of a Fire Protection and Emergency Response Services Assessment.

If the Board approves such a Resolution, a notice of assessment and assessment ballot shall be mailed to each property owner within the proposed Assessment District boundaries who will be subject to the proposed assessment. Such notice will include a description of the Services to be funded by the proposed assessments, the total amount of the proposed assessment chargeable to the Assessment District and the amount chargeable to the owner's parcel, the reasons for the proposed assessments and the basis upon which they were calculated, and an explanation of the process for submitting a ballot. Each notice would also include a postage prepaid return envelope and a ballot on which the property owner may mark his or her approval or disapproval of the proposed assessments as well as affix his or her signature.

After the ballots are mailed to property owners in the Assessment District, a minimum 45 day time period must be provided for the return of the assessment ballots. Following this balloting time period, a public hearing must be held for the purpose of allowing public testimony regarding the proposed assessments. At the public hearing, the public will have the opportunity to speak on the issue. The Public Hearing is scheduled for August 10, 2009.

If it is determined that the assessment ballots submitted in opposition to the proposed assessments do not exceed the assessment ballots submitted in favor of the assessments (weighted by the proportional financial obligation of the property for which ballots are submitted), the Board may take action to approve the imposition of assessments for fiscal year 2009-10 and each fiscal year thereafter. If the assessments are so confirmed and approved, the Board will order the levy of the assessment to be submitted to the El Dorado County Auditor/Controller for inclusion on the property tax roll for Fiscal Year 2009-10. The levy and collection of the assessments would continue year-to-year until terminated by the District Board of Directors.

PROPOSITION 218

This assessment is being proposed consistent with Proposition 218, The Right to Vote on Taxes Act, which was approved by the voters of California on November 6, 1996, and is now Article XIIIC and XIIID of the California Constitution. Proposition 218 provides for benefit assessments to be levied to fund the cost of providing services, improvements, as well as maintenance and operation expenses to a public improvement which specially benefits the assessed property.

Proposition 218 describes a number of important requirements, including property-owner balloting, for the formation and continuation of assessments, and these requirements are satisfied by the process used to establish this assessment.

SILICON VALLEY TAXPAYERS ASSOCIATION, INC. V SANTA CLARA COUNTY OPEN SPACE AUTHORITY

In July of 2008, the California Supreme Court issued its ruling on the Silicon Valley Taxpayers Association, Inc. v. Santa Clara County Open Space Authority ("SVTA vs. SCCOSA"). This ruling is the most significant legal document in further legally clarifying Proposition 218. Several of the most important elements of the ruling included further emphasis that:

- Benefit assessments are for special, not general benefit

- The services and/or improvements funded by assessments must be clearly defined
- Special benefits are directly received by and provide a direct advantage to property in the Assessment District

This Engineer's Report is consistent with the SVTA vs. SCCOSA decision and with the requirements of Article XIIIC and XIIID of the California Constitution because the Services to be funded are clearly defined; the Services are available to all benefiting property in the Assessment District, the benefiting property in the Assessment District will directly and tangibly benefit from improved protection from fire damage, increased safety of property and other special benefits and such special benefits provide a direct advantage to property in the Assessment District that is not enjoyed by the public at large or other property.

CERTIFICATES

1. The undersigned respectfully submits the enclosed Engineer's Report to the Meeks Bay Fire Protection District Board of Directors.

_____
Engineer of Work, License No. C052019

2. I, the Secretary of the Meeks Bay Fire Protection District, El Dorado County, California, hereby certify that the enclosed Engineer's Report, together with the Assessment and Assessment Diagram thereto attached, was filed and recorded with me on _____.

_____
Secretary of the Board

3. I, the Secretary of the Meeks Bay Fire Protection District, El Dorado County, California, hereby certify that the Assessment in this Engineer's Report was approved and confirmed by the Board on _____, by Resolution No. _____.

_____
Secretary of the Board

4. I, the Secretary of the Meeks Bay Fire Protection District, El Dorado County, California, hereby certify that a copy of the Assessment and Assessment Diagram was filed in the office of the County Auditor of El Dorado County, California, on _____.

_____
Secretary of the Board

5. I, the County Auditor of El Dorado County, California, hereby certify that a copy of the Assessment Roll and Assessment Diagram for fiscal year 2009-10 was filed with me on _____.

_____
County Auditor, El Dorado County

DESCRIPTION OF SERVICES

The Meeks Bay Fire Protection District provides a range of fire suppression protection, prevention, and other fire and emergency related services to properties within its boundaries. The Services proposed to be undertaken by the District and the cost thereof paid from the levy of the annual assessment provide special benefit to Assessor Parcels within the Assessment District as defined in the Method of Assessment herein.

Following is a description of the Services that are provided for the special benefit of property in the Assessment District. Due to inadequate and limited funding the level of fire protection and fire prevention services in the Assessment District is below the desired level of service. This current level of service is the baseline level of service. If the Assessment is approved, it will fund improved and enhanced services over and above the baseline level of service.

The formula below describes the relationship between the final level of services, the baseline level of service if the assessment is not instituted, and the enhanced level of services to be funded by the assessment.

Final Level of Service = Baseline level of Service (Current)
+
Enhanced Level of Service (If assessment is approved)

In addition to the definitions provided by the Code, the Services to be funded by the Assessment District are generally described as follows: obtaining, furnishing, operating, and maintaining fire suppression, protection and emergency services equipment and apparatus; payment of salaries, benefits and other compensation to fire fighting and fire prevention personnel; training and administration of volunteer personnel performing fire suppression, protection and emergency services; hazardous material response; disaster preparedness; community fire prevention education and fire inspection.

The Assessment District would also contribute to cover the general costs of administering the District, its facilities and operations, as well as the salaries and benefits of firefighting personnel who provide fire suppression, protection and emergency services to parcels, improvements or property in the Assessment District.

COST AND BUDGET

The following budget lists the proposed expenditures funded by the Assessment District in Fiscal Year 2009-10, if the proposed assessments are approved by property owners in the ballot proceeding.

TABLE 1 - COST AND BUDGET

MEEKS BAY FIRE PROTECTION DISTRICT Improved Fire Protection and Emergency Response Assessment Estimate of Costs Fiscal Year 2009-10	*Total Budget*
Beginning Fund Balance	$0
Services Costs	
Staffing, Salaries and Benefits	$1,113,373
Equipment Purchase and Maintenance	$23,724
Supplies and Small Items	$200,839
Totals for Servicing	$1,337,936
Less: District Contribution for General Benefits	($1,009,686)
Net Cost of Servicing to Assessment District	$328,250
Incidental Costs:	
District Management, Project Management and County Collection	$33,693
Allowance for Contingencies and Uncollectables	$7,387
Subtotals - Incidentals	$41,080
Total Fire Suppression and Protection Services Budget (Net Amount to be Assessed)	$369,330
Assessment District Budget Allocation to Parcels	
Total Assessment Budget	$369,330
Single Family Equivalent Benefit Units in District	1,894
Assessment per Single Family Equivalent Unit (SFE)	$195.00

Notes to Cost and Budget:

1. As determined in the following section, at least 5% of the cost of the Services must be funded from sources other than the assessments to cover any general benefits from the Services. Therefore, out of the total cost of Services of $1,337,936, the District must contribute at least $66,896 from sources other than the assessments. The actual amount of contribution to offset any general benefits far exceeds the measure of general benefits from the Services.
2. Incidental expenses includes cost of balloting for the first year, annual administration of the assessment and County fees for collection.

METHOD OF APPORTIONMENT

METHOD OF APPORTIONMENT

This section includes an explanation of the special benefits to be derived from the Services, the criteria for the expenditure of assessment funds and the methodology used to apportion the total assessments to properties within the Assessment District.

The Assessment District area consists of all Assessor Parcels within the Meeks Bay Fire Protection District. The method used for apportioning the assessment is based upon the proportional special benefits from the Services to be derived by the properties in the assessment area over and above general benefits conferred on real property or to the public at large. Special benefit is calculated for each parcel in the Assessment District using the following process:

1.) Identification of all benefit factors derived from the Improvements
2.) Calculation of the proportion of these benefits that are general
3.) Determination of the relative special benefit within different areas within the Assessment District
4.) Determination of the relative special benefit per property type
5.) Calculation of the specific assessment for each individual parcel based upon special vs. general benefit; location, property type, property characteristics, improvements on property and other supporting attributes

DISCUSSION OF BENEFIT

California Government Code Section 50078 et. seq. allows agencies which provide fire suppression services, such as the Meeks Bay Fire Protection District, to levy assessments for fire suppression services. Section 50078 states the following:

> *"Any local agency which provides fire suppression services directly or by contract with the state or a local agency may, by ordinance or by resolution adopted after notice and hearing, determine and levy an assessment for fire suppression services pursuant to this article."*

In addition, California Government Code Section 50078.1 defines the term "fire suppression" as follows:

> *"(c) "Fire suppression" includes firefighting and fire prevention, including, but not limited to, vegetation removal or management undertaken, in whole or in part, for the reduction of a fire hazard."*

Therefore, the Services to be provided by the Assessment District fall within the scope of services that may be funded by assessments under the Code.

The assessments can only be levied based on the special benefit to property. Special benefit means a particular and distinct benefit received by property over and above any general benefits conferred on real property located in the Assessment District or the public at large. With reference to the requirements for assessments, Section 50078.5 of the California Government Code states:

> *"(b) The benefit assessment shall be levied on a parcel, class of improvement to property, or use of property basis, or a combination thereof, within the boundaries of the local agency, zone, or area of benefit."*
>
> *"The assessment may be levied against any parcel, improvement, or use of property to which such services may be made available whether or not the service is actually used."*

Proposition 218, as codified in Article XIIID of the California Constitution, has confirmed that assessments must be based on the special benefit to property:

> *"No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."*

Since assessments are levied on the basis of special benefit, they are not a tax and are not governed by Article XIIIA of the California Constitution.

The following section describes how and why the Services specially benefit properties. This special benefit is particular and distinct from its effect on other property and that other real property and the public at large do not share.

BENEFIT FACTORS

In order to allocate the assessments, the Engineer identified the types of special benefit arising from the Services that will be provided to property in the Assessment District. These benefit factors must confer a direct advantage to the assessed properties; otherwise they would be general benefit.

The following benefit categories have been established that represent the types of special benefit conferred to residential, commercial, industrial, institutional and other lots and

parcels resulting from the improved fire protection and emergency response services that will be provided in the Assessment District. These types of special benefit are summarized as follows:

- ***Increased safety and protection of real property assets for all property owners within the Assessment District.***

  The Assessments will fund improved fire protection and emergency response services, and thereby will reduce the risk of property damage associated with fires for property in the Assessment District. Among other Services, the Assessments will be used to hire and retain additional professional firefighters who will be ready and available to respond to fires within the Assessment District.

  The Services funded by the Assessments will be directly provided for and received by property in the Assessment District. These Services will result in an improved and more effective response to fires and other emergencies, thereby enhancing the protection of property and reducing the risk of property damage associated with fires. Such improved fire protection services are a tangible and direct advantage that will be received by both improved properties and vacant properties in the Assessment District.

  > *"Fire is the largest single cause of property loss in the United States. In the last decade, fires have caused direct losses of more than $120 billion and countless billions more in related cost."*[1]
  >
  > *"Over 140,000 wildfires occurred on average each year, burning a total of almost 14.5 million acres. And since 1990, over 900 homes have been destroyed each year by wildfires."*[2]
  >
  > *"A reasonably disaster-resistant America will not be achieved until there is greater acknowledgment of the importance of the fire service and a willingness at all levels of government to adequately fund the needs and responsibilities of the fire service."*[3]
  >
  > *"The strategies and techniques to address fire risks in structures are known. When implemented, these means have proven effective in the reduction of losses."*[4]
  >
  > *"Statistical data on insurance losses bears out the relationship between excellent fire protection…and low fire losses."*[5]

- ***Protection of views, scenery and other resource values for property in the Assessment District.***

  The Assessment District will provide funding for improved fire protection and emergency response services to protect public and private resources in the Assessment District. This benefits even those properties that are not directly damaged by fire by maintaining and improving the aesthetics and attractiveness of public and private resources in the Assessment District, as well as ensuring that such resources remain safe and well maintained.

  > *"Smoke affects people…for example, in producing haze that degrades the visual quality of a sunny day…The other visual quality effect is that of the fire on the landscape. To many people, burned landscapes are not attractive and detract from the aesthetic values of an area."*[6]
  >
  > *"A visually preferred landscape can be the natural outcome of fuels treatments."*[7]

- ***Enhanced access to properties in the Assessment District, and utility and desirability of such properties.***

  As noted, the Assessments will fund improved fire protection and emergency response services in the Assessment District. In addition to preventing damage to property from fires, the Assessments will also protect access to property, because fires can impede or prevent access to property. In addition, the Services will enhance the utility and desirability of the properties in the Assessment District because safer properties are more desirable. These are additional direct benefits to property in the Assessment District that are not received by other properties or the public at large because the Services will only be provided for properties in the Assessment District.

  > *"A community committed to saving lives and property needs trained firefighters, proper equipment, and adequate supplies of water. Insurance companies consider it good public policy –and good business– to promote and encourage the efforts of individual communities to improve their fire-protection services."* [8]

BENEFIT FINDING

In summary, real property located within the boundaries of the Assessment District distinctly and directly benefits from increased safety and protection of real property,

increased protection of scenery and views, and enhanced access and utility of properties in the Assessment District. These are special benefits to property in much the same way that sewer and water facilities, sidewalks and paved streets enhance the utility and desirability of property and make them more functional to use, safer and easier to access.

GENERAL VERSUS SPECIAL BENEFIT

Article XIIIC of the California Constitution requires any local agency proposing to increase or impose a benefit assessment to "separate the general benefits from the special benefits conferred on a parcel." The rationale for separating special and general benefits is to ensure that property owners subject to the benefit assessment are not paying for general benefits. The assessment can fund special benefits but cannot fund general benefits. Accordingly, a separate estimate of the special and general benefit is given in this section.

In other words:

Total Benefit = Total General Benefit + Total Special Benefit

There is no widely-accepted or statutory formula for general benefit. General benefits are benefits from improvements or services that are not special in nature, are not "particular and distinct" and are not "over and above" benefits received by other properties. SVTA vs. SCCOSA provides some clarification by indicating that general benefits provide "an indirect, derivative advantage" and are not necessarily proximate to the improvements.

In this report, the general benefit is conservatively estimated and described, and then budgeted so that it is funded by sources other than the assessment.

The starting point for evaluating general and special benefits is the baseline level of services provided by the District. The assessment will fund Services "over and above" this general, baseline level of services. The general benefits estimated in this section are over and above the baseline.

A formula to estimate the general benefit is listed below:

General Benefit =
- Benefit to Real Property Outside the Assessment District +
- Benefit to Real Property Inside the Assessment District that is Indirect and Derivative +
- Benefit to the Public at Large

Special benefit, on the other hand, is defined in the state constitution as "a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large." The SVTA v. SCCOSA decision indicates that a special benefit is conferred to a property if it "receives a direct advantage from the improvement (e.g., proximity to a park)." In this assessment, as noted, the improved Services are available when needed to all properties in the Assessment District, so the overwhelming proportion of the benefits conferred to property is special, and are only minimally received by property outside the Assessment District or the public at large.

Proposition 218 twice uses the phrase "over and above" general benefits in describing special benefit. (Art. XIIID, sections 2(i) & 4(f).) Arguably, all of the Services being funded by the assessment would be a special benefit because the Services would particularly and distinctly benefit the properties in the Assessment District over and above the baseline benefits.

Nevertheless, arguably some of the Services would benefit the public at large and properties outside the Assessment District. In this report, the general benefit is conservatively estimated and described, and then budgeted so that it is funded by sources other than the assessment.

CALCULATING GENERAL BENEFIT

This section provides a measure of the general benefits from the assessments

BENEFIT TO PROPERTY OUTSIDE THE ASSESSMENT DISTRICT

Properties within the Assessment District receive almost all of the special benefits from the Services because the Services will be provided solely in the Assessment District boundaries. (It should be noted that this Services may, at times, be used outside the District boundaries. However, this use is part of a mutual aid agreement and would be offset by the provision of Services by other agencies within the Assessment District boundaries.)

Properties proximate to, but outside of, the boundaries of the Assessment District receive some benefit from the proposed Services due to some degree of indirectly reduced fire risk to their property. These parcels that are proximate to the boundaries of the Assessment District are estimated to receive less than 50% of the benefits relative to parcels within the Assessment District because they do not directly receive the improved fire protection resulting from the Services funded by the Assessments.

At the time the Assessment was proposed, the Assessment Engineer, using the Geographic Information System parcel map from El Dorado and Placer Counties, counted the number of parcels proximate to the Assessment District boundary but outside the Assessment District, and thereby determined that there were approximately 127 of these "proximate" properties.

CRITERIA:

127 PARCELS OUTSIDE THE DISTRICT BUT PROXIMATE TO THE DISTRICT BOUNDARIES

2,820 PARCELS IN THE ASSESSMENT DISTRICT

50% RELATIVE BENEFIT COMPARED TO PROPERTY WITHIN THE ASSESSMENT DISTRICT

CALCULATION

GENERAL BENEFIT TO PROPERTY OUTSIDE THE ASSESSMENT DISTRICT = 127/2,820*.5 =2.25%

Although it can reasonably be argued that properties protected inside, but near the Assessment District boundaries are offset by similar fire protection provided outside, but near the Assessment District's boundaries, we use the more conservative approach of finding that 2.25% of the Services may be of general benefit to property outside the Assessment District.

BENEFIT TO PROPERTY *INSIDE* THE DISTRICT THAT IS *INDIRECT AND DERIVATIVE*

The "indirect and derivative" benefit to property within the Assessment District is particularly difficult to calculate. A solid argument can be presented that all benefit within the Assessment District is special, because the Services are clearly "over and above" and "particular and distinct" when compared with the baseline level of fire suppression and fire protection services in the Assessment District.

In determining the proposed Assessment District area, the District has been careful to limit it to an area of parcels that will directly receive the benefit of the improved Services. All parcels will directly benefit from the use of the improved Services throughout the Assessment District in order to maintain the same improved level of fire suppression and protection throughout the area. Fire protection and suppression will be provided as needed throughout the area. The shared special benefit - reduced severity and number of fires - would be received on an equivalent basis by all parcels in the Assessment District. Furthermore, all parcels in the Assessment District would directly benefit from the ability to request service from the District and to have a District firefighter promptly respond directly to the parcel and address the owner's or resident's service need.

The SVTA vs. SCCOSA decision indicates that the fact that a benefit is conferred throughout the Assessment District area does not make the benefit general rather than special, so long as the Assessment District is narrowly drawn and limited to the parcels directly receiving shared special benefits from the service. This concept is particularly applicable in situations involving a landowner-approved assessment-funded extension or improvement of a local government service to benefit lands. The District therefore concludes that, other than the small general benefit to properties outside the Assessment District (discussed above) and to the public at large (discussed below), all of the benefits of the Services to the parcels within the Assessment District are special benefits and it is not possible or appropriate to separate any general benefits from the benefits conferred on parcels in the Assessment District.

BENEFIT TO THE PUBLIC AT LARGE

With the type and scope of Services to be provided to the Assessment District, it is very difficult to calculate and quantify the scope of the general benefit conferred on the public at large. Because the Services directly serve and benefit all of the property in the Assessment District, any general benefit conferred on the public at large would be small. Nevertheless, there would be some indirect general benefit to the public at large.

The public at large uses the public highways, and when traveling in and through the Assessment District and they may benefit from the services without contributing to the assessment. Although the protection of this critical infrastructure is certainly a benefit to all the property within the district, it is arguably "indirect and derivative" and possibly benefits people rather than property. A fair and appropriate measure of the general benefit to the public at large therefore is the amount of highway and street area within the Assessment District relative to the overall land area. An analysis of maps of the Assessment District shows that approximately 1.1% of the land area in the Assessment District is covered by highways and streets. This 1.1% therefore is a fair and appropriate measure of the general benefit to the public at large within the Assessment District.

SUMMARY OF GENERAL BENEFITS

Using a sum of the measures of general benefit for the public at large and land outside the Assessment Area, we find that approximately 3.35% of the benefits conferred by the proposed Fire Protection and Emergency Response Assessment may be general in nature and should be funded by sources other than the assessment.

GENERAL BENEFIT =

2.25 % (OUTSIDE THE DISTRICT)
+ 0.0 % (INSIDE THE DISTRICT - INDIRECT AND DERIVATIVE)
+ 1.1 % (PUBLIC AT LARGE)

=3.35 % (TOTAL GENERAL BENEFIT)

Although this analysis supports the findings that 3.35% of the assessment may provide general benefits, this measure is increased by the Assessment Engineer to 5% to conservatively ensure that no assessment revenue is used to support general benefit. This additional amount allocated to general benefit also covers general benefit to parcels in the Assessment Area if it is later determined that there is some general benefit conferred on those parcels.

The Assessment District's total budget for 2009-10 is $1,337,936. Of this total budget amount, the District will contribute at least $1,009,686 which is more than 75.5% of the total budget from sources other than this assessment. This contribution constitutes significantly more than the 5% general benefits estimated by the Assessment Engineer.

BENEFIT FINDING

As noted, the assessment funds will be used to improve fire protection and emergency response services throughout the Assessment District. This Engineer's Report finds that the Services are a significant, tangible benefit that should reasonably and rationally confer more special benefit to properties in the Assessment District than the assessment rate of $195.00 per benefit unit.

ZONES OF BENEFIT

In SVTA v. SCCOSA, the court noted that a local agency-wide assessment district is appropriate under the right conditions: "Thus, if an assessment district is narrowly drawn, the fact that a benefit is conferred throughout the district does not make it general rather than special. In that circumstance, the characterization of a benefit may depend on whether the parcel receives a direct advantage from the improvement (e.g., proximity to a park) or receives an indirect, derivative advantage resulting from the overall public benefits of the improvement (e.g., general enhancement of the district's property values)." The court therefore acknowledged the appropriateness of a District-wide assessment so long as each parcel receives a direct advantage from the assessment-funded improvement or service.

As demonstrated in this engineer's report, the assessments will fund improved fire suppression and protection services relatively uniformly throughout the Assessment District, and the Assessment District boundaries have been narrowly drawn to only include the parcels that directly receive the Services. It therefore is appropriate to provide a District-wide Assessment District without zones of benefit because all parcels of similar type and features benefit similarly and will receive a direct advantage from the Services.

ASSESSMENT APPORTIONMENT

In the process of determining the appropriate method of assessment, the Assessment Engineer considered various alternatives. For example, an assessment only for all residential improved property was considered but was determined to be inappropriate because vacant, commercial, industrial and other properties also receive special benefits from the assessments.

Moreover, a fixed or flat assessment for all properties of similar type was deemed to be inappropriate because larger commercial/industrial properties and residential properties with multiple dwelling units receive a higher degree of benefit than other similarly used properties that are significantly smaller. For two properties used for commercial purposes, there clearly is a higher benefit provided to the larger property in comparison to a smaller commercial property because the larger property generally supports a larger building and has higher numbers of employees, customers and guests that would benefit from improved fire protection and emergency response services. This benefit ultimately flows to the property. Larger parcels, therefore, receive an increased benefit from the assessments.

The Assessment Engineer determined that the appropriate method of assessment should be based on the type of property, the relative risk of fire by type of property, the relative size of the property, and the relative damage value (replacement cost) of fires by property type. This method is further described below.

METHOD OF ASSESSMENT

The next step in apportioning assessments is to determine the relative special benefit for each property. This process involves determining the relative benefit received by each property in relation to a "benchmark" property, a single family detached dwelling on one parcel (one "Single Family Equivalent Benefit Unit" or "SFE"). This SFE methodology is commonly used to distribute assessments in proportion to estimated special benefits and is generally recognized as providing the basis for a fair and appropriate distribution of

assessments. In this Engineer's Report, all properties are assigned an SFE value, which is each property's relative benefit in relation to a single family home on one parcel.

The relative benefit to properties from fire related services is:

EQUATION 1 – RELATIVE BENEFIT TO PROPERTIES

Benefit	**≈**	**Σ (Fire Risk Factors)**	*****	**Σ (Replacement Cost Factors)**

That is, the benefit conferred to property is the "sum" of the risk factors multiplied by the "sum" of the replacement cost factors.

FIRE RISK FACTORS

Typical fire assessments are evaluated based upon the fire risk of a certain property type. These evaluations consider factors such as use of structure (e.g. used for cooking), type of structure (centralized heating), etc.

In 2003, the National Fire Protection Association ("NFPA"), one of the pre-eminent authorities on fire protection in the United States, published the 2003 US Fire Problem Overview Report. This report comprehensively tabulates the number of fires for each property type within the United States in the year 1999, and serves as a reasonable and rational basis to determine fire risk.

The number of fires for each property is then divided by the total number of that property type to determine un-normalized fire risk factor. Finally, the risk factors are normalized based upon a factor of 1.00 for a single family property. Table 2 below tabulates the Fire Risk Factors for each property type.

TABLE 2 – FIRE RISK FACTORS

Property Type	Normalized Fire Risk Factors
Single Family	1.0000
Multi-Family	1.8081
Commercial/Industrial	3.4403
Office	2.4102
Institutional	6.9004
Storage	20.4131
Agriculture - Orchards & Vineyards	0.4130
Agriculture - Rice & Flood Irrigation	0.4130
Agriculture - Pasture & Row Crops	0.3754
Agriculture - Dairy, Livestock, Animals	0.3379
Range Land & Open Space	0.0650
~~Vacant~~	~~0.2416~~

Analysis based upon:

2003 US Fire Problem Overview Report, NFPA

REPLACEMENT COST FACTORS

The relative value of different property types was evaluated within the District area to determine the Replacement Cost Factor according to the following formula:

EQUATION 2 – REPLACEMENT COST FACTORS

$$\Sigma\,(\text{Structure Replacement Cost Factors}) \approx (\text{Structure Weighting Factor} * \text{Average Structure Replacement Cost}) + (\text{Land Weighting Factor} * \text{Average Total Cost}) * (\text{Unity Density Factor})$$

Where:

- "Structure Weighting Factor" = 10 to "weight" relative importance of structure over land.
- "Average Structure Replacement Cost" is the estimated average replacement and repair cost of all improvements (e.g. structures), per property type.
- Land Weighting Factor = 1
- (land weighting factor*average total cost) is the estimated weighted cost of fire damage to land and other improvements tied to land + improvements (e.g. structures), per property type.
- Unit Density Factor corresponds to values with units (i.e. "per residential unit" or "per acre") based upon effective density of structures on parcels. It is used to correlate relative sizes of lots for different property uses.

Table 3 below is a tabulation of the normalized replacement factors for each property type as defined by Equation 2, above.

TABLE 3 – REPLACEMENT COST FACTORS

Property Type	Normalized Replacement Cost Factor	Unit
Single Family	1.0000	each
Multi-Family	0.3545	res unit
Commercial/Industrial	0.9315	acre
Office	1.1643	acre
Institutional	0.2984	each
Vacant	0.5171	each
Storage	0.0614	acre
Agriculture - Orchards & Vineyards	0.0069	acre
Agriculture - Rice & Flood Irrigation	0.0063	acre
Agriculture - Pasture & Row Crops	0.0063	acre
Agriculture - Dairy, Livestock, Animals	0.0076	acre
Range Land & Open Space	0.0084	acre

AN EXAMPLE OF BENEFIT CALCULATION

Below is an example of the benefit calculation per Formula 1 for Commercial/Industrial parcels to illustrate the methodology. (A summary of the results of all calculations is given in Table 4):

Commercial/Industrial Example

The benefit is the fire risk times the replacement cost.

Benefit = (Fire Risk) * (Replacement cost)

The fire risk of commercial/industrial parcels is determined by taking the percentage of all fires in commercial/industrial parcels, and dividing it by the percentage of parcels that are commercial/industrial. The fire percentages are taken from the NFPA 2003 US Fire Problem Overview Report. The resulting figure is normalized relative to the risk of a single family home by taking the percentage of fires in single family homes over the percentage of parcels that are single family homes, and dividing that figure into the commercial/industrial fire risk figure.

Fire Risk = ((% of all fires) / (% of parcels)) / (normalization factor versus Single Family Homes)

% of all fires = 9.147% for commercial/industrial, and 67.617% for single family homes

% of parcels = 3.366% for commercial/industrial, and 53.408% for single family homes

Fire Risk = ((9.147% of all fires) / (3.366% of all parcels)) / ((67.617% of all fires) / (53.408% of all parcels))

Fire Risk = 3.4403

The replacement cost is determined by analyzing the County Assessor's data and other property and construction cost data and adding the weighted average replacement cost to the weighted average total cost and normalizing the result in relation to a single family home. The weighted average replacement cost per acre is determined by taking the total improved value for all commercial/industrial parcels in the benefit area, and dividing that number by the total acres for all commercial/industrial parcels in that area to determine the average improved replacement cost per acre, and weighting the result by multiplying it by 10. Similarly, the weighted average land replacement/repair cost per acre is determined by taking the total estimated land cost for all commercial/industrial parcels in the benefit area, and dividing that number by the total acres for all commercial/industrial parcels in that area, and weighting the result by multiplying it by 1. The weighted average replacement cost is added to the weighted average land cost, and the resulting figure is normalized relative to the replacement cost factor for a single family home by dividing it by the weighted average replacement/land cost per acre for single family homes.

Replacement cost = ((Avg. Replacement cost *10)+(Avg. Land Cost * 1)) /(normalization factor versus Single Family Homes) *(Avg. Unit Density (to convert to acreage))

Average Replacement cost for commercial/industrial = $1,015,467/acre

Average Land Cost for commercial/industrial = $423,572/acre

Weighted Average Replacement/Land Cost for Single Family Homes = $2,270,581

Average Unit Density = 0.37 acres

Replacement cost = ((($1,015,467 *10) + ($423,572 * 1)) / ($2,270,581)) *(0.37)

Replacement cost = 1.7238/acre

Since the Benefit is the Fire Risk times the Replacement cost, the Commercial/Industrial single family equivalent benefit factor is 5.930:

Benefit = (3.4403) * (1.7238) = 5.930/acre

SUMMARY OF BENEFITS FOR EACH PROPERTY TYPE

Per Equation 1, the relative special benefit for each property type (the "SFE" or "Single Family Equivalent" Benefit Units) is determined as the product of the normalized Fire Risk Factors and the normalized Replacement cost Factors. Table 4 below, summarizes the benefit for each property type.

TABLE 4 – BENEFIT SUMMARY PER PROPERTY TYPE

Property Type	Fire Risk Factors	Replacement Cost Factors	SFE Factors	Unit
Single Family	1.0000	1.0000	1.0000	each
Multi-Family	1.8081	0.3545	0.6410	res unit
Commercial/Industrial	3.4403	0.9315	3.2045	acre
Office	2.4102	1.1643	2.8063	acre
Institutional	6.9004	0.2984	2.0589	each
Storage	20.4131	0.0614	1.2524	acre
Vacant			0.2500	each
Agriculture - Orchards & Vineyards	0.4130	0.0069	0.0029	acre
Agriculture - Rice & Flood Irrigation	0.4130	0.0063	0.0026	acre
Agriculture - Pasture & Row Crops	0.3754	0.0063	0.0024	acre
Agriculture - Dairy, Livestock, Animals	0.3379	0.0076	0.0026	acre
Range Land & Open Space	0.0650	0.0084	0.0005	acre

*SFE factor has been converted from "Per Acre" to "Per Each Parcel" by multiplying by effective average area.

RESIDENTIAL PROPERTIES

All improved residential properties with a single residential dwelling unit are assigned one Single Family Equivalent or 1.0 SFE. Residential properties on parcels that are larger than one acre receive additional benefit and are assigned additional SFEs on an "Agricultural/Rangeland" basis. Detached or attached houses, zero-lot line houses and town homes are included in this category.

Properties with more than one residential unit are designated as multi-family residential properties. These properties benefit from the Services in proportion to the number of dwelling units that occupy each property. The relative benefit for multi-family properties was determined per Equation 1 to be 0.1327 SFEs per residential unit. This rate applies to condominiums as well.

COMMERCIAL/INDUSTRIAL & OFFICE PROPERTIES

Commercial and industrial properties are assigned benefit units per acre, since there is a relationship between parcel size, structure size and relative benefits. The relative benefit for commercial and industrial properties was determined per Equation 1 to be 5.9302 SFEs per acre. The relative benefit for office properties was determined per Equation 1 to be 4.8458 SFEs per acre.

VACANT AND UNDEVELOPED PROPERTIES

The relative benefit for vacant properties was determined per Equation 1 to be 0.2500 SFEs per parcel.

RANGELAND & OPEN SPACE AND DUCK CLUB PROPERTIES

The relative benefit for range land & open space properties was determined per Equation 1 to be 0.0005 SFEs per acre.

AGRICULTURAL PROPERTIES

The relative benefit for agricultural properties requires additional analysis, as required by Government Code 50078 and the unique agricultural properties within the boundaries. This analysis considered how agricultural operations may mitigate risk, onsite or proximate water availability, response time, capability of the fire suppression service, and any other factors which reflect the benefit to the land resulting from the fire suppression service provided. Agricultural properties have been categorized as Agriculture - Orchards & Vineyards, Agriculture - Rice & Flood Irrigation, Agriculture - Pasture & Row Crops, Agriculture - Dairy, Livestock, Animals according to use and other attributes, and have been analyzed for fire risk and replacement cost per Equation 1. The relative benefit for agricultural properties was determined per Equation 1 to be 0.0029 SFEs per parcel for Agriculture - Orchards & Vineyards, 0.0026 SFEs per parcel for Agriculture - Rice & Flood Irrigation, 0.0024 SFEs per parcel for Agriculture - Pasture & Row Crops, and 0.0026 SFEs per parcel for Agriculture - Dairy, Livestock, Animals.

OTHER PROPERTIES

Institutional properties such as publicly owned properties (and are used as such), for example, churches, are assessed at 2.5900 SFEs per parcel. The relative benefit for storage properties was determined per Equation 1 to be 2.7115 SFEs per acre.

Article XIIID, Section 4 of the California Constitution states that publicly owned properties shall not be exempt from assessment unless there is clear and convincing evidence that those properties receive no special benefit.

All public properties that are specially benefited are assessed. Publicly owned property that is used for purposes similar to private residential, commercial, industrial or institutional uses is benefited and assessed at the same rate as such privately owned property.

Miscellaneous, small and other parcels such as roads, right-of-way parcels typically do not have significant risk of fire damage. Moreover, for common area parcels, the fire benefits are assigned to the other improved parcels in the project that share common ownership of the common area. These miscellaneous parcels receive minimal benefit from the Services and are assessed an SFE benefit factor of 0.

CRITERIA AND POLICIES

This sub-section describes the criteria that shall govern the expenditure of assessment funds and ensures equal levels of benefit for properties of similar type. The criteria established in this Report, as finally confirmed, cannot be substantially modified; however, the Board may adopt additional criteria to further clarify certain criteria or policies established in this Report or to establish additional criteria or policies that do not conflict with this Report.

DURATION OF ASSESSMENT

It is proposed that the Assessment be levied for fiscal year 2009-10 and every year thereafter, so long as the risk of fire on property in the Assessment District remains in existence and the Meeks Bay Fire Protection District requires funding from the Assessment for improved fire protection and suppression services. As noted previously, if the Assessment and the duration of the Assessment are approved by property owners in an assessment ballot proceeding, the Assessment can be imposed and levied annually after the Meeks Bay Fire Protection District Board of Directors approves an annually updated Engineer's Report, budget for the Assessment, Services to be provided, and other specifics of the Assessment. In addition, the District Board of Directors must hold an annual public hearing to continue the Assessment.

APPEALS OF ASSESSMENTS LEVIED TO PROPERTY

Any property owner who feels that the assessment levied on the subject property is in error as a result of incorrect information being used to apply the foregoing method of assessment or for any other reason may file a written appeal with the Fire Chief of the Meeks Bay Fire Protection District or his or her designee. Any such appeal is limited to correction of an assessment during the then current fiscal year. Upon the filing of any such appeal, the Chief or his or her designee will promptly review the appeal and any information provided by the property owner. If the Chief or his or her designee finds that the assessment should be modified, the appropriate changes shall be made to the assessment roll. If any such changes are approved after the assessment roll has been filed with the County for collection, the Chief or his or her designee is authorized to refund to the property owner the amount of any approved reduction. Any dispute over the decision of the Chief or his or her designee shall be referred to the Meeks Bay Fire Protection District Board of Directors and the decision of the Board shall be final.

ASSESSMENT FUNDS MUST BE EXPENDED WITHIN THE DISTRICT AREA

The net available assessment funds, after incidental, administrative, financing and other costs, shall be expended exclusively for Services within the boundaries of the Assessment District, namely, the District area.

ASSESSMENT FUNDS CANNOT BE USED TO FUND SALARY INCREASES

The net available assessment funds, after incidental, administrative, financing and other costs, shall not be used to fund increases in wages, salaries or other compensation for the staff of the District that provides the current Baseline Level of Services, as defined in this Engineer's Report.

ASSESSMENT

WHEREAS, the Board of Directors of the Meeks Bay Fire Protection District formed the Fire Protection and Emergency Response Services Assessment District and is proceeding with the proposed levy of assessments under California Government Code sections 50078 et seq. (the "Code") and Article XIIID of the California Constitution (the "Article");

WHEREAS, the undersigned Engineer of Work has prepared and filed a report presenting an estimate of costs, a diagram for the Assessment District and an assessment of the estimated costs of the Services upon all assessable parcels within the Assessment District;

NOW, THEREFORE, the undersigned, by virtue of the power vested in me under said Code and Article and the order of the Board of said District, hereby make the following assessment to cover the portion of the estimated cost of said Services, and the costs and expenses incidental thereto to be paid by the Assessment District.

The amount to be paid for said Services and the expense incidental thereto, to be paid by the Assessment District for the fiscal year 2009-10 is generally as follows:

TABLE 5 – SUMMARY COST ESTIMATE

FISCAL YEAR 2009-10 BUDGET	
Total for Servicing	$1,337,936
Less: Contribution for General Benefits	($1,009,686)
Incidental Costs:	
Administration and Project Management	$33,693
Allowance for Contingencies and Uncollectables	$7,387
Subtotal – Incidentals	$41,080
Total Fire Suppression & Protection Services Budget	$369,330

An Assessment Diagram is hereto attached and made a part hereof showing the exterior boundaries of said Assessment district. The distinctive number of each parcel or lot of land in said Assessment district is its Assessor Parcel Number appearing on the Assessment Roll.

I do hereby assess and apportion said net amount of the cost and expenses of said Services, including the costs and expenses incident thereto, upon the parcels and

lots of land within said Assessment District, in accordance with the special benefits to be received by each parcel or lot, from the Services, and more particularly set forth in the Cost Estimate and Method of Assessment hereto attached and by reference made a part hereof.

The assessment is subject to an annual adjustment tied to the Consumer Price Index-U for the San Francisco Bay Area as of December of each succeeding year (the "CPI"), with a maximum annual adjustment not to exceed 4%. Any change in the CPI in excess of 4% shall be cumulatively reserved as the "Unused CPI" and shall be used to increase the maximum authorized assessment rate in years in which the CPI is less than 4%. The maximum authorized assessment rate is equal to the maximum assessment rate in the first fiscal year the assessment was levied adjusted annually by the minimum of 1) 4% or 2) the change in the CPI plus any Unused CPI as described above.

Each parcel or lot of land is described in the Assessment Roll by reference to its parcel number as shown on the Assessor's Maps of El Dorado County for the fiscal year 2009-10. For a more particular description of said property, reference is hereby made to the deeds and maps on file and of record in the office of the County Recorder of El Dorado County.

I hereby place opposite the Assessor Parcel Number for each parcel or lot within the Assessment Roll, the amount of the assessment for the fiscal year 2009-10 for each parcel or lot of land within the said Assessment District.

Dated:_____

Engineer of Work

By _____
John W. Bliss, License No. C052019

ASSESSMENT DIAGRAM

The Assessment District includes all properties within the boundaries of the Fire Protection and Emergency Response Services District. The boundaries of the Assessment District are displayed on the following Assessment Diagram. The lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions as shown on the maps of the Assessor of El Dorado County, and are incorporated herein by reference, and made a part of this Diagram and this Report.

APPENDICES

APPENDIX A – ASSESSMENT ROLL, FISCAL YEAR 2009-10

The Assessment Roll is made part of this report and is available for public inspection during normal office hours. Each lot or parcel listed on the Assessment Roll is shown and illustrated on the latest County Assessor records and these records are, by reference, made part of this report. These records shall govern for all details concerning the description of the lots of parcels.

END NOTES

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[1] Insurance Services Offices Inc.
http://www.rockwall.com/FireDepartment/Insurance%20Services%20Office%20Rating%20Information.pdf

[2] Institute for Business & Home Safety, "Protect Your Home Against Wildfire Damage," http://www.ibhs.org/publications/view.asp?id=125

[3] U.S. Fire Administration, Department of Homeland Security, "America Burning, Recommissioned: Principal Findings and Recommendations," p.1, http://www.usfa.fema.gov/downloads/pdf/abr-rep.PDF

[4] U.S. Fire Administration, Department of Homeland Security, "America Burning, Recommissioned: Principal Findings and Recommendations," p.2, http://www.usfa.fema.gov/downloads/pdf/abr-rep.PDF

[5] Insurance Services Offices Inc., p. 1,
http://www.rockwall.com/FireDepartment/Insurance%20Services%20Office%20Rating%20Information.pdf

[6] Weldon, Leslie A. C., "Dealing with Public Concerns in Restoring Fire to the Forest," General Technical Report INT-GTR-341 The Use of Fire in Forest Restoration, U.S. Forest Service, June 1996, p. 3

[7] U.S. Forest Service, Department of Agriculture, "Social Science to Improve Fuels Management: A Synthesis of Research on Aesthetics and Fuels Management," p. 1, http://ncrs.fs.fed.us/pubs/gtr/gtr_nc261.pdf

[8] Insurance Services Offices Inc., p. 1,
http://www.rockwall.com/FireDepartment/Insurance%20Services%20Office%20Rating%20Information.pdf

Meeks Bay Fire Protection District

RESOLUTION

of the Board of Directors

No: 2009-06

A RESOLUTION OF THE BOARD OF DIRECTORS OF MEEKS BAY FIRE PROTECTION DISTRICT DECLARING ITS INTENTION TO ORDER INCREASED FIRE PROTECTION AND EMERGENCY RESPONSE SERVICES; DECLARING THE WORK TO BE OF MORE THAN GENERAL OR ORDINARY BENEFIT AND DESCRIBING THE DISTRICT TO BE ASSESSED TO PAY THE COSTS AND EXPENSES THEREOF; APPROVING ENGINEER'S REPORT, CONFIRMING DIAGRAM AND ASSESSMENT, AND ORDERING LEVY OF THE FIRE PROTECTION AND EMERGENCY RESPONSE ASSESSMENT DISTRICT FOR FISCAL YEAR 2009-10

WHEREAS, The District desires to complete the proceedings for the formation of a Fire Protection and Emergency Response Assessment District intended to provide for the financing of fire protection and emergency services as described in the Engineer's Report (the "Report") for the Fire Protection and Emergency Response Assessment District; and

WHEREAS, Proposition 218 was adopted on November 6, 1996, adding Articles XIIIC and XIIID to the California Constitution; and

WHEREAS, Articles XIIIC and XIIID of the California Constitution impose certain procedural and substantive requirements relating to assessments (as defined); and

WHEREAS, the Report has been prepared by SCI Consulting Group, (the "Assessment Engineer") and submitted to the Meeks Bay Fire Protection District, in which a new assessment is proposed to fund the cost of providing the fire protection and emergency response services in the Meeks Bay Fire Protection District. This proposed assessment shall be described as the "Fire Protection and Emergency Response Assessment District" (hereinafter the "Assessment District") of the Meeks Bay Fire Protection District.

WHEREAS, the Board took action on June 10, 2009, regarding intention to Levy Assessments for Fiscal Year 2009-10, Preliminarily Approving Engineer's Report and Providing Notice of Hearing which sets forth the services to be financed with assessment proceeds, a diagram for the Assessment District, an estimate of the annual cost of the services described in the Engineer's Report; providing Notice of a Public Hearing and the Mailing of Assessment Ballots within the boundaries of the Assessment District; and

WHEREAS, the annual assessment rates for various types of real property within the Assessment District, the parcels to be assessed and the total amount of annual assessment revenue is contained within the Engineer's Report; and

WHEREAS, the Board has provided a 45-day written mailed notice and ballot to each record owner of assessable parcels of real property located within the boundaries of the Fire Protection and Emergency Response Assessment District, as set forth on the Assessment Diagram, of a public hearing which was held at a special meeting of the Board of Directors on Monday, August 10, 2009 at the Meeks Bay Fire Protection District, located at 8041 Emerald Bay Road (Hwy 89), Tahoma, CA 96142, on the issue of whether the Fire Protection and Emergency Response Assessment District should be formed and assessments levied and collected as proposed in the Engineer's Report for fiscal year 2009-10; and

WHEREAS, the form of written mailed public notice of the public meeting contained the following information: (a) the total amount of assessments proposed to be levied within the Assessment District for fiscal year 2009-10; (b) the assessment chargeable to each owner's parcel; (c) the duration of the proposed assessment; (d) the reason for the assessment; (e) the basis upon which the amount of the proposed assessment was calculated; (f) the date, time, place of the public hearing and hearing procedures as specified in this resolution; and (g) a summary of the voting procedures, requirements for protest and the effect of a majority protest. The form of the written mailed public notice also included an assessment ballot by which each property owner could express their support or opposition to the proposed assessment. The ballot indicated that it must be returned before the conclusion of the public input portion of the public hearing on August 10, 2009, in order to be valid and counted, and that all assessment ballots received by the Clerk of the Board (serving as the "Tabulator"), would be tabulated after the conclusion of the public input portion of the public hearing on August 10, 2009, by the Tabulator; and

WHEREAS, pursuant to the provisions of California Constitution Article XIII-D, an opportunity for protest has been afforded, and the assessment ballots mailed to owners of assessable real property within the proposed boundaries of the Fire Protection and Emergency Response Assessment District have been received and tabulated, with assessment ballots weighted according to the proportional financial obligation of each affected parcel.

NOW, THEREFORE, BE IT RESOLVED that the Meeks Bay Fire Protection District finds, determines, and orders that:
Section One: The above recitals are true and correct.

Section Two: The tabulation of the assessment ballots submitted by property owners is complete and certified by the Clerk of the Board, and the votes cast are as follows:
Total Number of Valid Ballots Processed: 889
Total Assessment Amount of Valid Ballots: 179,177.90

Total Number of "Yes" Votes Processed: 605
Total Assessment Amount of "Yes" Votes Processed: 122,264
Total Percentage of "Yes" Assessment Amount: 68.24%

Total Number of "No" Votes Processed: 284
Total Assessment Amount of "No" Votes Processed: 56,914
Total Percentage of "No" Assessment Amount: 32%
Total Number of "Invalid" Ballots Processed: 17
Total Assessment Amount of "Invalid" Ballots: 4,147.07

Section Three: 889 assessment ballots were returned, received and not withdrawn prior to the close of the public input portion of the public hearing on August 10, 2009. Of the assessment ballots returned, 17 assessment ballots were declared invalid in that they were either not marked with a "Yes" or "No", were marked with both a "Yes" and a "No", were not signed, or the property ownership and barcode information was illegible.

Section Four: As determined by ballots cast, as weighted according to the proportional financial obligation for each parcel, 68.24 % of the property owners cast ballots in support of the Fire Protection and Emergency Response Assessment District. Since a majority protest, as defined by Article XIII-D of the California Constitution, did not exist, this Board thereby acquired jurisdiction to order the levy of assessment prepared by and made a part of the Engineer's Report to pay the costs and expenses thereof.

BE IT FURTHER RESOLVED that the Meeks Bay Fire Protection District Board of Directors hereby orders as follows:

1. The Final Engineer's Report for the Fire Protection and Emergency Response Assessment District, together with the diagram of the Assessment District contained therein, and the proposed assessment roll for fiscal year 2009-10 are hereby confirmed and approved; and

2. That based on the oral and documentary evidence, including the Engineer's Report, offered and received at the public hearing, the Board expressly finds and determines that: (a) each of the several assessed lots and parcels of land within the Assessment District will be specially benefited by the services (as described in the Engineer's Report) in at least the amount of the Assessment apportioned

against such lots and parcels of land, respectively; and (b) that there is substantial evidence to support, and the weight of the evidence preponderates in favor of, said finding and determination as to special benefit to property with the Assessment from the services to be financed with assessment proceeds; and

3. That the Fire Protection and Emergency Response Assessment District is hereby formed, and assessments consistent with the Engineer's Report are hereby levied, pursuant to the Title 3, Division 1, Part 1, Article 3.6 of the California Government Code, "Fire Suppression Assessments", beginning with Section 50078; and

4. That assessments for fiscal year 2009-10 shall be levied at the rate of $ 85.00 per single family equivalent benefit unit as specified in the Engineer's Report for fiscal year 2009-10 with estimated total annual assessment revenues as set forth in the Engineer's Report; and

5. That Fire Protection and Emergency Response Assessment District services to be financed with assessment proceeds described in the Engineer's Report are hereby ordered; and

6. The authorized maximum assessment to be levied in future fiscal years shall be adjusted annually based on the San Francisco Bay Area Consumer Price Index, not to exceed 4% per year, provided that any change in the CPI in excess of 4% shall be cumulatively reserved as the "Unused CPI" and shall be used to increase the maximum authorized assessment to be adjusted by 4% for the CPI increase in any year in which the CPI is less than 4%; and

7. Immediately upon the adoption of this resolution, but in no event later than the second Monday in August following such adoption, the Board shall file a certified copy of the Diagram and Assessment and a certified copy of this resolution with the Auditor/Tax Collector of the County of El Dorado ("County Auditor/Tax Collector"). Upon such filing, the County Auditor/Tax Collector shall enter on the County tax roll opposite each lot or parcel of land the amount of assessment thereupon as shown in the Assessment. The assessments shall be collected at the same time and in the same manner as County taxes are collected and all laws providing for the collection and enforcement of County taxes shall apply to the collection and enforcement of the assessments. After collection by the County Tax Collector, the net amount of the assessments, after deduction of any compensation due the County for collection, shall be paid to the Fire Protection and Emergency Response Assessment District; and

8. The monies representing assessments collected shall be deposited in a separate fund established under the distinctive designation of the Fire Protection and Emergency Response Assessment District. Funds collected from Fire Protection and Emergency Response Assessment District shall be expended only for the special benefit of parcels within the Fire Protection and Emergency Response Assessment District for the purposes of fire suppression services as provided in Government Code §§58078 et seq; and

9. The Fire Protection and Emergency Response Assessment District, as it applies to any parcel, may be corrected, cancelled or a refund granted as appropriate, by order of the Board of Directors of the Meeks Bay Fire Protection District or by order of the Fire Chief of the Meeks Bay Fire Protection District. Any such corrections, cancellations or refunds shall be limited to the current fiscal year.

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE MEEKS BAY FIRE PROTECTION DISTRICT OF THE COUNTY OF EL DORADO AT A SPECIAL BOARD MEETING OF SAID BOARD, HELD ON THE 10th DAY OF August, 2009 BY THE FOLLOWING VOTE OF SAID BOARD:

AYES:	4
NOES:	0
ABSTENTIONS:	0
ABSENT:	1 (Warmack)

PRESIDENT, BOARD OF DIRECTORS
BY: Edward I Miller

I CERTIFY THAT THE FOREGOING IS A CORRECT COPY OF A RESOLUTION DULY ADOPTED BY SAID BOARD OF DIRECTORS ON THE DATE THEREIN SET FORTH.

CLERK OF THE BOARD OF DIRECTORS
BY: Shawn R. Crawford

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Meeks Bay Fire Protection District

RESOLUTION

of the Board of Directors

No: 2014-08

A RESOLUTION OF THE BOARD OF DIRECTORS OF MEEKS BAY FIRE PROTECTION DISTRICT CLARIFYING PROCEDURES TO APPROVE ANNUAL IMPLEMENTATION AND LEVY OF SPECIAL FIRE ASSESSMENT AND ASSURE COMPLIANCE WITH CALIFORNIA CONSTITUTION ARTICLE XIII.D (PROPOSITION 218)

WHEREAS, in 2009 the Property Owners of Meeks Bay Fire Protection District voted to enact a Special Assessment pursuant to the provisions of Government Code 50087 et seq. and the California Constitution, Article XIII.D, which was enacted with the passage of Proposition 218 in 1996; and

WHEREAS, by Resolution 2009-06 dated August 10, 2009, the Board of Directors adopted procedures for the implementation of the Special Assessment; and

WHEREAS, California Constitution, Article XIII.D, Section 4 provides in applicable part:

> "(b) All assessments shall be supported by a detailed engineer's report prepared by a registered professional engineer certified by the State of California.
>
> (c) The amount of the proposed assessment for each identified parcel shall be calculated and the record owner of each parcel shall be given written notice by mail of the proposed assessment, the total amount thereof chargeable to the entire district, the amount chargeable to the owner's particular parcel, the duration of the payments..."

WHEREAS, the Engineer's Report commissioned by the Board of Directors in connection with the Special Assessment, provided certain Criteria and Policies, including:

"The criteria established in this Report, as finally confirmed, cannot be substantially modified; however, the Board may adopt additional criteria to further clarify certain criteria . . ."

And further providing, as to Duration of Assessment:

"As noted previously, if the Assessment and the duration of the Assessment are approved by property owners in an assessment ballot proceeding, the Assessment can be imposed and levied annually after the Meeks Bay Fire Protection District Board of Directors approves an annually updated Engineer's Report, budget for the Assessment, Services to be provided, and other specifics of the Assessment. In addition, the District Board of Directors must hold an annual public hearing to continue the Assessment..."; and

WHEREAS, the Board has determined, after consultation with Legal Counsel, that the requirement for an annual update to the Engineer's Report may be satisfied, consistent with the requirements of Article XIII.D, by an update using knowledgeable staff and outside consultants, but does not mandate an update limited to a report of a licensed engineer.

NOW, THEREFORE, BE IT RESOLVED:
The procedures for implementation of the Special Assessment authorized by Resolution 2009-06 be and they hereby are amended to provide that the Assessment can be imposed and levied annually after the Meeks Bay Fire Protection District Board of Directors approves an annual update to the Engineer's Report prepared by staff and such consultants as the Board shall deem appropriate, budget for the Assessment, Services to be provided, and other specifics of the Assessment. In addition, the District Board of Directors must hold an annual public hearing to continue the Assessment.

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE MEEKS BAY FIRE PROTECTION DISTRICT OF THE COUNTY OF EL DORADO AT A REGULAR BOARD MEETING OF SAID BOARD, HELD ON THE 24th DAY OF October, 2014 BY THE FOLLOWING VOTE OF SAID BOARD:

AYES:	4 (Hyde, Massie, Miller, Warmack)
NOES:	0
ABSTENTIONS:	0
ABSENT:	1 (Kromydas)

PRESIDENT, BOARD OF DIRECTORS
BY: Edward I Miller

I CERTIFY THAT THE FOREGOING IS A CORRECT COPY OF A RESOLUTION DULY ADOPTED BY SAID BOARD OF DIRECTORS ON THE DATE THEREIN SET FORTH.

CLERK OF THE BOARD OF DIRECTORS
BY: Shawn R. Crawford

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California Public Employees' Retirement System
Actuarial Office
400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744
888 CalPERS (or **888**-225-7377) | TTY: (877) 249-7442 | **www.calpers.ca.gov**

July 2021

Miscellaneous Plan of the Meeks Bay Fire Protection District
(CalPERS ID: 4197922266)
Annual Valuation Report as of June 30, 2020

Dear Employer,

Attached to this letter, you will find the June 30, 2020 actuarial valuation report of your CalPERS pension plan. Provided in this report is the determination of the minimum required employer contributions for fiscal year 2022-23. In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2020.

Section 2 can be found on the CalPERS website (calpers.ca.gov). From the home page, go to "*Forms & Publications*" and select "*View All*". In the search box, enter "*Risk Pool*" and from the results list download the Miscellaneous Risk Pool Actuarial Valuation Report for June 30, 2020.

Your June 30, 2020 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your assigned CalPERS staff actuary, whose signature appears in the Actuarial Certification section on page 1, is available to discuss the report with you.

Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth, eligibility for the types of benefits provided, and longevity among retirees. The CalPERS Board of Administration adopts these assumptions after considering the advice of CalPERS actuarial and investment teams and other professionals. Each actuarial valuation reflects all prior differences between actual and assumed experience and adjusts the contribution rates as needed. This valuation is based on an investment return assumption of 7.0% which was adopted by the board in December 2016. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017.

Required Contribution

The exhibit below displays the minimum employer contributions for fiscal year 2022-23 along with estimates of the required contributions for fiscal year 2023-24. Member contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. The employer contributions in this report do not reflect any cost sharing arrangements you may have with your employees.

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability
2022-23	10.32%	$10,902
Projected Results		
2023-24	*10.3%*	*$12,000*

The actual investment return for fiscal year 2020-21 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 7.00%. *To the extent the actual investment return for fiscal year 2020-21 differs from 7.00%, the actual contribution requirements for fiscal year 2023-24 will differ from those shown above.* For additional details regarding the assumptions and methods used for these projections please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section. This section also contains projected required contributions through fiscal year 2027-28.

Changes from Previous **Year's Valuation**

There are no significant changes in actuarial assumptions or policies in your 2020 actuarial valuation. Your annual valuation report is an important tool for monitoring the health of your CalPERS pension plan. Your report contains useful information about future required contributions and ways to control your plan's funding progress. In addition to your annual actuarial report my office has developed tools for employers to plan, project and protect the retirement benefits of your employees. Pension Outlook is a tool to help plan and budget pension costs into the future with easy to understand results and charts.

You will be able to view the projected funded status and required employer contributions for pension plans in different potential scenarios for up to 30 years into the future — which will make budgeting more predictable. While Pension Outlook can't predict the future, it can provide valuable planning information based on a variety of future scenarios that you select.

Pension Outlook can help you answer specific questions about your plans, including:

- When is my plan's funded status expected to increase?
- What happens to my required contributions in a down market?
- How does the discount rate assumption affect my contributions?
- What is the impact of making an additional discretionary payment to my plan?

To get started, visit our Pension Outlook page at www.calpers.ca.gov/page/employers/actuarial-resources/pension-outlook-overview and take the steps to register online.

CalPERS will be completing an Asset Liability Management (ALM) review process in November 2021 that will review the capital market assumptions and the strategic asset allocation and ascertain whether a change in the discount rate and other economic assumptions is warranted. In addition, the Actuarial Office will be completing its Experience Study to review the demographic experience within the pension system and make recommendations to modify future assumptions where appropriate.

Furthermore, this valuation does not reflect any impacts from the COVID-19 pandemic on your pension plan. The impact of COVID-19 on retirement plans is not yet known and CalPERS actuaries will continue to monitor the effects and where necessary make future adjustments to actuarial assumptions.

Further descriptions of general changes are included in the "Highlights and Executive Summary" section and in Appendix A of the Section 2 report, "Actuarial Methods and Assumptions."

Questions

We understand that you might have questions about these results, and your assigned CalPERS actuary whose signature is on the valuation report is available to discuss. If you have other questions, you may call the Customer Contact Center at (888)-CalPERS or (888-225-7377).

Sincerely,

SCOTT TERANDO, ASA, EA, MAAA, FCA, CFA
Chief Actuary

Actuarial Valuation as of June 30, 2020

for the Miscellaneous Plan of the Meeks Bay Fire Protection District

(CalPERS ID: 4197922266)

Required Contributions for Fiscal Year July 1, 2022 - June 30, 2023

Table of Contents

Section 1 – Plan Specific Information

Section 2 – Risk Pool Actuarial Valuation Information

Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Specific Information for the Miscellaneous Plan of the Meeks Bay Fire Protection District

(CalPERS ID: 4197922266)
(Rate Plan ID: 3074)

Table of Contents

Actuarial Certification 1

Highlights and Executive Summary

- Introduction 3
- Purpose of Section 1 3
- Required Employer Contributions 4
- Additional Discretionary Employer Contributions 5
- Plan's Funded Status 6
- Projected Employer Contributions 6
- Other Pooled Miscellaneous Risk Pool Rate Plans 7
- Cost 8
- Changes Since the Prior Year's Valuation 9
- Subsequent Events 9

Assets and Liabilities

- Breakdown of Entry Age Accrued Liability 11
- Allocation of Plan's Share of Pool's Experience/Assumption Change 11
- Development of Plan's Share of Pool's Market Value of Assets 11
- Schedule of Plan's Amortization Bases 12
- Amortization Schedule and Alternatives 14
- Employer Contribution History 16
- Funding History 16

Risk Analysis

- Future Investment Return Scenarios 18
- Discount Rate Sensitivity 19
- Mortality Rate Sensitivity 19
- Maturity Measures 20
- Maturity Measures History 21
- Hypothetical Termination Liability 22

Participant Data 23

List of Class 1 Benefit Provisions 23

Plan's Major Benefit Options 24

Actuarial Certification

Section 1 of this report is based on the member and financial data contained in our records as of June 30, 2020 which was provided by your agency and the benefit provisions under your contract with CalPERS. Section 2 of this report is based on the member and financial data as of June 30, 2020 provided by employers participating in the Miscellaneous Risk Pool to which the plan belongs and benefit provisions under the CalPERS contracts for those agencies.

As set forth in Section 2 of this report, the pool actuaries have certified that, in their opinion, the valuation of the risk pool containing your Miscellaneous Plan has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the plan, it is my opinion as the plan actuary that the Unfunded Accrued Liability amortization bases as of June 30, 2020 and employer contribution as of July 1, 2022 have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary who satisfies the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States with regard to pensions.

PAUL TSCHIDA, FSA, EA, MAAA
Senior Pension Actuary, CalPERS

Highlights and Executive Summary

- Introduction
- Purpose of Section 1
- Required Employer Contributions
- Additional Discretionary Employer Contributions
- **Plan's Funded S**tatus
- Projected Employer Contributions
- Other Pooled Miscellaneous Risk Pool Rate Plans
- Cost
- Changes Since the Prior Year**'s V**aluation
- Subsequent Events

Introduction

This report presents the results of the June 30, 2020 actuarial valuation of the Miscellaneous Plan of the Meeks Bay Fire Protection District of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the required employer contributions for fiscal year 2022-23.

Purpose of Section 1

This Section 1 report for the Miscellaneous Plan of the Meeks Bay Fire Protection District of CalPERS was prepared by the plan actuary in order to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2020;
- Determine the minimum required employer contribution for this plan for the fiscal year July 1, 2022 through June 30, 2023; and
- Provide actuarial information as of June 30, 2020 to the CalPERS Board of Administration and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website.

The measurements shown in this actuarial valuation may not be applicable for other purposes. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; and changes in plan provisions or applicable law.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the recommendations of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 6.0% and 8.0%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post- retirement mortality assumptions adopted in 2017.
- Pension Plan maturity measures quantifying the risks the employer bears.

Required Employer Contributions

Required Employer Contributions	Fiscal Year 2022-23
Employer Normal Cost Rate	10.32%
Plus	
Required Payment on Amortization Bases[1]	$10,902
Paid either as	
1) Monthly Payment	$908.50
Or	
2) Annual Prepayment Option*	$10,539

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).

** Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).*

	Fiscal Year 2021-22	Fiscal Year 2022-23
Development of Normal Cost as a Percentage of Payroll		
Base Total Normal Cost for Formula	17.25%	17.24%
Surcharge for Class 1 Benefits[2]		
None	0.00%	0.00%
Phase out of Normal Cost Difference[3]	0.00%	0.00%
Plan's Total Normal Cost	17.25%	17.24%
Formula's Expected Employee Contribution Rate	6.91%	6.92%
Employer Normal Cost Rate	10.34%	10.32%

[1] The required payment on amortization bases does not take into account any additional discretionary payment made after April 30, 2021.

[2] Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

[3] The normal cost change is phased out over a five-year period in accordance with the CalPERS contribution allocation policy.

Additional Discretionary Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for the 2022-23 fiscal year is $10,902. CalPERS allows employers to make additional discretionary payments (ADPs) at any time and in any amount. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Employers can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during fiscal year 2022-23 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see the "Amortization Schedule and Alternatives" section of the report.

If you are considering making an ADP, please contact your actuary for additional information.

Minimum Required Employer Contribution for Fiscal Year 2022-23

Estimated Normal Cost	Minimum UAL Payment	ADP	Total UAL Contribution	Estimated Total Contribution
$10,283	$10,902	$0	$10,902	$21,185

Alternative Fiscal Year 2022-23 Employer Contributions for Greater UAL Reduction

Funding Target	Estimated Normal Cost	Minimum UAL Payment	ADP[1]	Total UAL Contribution	Estimated Total Contribution
20 years	$10,283	$10,902	$2,313	$13,215	$23,498
15 years	$10,283	$10,902	$4,469	$15,371	$25,654
10 years	$10,283	$10,902	$9,030	$19,932	$30,215
5 years	$10,283	$10,902	$23,242	$34,144	$44,427

[1] The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

Note that the calculations above are based on the projected Unfunded Accrued Liability as of June 30, 2022 as determined in the June 30, 2020 actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Plan's Funded Status

	June 30, 2019	June 30, 2020
1. Present Value of Projected Benefits (PVB)	$674,385	$725,783
2. Entry Age Accrued Liability (AL)	612,605	667,660
3. Plan's Market Value of Assets (MVA)	485,038	525,748
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	127,567	141,912
5. Funded Ratio [(3) / (2)]	79.2%	78.7%

This measure of funded status is an assessment of the need for future employer contributions based on the selected actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. For a measure of funded status that is appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. Actual contribution rates during this projection period could be significantly higher or lower than the projection shown below.

	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2020-21)				
Fiscal Year	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	Rate Plan 3074 Results					
Normal Cost %	10.32%	10.3%	10.3%	10.3%	10.3%	10.3%
UAL Payment	$10,902	$12,000	$13,000	$14,000	$14,000	$15,000

For some sources of UAL, the change in UAL is amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large increase in UAL, the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section.

Our online pension plan modeling and projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook is a tool to help plan and budget pension costs into the future with results and charts that are easy to understand.

Other Pooled Miscellaneous Risk Pool Rate Plans

All of the results presented in this Section 1 report, except those shown below, correspond to rate plan 3074. In many cases, employers have additional rate plans within the same risk pool. For cost analysis and budgeting it is useful to consider contributions for these rate plans as a whole rather than individually. The estimated contribution amounts and rates for all of the employer's rate plans in the Miscellaneous Risk Pool are shown below and assume that the payroll for each rate plan will grow according to the overall payroll growth assumption of 2.75% per year for three years.

	Fiscal Year 2021-22	Fiscal Year 2022-23
Estimated Combined Employer Contributions for all Pooled Miscellaneous Rate Plans		
Projected Payroll for the Contribution Year	$96,277	$99,640
Estimated Employer Normal Cost	$9,955	$10,283
Required Payment on Amortization Bases	$9,169	$10,903
Estimated Total Employer Contributions	$19,124	$21,186
Estimated Total Employer Contribution Rate (illustrative only)	19.86%	21.26%

Cost

Actuarial Determination of Pension Plan Cost

Contributions to fund the pension plan are comprised of two components:

- Normal Cost, expressed as a percentage of total active payroll
- Amortization of the Unfunded Accrued Liability (UAL), expressed as a dollar amount

For fiscal years prior to 2016-17, the Amortization of UAL component was expressed as a percentage of total active payroll. Starting with fiscal year 2016-17, the Amortization of UAL component was expressed as a dollar amount and invoiced on a monthly basis. There continues to be an option to prepay this amount during July of each fiscal year.

The Normal Cost component is expressed as a percentage of active payroll with employer and employee contributions payable as part of the regular payroll reporting process.

The determination of both components requires complex actuarial calculations. The calculations are based on a set of actuarial assumptions which can be divided into two categories:

- Demographic assumptions (e.g., mortality rates, retirement rates, employment termination rates, disability rates)
- Economic assumptions (e.g., future investment earnings, inflation, salary growth rates)

These assumptions reflect CalPERS' best estimate of future experience of the plan and are long term in nature. We recognize that all assumptions will not be realized in any given year. For example, the investment earnings at CalPERS have averaged 5.5% over the 20 years ending June 30, 2020, yet individual fiscal year returns have ranged from -23.6% to +20.7%. In addition, CalPERS reviews all actuarial assumptions by conducting in-depth experience studies every four years, with the most recent experience study completed in 2017.

Changes Since the Prior **Year's** Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by plan amendment are generally included in the first valuation that is prepared after the amendment becomes effective, even if the valuation date is prior to the effective date of the amendment.

This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to the "Plan's Major Benefit Options" and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

The are no significant changes to the actuarial methods or assumptions for the 2020 actuarial valuation.

Subsequent Events

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of June 30, 2020. Changes in the value of assets subsequent to that date are not reflected. Investment returns below the assumed rate of return will increase future required contributions while investment returns above the assumed rate of return will decrease future required contributions.

CalPERS will be completing an Asset Liability Management (ALM) process in November 2021 that will review the capital market assumptions and the strategic asset allocation and ascertain whether a change in the discount rate and other economic assumptions is warranted. As part of the ALM process the Actuarial Office will be completing an Experience Study to review the demographic experience of the retirement system and make recommendations to modify future assumptions where appropriate.

Furthermore, this valuation does not reflect any impacts from the COVID-19 pandemic on your pension plan. The impact of COVID-19 on retirement plans is not yet known and CalPERS actuaries will continue to monitor the effects and where necessary make future adjustments to actuarial assumptions.

The projected employer contributions on Page 6 are calculated under the assumption that the discount rate remains at 7.0% going forward and that the realized rate of return on assets for fiscal year 2020-21 is 7.0%.

This actuarial valuation report reflects statutory changes, regulatory changes and CalPERS Board actions through January 2021. Any subsequent changes or actions are not reflected.

Assets and Liabilities

- Breakdown of Entry Age Accrued Liability
- **Allocation of Plan's Share of Pool's Experience/Assumption Change**
- **Development of Plan's Share of Pool's** Market Value of Assets
- Schedule of **Plan's** Amortization Bases
- Amortization Schedule and Alternatives
- Employer Contribution History
- Funding History

Breakdown of Entry Age Accrued Liability

Active Members	$636,881
Transferred Members	29,174
Terminated Members	1,605
Members and Beneficiaries Receiving Payments	0
Total	$667,660

Allocation of Plan's Share of Pool's

Experience/Assumption Change

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The Pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1.	Plan's Accrued Liability	$667,660
2.	Projected UAL balance at 6/30/2020	127,405
3.	Pool's Accrued Liability[1]	19,314,480,060
4.	Sum of Pool's Individual Plan UAL Balances at 6/30/2020[1]	4,306,566,797
5.	Pool's 2019/20 Investment (Gain)/Loss[1]	344,968,792
6.	Pool's 2019/20 Non-Investment (Gain)/Loss[1]	60,428,629
7.	Plan's Share of Pool's Investment (Gain)/Loss: [(1) - (2)] ÷ [(3) - (4)] × (5)	12,418
8.	Plan's Share of Pool's Non-Investment (Gain)/Loss: (1) ÷ (3) × (6)	2,089
9.	Plan's New (Gain)/Loss as of 6/30/2020: (7) + (8)	14,507

[1] Does not include plans that transferred to Pool on the valuation date.

Development of the Plan's Share of Pool's Market

Value of Assets

10.	Plan's UAL: (2) + (9)	$141,912
11.	Plan's Share of Pool's MVA: (1) - (10)	$525,748

Schedule of **Plan's** Amortization Bases

Note that there is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2020.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: fiscal year 2022-23.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment for the first fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Reason for Base	Date Est.	Ramp Level 2022-23	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/20	Expected Payment 2020-21	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Minimum Required Payment 2022-23
Share of Pre-2013 Pool UAL	6/30/13	No Ramp		2.75%	15	21,708	1,791	21,375	1,841	20,967	1,891
Non-Investment (Gain)/Loss	6/30/13	100%	Up/Down	2.75%	23	(417)	(28)	(417)	(29)	(416)	(30)
Investment (Gain)/Loss	6/30/13	100%	Up/Down	2.75%	23	41,161	2,792	41,154	2,869	41,067	2,948
Non-Investment (Gain)/Loss	6/30/14	100%	Up/Down	2.75%	0	40	3	40	41	0	0
Investment (Gain)/Loss	6/30/14	100%	Up/Down	2.75%	24	(34,617)	(2,289)	(34,672)	(2,352)	(34,666)	(2,417)
Side Fund	2013 or Prior	No Ramp		2.75%	0	(22)	(23)	0	0	0	0
Assumption Change	6/30/14	100%	Up/Down	2.75%	14	21,753	2,069	21,136	2,125	20,417	2,184
Non-Investment (Gain)/Loss	6/30/15	100%	Up/Down	2.75%	25	(1,888)	(99)	(1,918)	(127)	(1,921)	(130)
Investment (Gain)/Loss	6/30/15	100%	Up/Down	2.75%	25	23,681	1,239	24,057	1,591	24,095	1,635
Non-Investment (Gain)/Loss	6/30/16	100%	Up/Down	2.75%	26	(3,703)	(146)	(3,811)	(199)	(3,872)	(256)
Investment (Gain)/Loss	6/30/16	100%	Up/Down	2.75%	26	31,061	1,221	31,972	1,672	32,481	2,148
Assumption Change	6/30/16	100%	Up/Down	2.75%	16	9,460	515	9,589	706	9,530	906
Non-Investment (Gain)/Loss	6/30/17	80%	Up/Down	2.75%	27	(806)	(21)	(841)	(33)	(866)	(45)
Investment (Gain)/Loss	6/30/17	80%	Up/Down	2.75%	27	(16,368)	(435)	(17,064)	(671)	(17,564)	(919)
Assumption Change	6/30/17	80%	Up/Down	2.75%	17	11,231	410	11,593	631	11,752	865
Non-Investment (Gain)/Loss	6/30/18	60%	Up/Down	2.75%	28	2,431	33	2,567	68	2,676	105
Investment (Gain)/Loss	6/30/18	60%	Up/Down	2.75%	28	(5,157)	(70)	(5,446)	(145)	(5,677)	(223)
Assumption Change	6/30/18	60%	Up/Down	2.75%	18	17,961	335	18,872	688	19,481	1,061
Method Change	6/30/18	60%	Up/Down	2.75%	18	4,818	90	5,062	185	5,225	284

Schedule of Plan's Amortization Bases (continued)

Reason for Base	Date Est.	Ramp Level 2022-23	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/20	Expected Payment 2020-21	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Minimum Required Payment 2022-23
Non-Investment (Gain)/Loss	6/30/19	No Ramp		0.00%	19	2,529	0	2,706	247	2,640	247
Investment (Gain)/Loss	6/30/19	40%	Up Only	0.00%	19	2,549	0	2,727	60	2,856	119
Non-Investment (Gain)/Loss	6/30/20	No Ramp		0.00%	20	2,089	0	2,235	0	2,391	218
Investment (Gain)/Loss	6/30/20	20%	Up Only	0.00%	20	12,418	0	13,287	0	14,217	311
Total						141,912	7,387	144,203	9,168	144,813	10,902

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in "Allocation of Plan's Share of Pool's Experience/Assumption Change" earlier in this section. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed a desire for a more stable pattern of payments or have indicated interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a Fresh Start, please consult with your plan actuary.

The Current Amortization Schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over a reasonable period.

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy.

Amortization Schedule and Alternatives (continued)

	Current Amortization Schedule		Alternate Schedules			
			15 Year Amortization		10 Year Amortization	
Date	Balance	Payment	Balance	Payment	Balance	Payment
6/30/2022	144,813	10,902	144,813	15,371	144,813	19,932
6/30/2023	143,673	11,942	139,050	15,371	134,332	19,932
6/30/2024	141,376	13,039	132,884	15,371	123,117	19,932
6/30/2025	137,784	13,721	126,286	15,371	111,117	19,932
6/30/2026	133,237	14,355	119,226	15,371	98,277	19,932
6/30/2027	127,716	14,687	111,672	15,371	84,539	19,932
6/30/2028	121,463	15,025	103,589	15,371	69,839	19,933
6/30/2029	114,424	15,373	94,940	15,371	54,109	19,932
6/30/2030	106,531	15,733	85,686	15,370	37,279	19,933
6/30/2031	97,714	16,103	75,785	15,371	19,270	19,933
6/30/2032	87,897	15,912	65,190	15,370		
6/30/2033	77,592	15,697	53,854	15,370		
6/30/2034	66,785	15,207	41,725	15,371		
6/30/2035	55,732	14,377	28,746	15,370		
6/30/2036	44,761	12,833	14,859	15,370		
6/30/2037	34,619	9,010				
6/30/2038	27,723	7,889				
6/30/2039	21,504	6,984				
6/30/2040	15,786	6,386				
6/30/2041	10,285	4,974				
6/30/2042	5,860	3,119				
6/30/2043	3,044	2,493				
6/30/2044	678	701				
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
6/30/2050						
6/30/2051						
Total		256,462		230,560		199,323
Interest Paid		111,649		85,747		54,510
Estimated Savings				25,902		57,139

Employer Contribution History

The table below provides a recent history of the required employer contributions for the plan. The amounts are based on the actuarial valuation from two years prior and does not account for prepayments or benefit changes made during a fiscal year. Additional discretionary payments before July 1, 2019 or after June 30, 2020 are not included.

Fiscal Year	Employer Normal Cost	Unfunded Liability Payment ($)	Additional Discretionary Payments
2016 - 17	8.377%	$5,633	N/A
2017 - 18	8.418%	6,552	N/A
2018 - 19	8.892%	7,961	N/A
2019 - 20	9.680%	9,453	0
2020 - 21	10.484%	7,385	
2021 - 22	10.34%	9,168	
2022 - 23	10.32%	10,902	

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's market value of assets, unfunded accrued liability, funded ratio, and annual covered payroll.

Valuation Date	Accrued Liability (AL)	**Share of Pool's** Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2011	$260,224	$197,290	$62,934	75.8%	$111,951
06/30/2012	291,806	211,386	80,420	72.4%	110,179
06/30/2013	316,245	243,645	72,600	77.0%	117,774
06/30/2014	365,409	302,912	62,497	82.9%	119,536
06/30/2015	408,322	331,180	77,142	81.1%	122,559
06/30/2016	453,193	346,346	106,847	76.4%	80,904
06/30/2017	497,361	394,132	103,229	79.2%	83,207
06/30/2018	558,180	436,933	121,247	78.3%	85,744
06/30/2019	612,605	485,038	127,567	79.2%	88,752
06/30/2020	667,660	525,748	141,912	78.7%	91,852

Risk Analysis

- Future Investment Return Scenarios
- Discount Rate Sensitivity
- Mortality Rate Sensitivity
- Maturity Measures
- Maturity Measures History
- Hypothetical Termination Liability

Future Investment Return Scenarios

Analysis was performed to determine the effects of various future investment returns on required employer contributions. The projections below provide a range of results based on five investment return scenarios assumed to occur during the next four fiscal years (2020-21, 2021-22, 2022-23 and 2023-24). The projections also assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

For fiscal years 2020-21, 2021-22, 2022-23, and 2023-24, each scenario assumes an alternate fixed annual return. The fixed return assumptions for the five scenarios are 1.0%, 4.0%, 7.0%, 9.0% and 12.0%.

These alternate investment returns were chosen based on stochastic analysis of possible future investment returns over the four-year period ending June 30, 2024. Using the expected returns and volatility of the asset classes in which the funds are invested, we produced five thousand stochastic outcomes for this period based on the most recently completed Asset Liability Management process. We then selected annual returns that approximate the 5th, 25th, 50th, 75th, and 95th percentiles for these outcomes. For example, of all the 4-year outcomes generated in the stochastic analysis, approximately 25% had an average annual return of 4.0% or less.

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 1.0% or greater than 12.0% over this four-year period, the likelihood of a single investment return less than 1.0% or greater than 12.0% in any given year is much greater.

Assumed Annual Return From 2020-21 through 2023-24	Projected Employer Contributions			
	2023-24	2024-25	2025-26	2026-27
1.0%				
Normal Cost	10.3%	10.3%	10.3%	10.3%
UAL Contribution	$13,000	$15,000	$18,000	$22,000
4.0%				
Normal Cost	10.3%	10.3%	10.3%	10.3%
UAL Contribution	$12,000	$14,000	$16,000	$18,000
7.0%				
Normal Cost	10.3%	10.3%	10.3%	10.3%
UAL Contribution	$12,000	$13,000	$14,000	$14,000
9.0%				
Normal Cost	10.5%	10.8%	11.0%	11.2%
UAL Contribution	$12,000	$12,000	$13,000	$12,000
12.0%				
Normal Cost	10.5%	10.8%	11.0%	11.2%
UAL Contribution	$11,000	$11,000	$10,000	$8,000

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.50% and 2.50%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2020 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 7.0% as well as alternate discount rates of 6.0% and 8.0%. The rates of 6.0% and 8.0% were selected since they illustrate the impact of a 1.0% increase or decrease to the 7.0% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2020	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	6.0%	7.0%	8.0%
Inflation	2.5%	2.5%	2.5%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	21.50%	17.24%	13.98%
b) Accrued Liability	$762,885	$667,660	$588,010
c) Market Value of Assets	$525,748	$525,748	$525,748
d) Unfunded Liability/(Surplus) [(b) - (c)]	$237,137	$141,912	$62,262
e) Funded Status	68.9%	78.7%	89.4%

Sensitivity to the Price Inflation Assumption

As of June 30, 2020	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	6.0%	7.0%	8.0%
Inflation	1.5%	2.5%	3.5%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	18.38%	17.24%	15.88%
b) Accrued Liability	$709,975	$667,660	$613,998
c) Market Value of Assets	$525,748	$525,748	$525,748
d) Unfunded Liability/(Surplus) [(b) - (c)]	$184,227	$141,912	$88,250
e) Funded Status	74.1%	78.7%	85.6%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2020 plan costs and funded status under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2017. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.

As of June 30, 2020	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	17.54%	17.24%	16.96%
b) Accrued Liability	$680,226	$667,660	$656,031
c) Market Value of Assets	$525,748	$525,748	$525,748
d) Unfunded Liability/(Surplus) [(b) - (c)]	$154,478	$141,912	$130,283
e) Funded Status	77.3%	78.7%	80.1%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures are for one rate plan only.

One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio starts increasing. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2019	June 30, 2020
1. Retired Accrued Liability	0	0
2. Total Accrued Liability	612,605	667,660
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.00	0.00

Another measure of maturity level of CalPERS and its plans is to look at the ratio of actives to retirees, also called the Support Ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures, and members retire, the ratio starts declining. A mature plan will often have a ratio near or below one. The average support ratio for CalPERS public agency plans is 1.25.

Support Ratio	June 30, 2019	June 30, 2020
1. Number of Actives	1	1
2. Number of Retirees	0	0
3. Support Ratio [(1) / (2)]	N/A	N/A

Maturity Measures (Continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio (AVR)

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Liability Volatility Ratio (LVR)

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to investment return and changes in liability. For example, a plan with LVR ratio of 8 is expected to have twice the contribution volatility of a plan with LVR of 4. It should be noted that this ratio indicates a longer-term potential for contribution volatility. The AVR, described above, will tend to move closer to the LVR as a plan matures.

Contribution Volatility	June 30, 2019	June 30, 2020
1. Market Value of Assets	$485,038	$525,748
2. Payroll	88,752	91,852
3. Asset Volatility Ratio (AVR) [(1) / (2)]	5.5	5.7
4. Accrued Liability	$612,605	$667,660
5. Liability Volatility Ratio (LVR) [(4) / (2)]	6.9	7.3

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	0.00	N/A	4.7	6.0
06/30/2018	0.00	N/A	5.1	6.5
06/30/2019	0.00	N/A	5.5	6.9
06/30/2020	0.00	N/A	5.7	7.3

Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2020. The plan liability on a termination basis is calculated differently compared to the plan's ongoing funding liability. For the hypothetical termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees.

A more conservative investment policy and asset allocation strategy was adopted by the CalPERS Board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate is assumed. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 19-month period from 12 months before the valuation date to 7 months after.

Market Value of Assets (MVA)	Hypothetical Termination Liability[1,2] at 0.75%	Funded Status	Unfunded Termination Liability at 0.75%	Hypothetical Termination Liability[1,2] at 2.50%	Funded Status	Unfunded Termination Liability at 2.50%
$525,748	$1,705,648	30.8%	$1,179,900	$1,319,745	39.8%	$793,997

[1] The hypothetical liabilities calculated above include a 5% mortality contingency load in accordance with Board policy. Other actuarial assumptions can be found in Appendix A of the Section 2 report.

[2] The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 1.18% on June 30, 2020, and was 1.68% on January 31, 2021.

In order to terminate the plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. CalPERS advises you to consult with the plan actuary before beginning this process.

Participant Data

The table below shows a summary of your plan's member data upon which this valuation is based:

	June 30, 2019	June 30, 2020
Active Members		
Counts	1	1
Average Attained Age	N/A	58.7
Average Entry Age to Rate Plan	N/A	34.2
Average Years of Credited Service	N/A	24.6
Average Annual Covered Pay	$88,752	$91,852
Annual Covered Payroll	$88,752	$91,852
Projected Annual Payroll for Contribution Year	$96,277	$99,640
Present Value of Future Payroll	$387,363	$364,429
Transferred Members	1	1
Separated Members	1	1
Retired Members and Beneficiaries		
Counts*	0	0
Average Annual Benefits*	N/A	$0

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values include community property settlements.

List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- None

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

	Benefit Group	
Member Category	Misc	
Demographics		
Actives	Yes	
Transfers/Separated	Yes	
Receiving	No	
Benefit Provision		
Benefit Formula	2% @ 55	
Social Security Coverage	No	
Full/Modified	Full	
Employee Contribution Rate	7.00%	
Final Average Compensation Period	Three Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	No	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	Level 3	
Special	No	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	$500	
Survivor Allowance (PRSA)	No	
COLA	2%	

Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Risk Pool Actuarial Valuation Information

Section 2 may be found on the CalPERS website (calpers.ca.gov) in the Forms and Publications section

California Public Employees' Retirement System
Actuarial Office
400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744
888 CalPERS (or **888**-225-7377) | TTY: (877) 249-7442 | **www.calpers.ca.gov**

July 2021

PEPRA Miscellaneous Plan of the Meeks Bay Fire Protection District
(CalPERS ID: 4197922266)
Annual Valuation Report as of June 30, 2020

Dear Employer,

Attached to this letter, you will find the June 30, 2020 actuarial valuation report of your CalPERS pension plan. Provided in this report is the determination of the minimum required employer contributions for fiscal year 2022-23. In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2020.

Section 2 can be found on the CalPERS website (calpers.ca.gov). From the home page, go to "*Forms & Publications*" and select "*View All*". In the search box, enter "*Risk Pool*" and from the results list download the Miscellaneous Risk Pool Actuarial Valuation Report for June 30, 2020.

Your June 30, 2020 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your assigned CalPERS staff actuary, whose signature appears in the Actuarial Certification section on page 1, is available to discuss the report with you.

Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth, eligibility for the types of benefits provided, and longevity among retirees. The CalPERS Board of Administration adopts these assumptions after considering the advice of CalPERS actuarial and investment teams and other professionals. Each actuarial valuation reflects all prior differences between actual and assumed experience and adjusts the contribution rates as needed. This valuation is based on an investment return assumption of 7.0% which was adopted by the board in December 2016. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017.

Required Contribution

The exhibit below displays the minimum employer contributions and the Employee PEPRA Rate for fiscal year 2022-23 along with estimates of the required contributions for fiscal year 2023-24. Member contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. The employer contributions in this report do not reflect any cost sharing arrangements you may have with your employees.

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability	PEPRA Employee Rate
2022-23	7.47%	$1	6.75%
Projected Results			
2023-24	*7.5%*	*$0*	*TBD*

The actual investment return for fiscal year 2020-21 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 7.00%. *To the extent the actual investment return for fiscal year 2020-21 differs from 7.00%, the actual contribution requirements for fiscal year 2023-24 will differ from those shown above.* For additional details regarding the assumptions and methods used for these projections please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section. This section also contains projected required contributions through fiscal year 2027-28.

Changes from Previous **Year's Valuation**

There are no significant changes in actuarial assumptions or policies in your 2020 actuarial valuation. Your annual valuation report is an important tool for monitoring the health of your CalPERS pension plan. Your report contains useful information about future required contributions and ways to control your plan's funding progress. In addition to your annual actuarial report my office has developed tools for employers to plan, project and protect the retirement benefits of your employees. Pension Outlook is a tool to help plan and budget pension costs into the future with easy to understand results and charts.

You will be able to view the projected funded status and required employer contributions for pension plans in different potential scenarios for up to 30 years into the future — which will make budgeting more predictable. While Pension Outlook can't predict the future, it can provide valuable planning information based on a variety of future scenarios that you select.

Pension Outlook can help you answer specific questions about your plans, including:

- When is my plan's funded status expected to increase?
- What happens to my required contributions in a down market?
- How does the discount rate assumption affect my contributions?
- What is the impact of making an additional discretionary payment to my plan?

To get started, visit our Pension Outlook page at www.calpers.ca.gov/page/employers/actuarial-resources/pension-outlook-overview and take the steps to register online.

CalPERS will be completing an Asset Liability Management (ALM) review process in November 2021 that will review the capital market assumptions and the strategic asset allocation and ascertain whether a change in the discount rate and other economic assumptions is warranted. In addition, the Actuarial Office will be completing its Experience Study to review the demographic experience within the pension system and make recommendations to modify future assumptions where appropriate.

Furthermore, this valuation does not reflect any impacts from the COVID-19 pandemic on your pension plan. The impact of COVID-19 on retirement plans is not yet known and CalPERS actuaries will continue to monitor the effects and where necessary make future adjustments to actuarial assumptions.

Further descriptions of general changes are included in the "Highlights and Executive Summary" section and in Appendix A of the Section 2 report, "Actuarial Methods and Assumptions."

Questions

We understand that you might have questions about these results, and your assigned CalPERS actuary whose signature is on the valuation report is available to discuss. If you have other questions, you may call the Customer Contact Center at (888)-CalPERS or (888-225-7377).

Sincerely,

SCOTT TERANDO, ASA, EA, MAAA, FCA, CFA
Chief Actuary

Actuarial Valuation
as of June 30, 2020

for the
PEPRA Miscellaneous Plan
of the
Meeks Bay Fire Protection District

(CalPERS ID: 4197922266)

Required Contributions
for Fiscal Year
July 1, 2022 - June 30, 2023

Table of Contents

Section 1 – Plan Specific Information

Section 2 – Risk Pool Actuarial Valuation Information

Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Specific Information for the PEPRA Miscellaneous Plan of the Meeks Bay Fire Protection District

(CalPERS ID: 4197922266)
(Rate Plan ID: 26833)

Table of Contents

Actuarial Certification 1

Highlights and Executive Summary

- Introduction 3
- Purpose of Section 1 3
- Required Employer Contributions 4
- Additional Discretionary Employer Contributions 5
- Plan's Funded Status 6
- Projected Employer Contributions 6
- Other Pooled Miscellaneous Risk Pool Rate Plans 7
- Cost 8
- Changes Since the Prior Year's Valuation 9
- Subsequent Events 9

Assets and Liabilities

- Breakdown of Entry Age Accrued Liability 11
- Allocation of Plan's Share of Pool's Experience/Assumption Change 11
- Development of Plan's Share of Pool's Market Value of Assets 11
- Schedule of Plan's Amortization Bases 12
- Amortization Schedule and Alternatives 13
- Employer Contribution History 15
- Funding History 15

Risk Analysis

- Future Investment Return Scenarios 17
- Discount Rate Sensitivity 18
- Mortality Rate Sensitivity 18
- Maturity Measures 19
- Maturity Measures History 20
- Hypothetical Termination Liability 21

Participant Data 22

List of Class 1 Benefit Provisions 22

Plan's Major Benefit Options 23

PEPRA Member Contribution Rates 24

Actuarial Certification

Section 1 of this report is based on the member and financial data contained in our records as of June 30, 2020 which was provided by your agency and the benefit provisions under your contract with CalPERS. Section 2 of this report is based on the member and financial data as of June 30, 2020 provided by employers participating in the Miscellaneous Risk Pool to which the plan belongs and benefit provisions under the CalPERS contracts for those agencies.

As set forth in Section 2 of this report, the pool actuaries have certified that, in their opinion, the valuation of the risk pool containing your PEPRA Miscellaneous Plan has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the plan, it is my opinion as the plan actuary that the Unfunded Accrued Liability amortization bases as of June 30, 2020 and employer contribution as of July 1, 2022 have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary who satisfies the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States with regard to pensions.

PAUL TSCHIDA, FSA, EA, MAAA
Senior Pension Actuary, CalPERS

Highlights and Executive Summary

- Introduction
- Purpose of Section 1
- Required Employer Contributions
- Additional Discretionary Employer Contributions
- **Plan's Funded S**tatus
- Projected Employer Contributions
- Other Pooled Miscellaneous Risk Pool Rate Plans
- Cost
- Changes Since the Prior Year**'s V**aluation
- Subsequent Events

Introduction

This report presents the results of the June 30, 2020 actuarial valuation of the PEPRA Miscellaneous Plan of the Meeks Bay Fire Protection District of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the required employer contributions for fiscal year 2022-23.

Purpose of Section 1

This Section 1 report for the PEPRA Miscellaneous Plan of the Meeks Bay Fire Protection District of CalPERS was prepared by the plan actuary in order to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2020;
- Determine the minimum required employer contribution for this plan for the fiscal year July 1, 2022 through June 30, 2023; and
- Provide actuarial information as of June 30, 2020 to the CalPERS Board of Administration and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website.

The measurements shown in this actuarial valuation may not be applicable for other purposes. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; and changes in plan provisions or applicable law.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the recommendations of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 6.0% and 8.0%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post- retirement mortality assumptions adopted in 2017.
- Pension Plan maturity measures quantifying the risks the employer bears.

Required Employer Contributions

Required Employer Contributions	Fiscal Year 2022-23
Employer Normal Cost Rate	7.47%
Plus	
Required Payment on Amortization Bases[1]	$1
Paid either as	
1) Monthly Payment	$0.08
Or	
2) Annual Prepayment Option*	$1

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).

** Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).*

	Fiscal Year 2021-22	Fiscal Year 2022-23
Development of Normal Cost as a Percentage of Payroll		
Base Total Normal Cost for Formula	14.34%	14.22%
Surcharge for Class 1 Benefits[2]		
None	0.00%	0.00%
Phase out of Normal Cost Difference[3]	0.00%	0.00%
Plan's Total Normal Cost	14.34%	14.22%
Plan's Employee Contribution Rate[4]	6.75%	6.75%
Employer Normal Cost Rate	7.59%	7.47%

[1] The required payment on amortization bases does not take into account any additional discretionary payment made after April 30, 2021.

[2] Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

[3] The normal cost change is phased out over a five-year period in accordance with the CalPERS contribution allocation policy.

[4] For detail regarding the determination of the required PEPRA employee contribution rate see Section on PEPRA Member Contribution Rates.

Additional Discretionary Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for the 2022-23 fiscal year is $1. CalPERS allows employers to make additional discretionary payments (ADPs) at any time and in any amount. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Employers can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during fiscal year 2022-23 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see the "Amortization Schedule and Alternatives" section of the report.

If you are considering making an ADP, please contact your actuary for additional information.

Minimum Required Employer Contribution for Fiscal Year 2022-23

Estimated Normal Cost	Minimum UAL Payment	ADP	Total UAL Contribution	Estimated Total Contribution
$0	$1	N/A	$1	$1

Alternative Fiscal Year 2022-23 Employer Contributions for Greater UAL Reduction

Funding Target	Estimated Normal Cost	Minimum UAL Payment	ADP[1]	Total UAL Contribution	Estimated Total Contribution
20 years	$0	$1	N/A	$1	$1
15 years	$0	$1	N/A	$1	$1
10 years	$0	$1	N/A	$1	$1
5 years	$0	$1	N/A	$1	$1

[1] The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

Note that the calculations above are based on the projected Unfunded Accrued Liability as of June 30, 2022 as determined in the June 30, 2020 actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Plan's Funded Status

	June 30, 2019	June 30, 2020
1. Present Value of Projected Benefits (PVB)	$59	$63
2. Entry Age Accrued Liability (AL)	59	63
3. Plan's Market Value of Assets (MVA)	58	61
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	1	2
5. Funded Ratio [(3) / (2)]	98.3%	96.8%

This measure of funded status is an assessment of the need for future employer contributions based on the selected actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. For a measure of funded status that is appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. Actual contribution rates during this projection period could be significantly higher or lower than the projection shown below.

	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2020-21)				
Fiscal Year	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	Rate Plan 26833 Results					
Normal Cost %	7.47%	7.5%	7.5%	7.5%	7.5%	7.5%
UAL Payment	$1	$0	$0	$0	$0	$0

For some sources of UAL, the change in UAL is amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large increase in UAL, the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section.

Our online pension plan modeling and projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook is a tool to help plan and budget pension costs into the future with results and charts that are easy to understand.

Other Pooled Miscellaneous Risk Pool Rate Plans

All of the results presented in this Section 1 report, except those shown below, correspond to rate plan 26833. In many cases, employers have additional rate plans within the same risk pool. For cost analysis and budgeting it is useful to consider contributions for these rate plans as a whole rather than individually. The estimated contribution amounts and rates for all of the employer's rate plans in the Miscellaneous Risk Pool are shown below and assume that the payroll for each rate plan will grow according to the overall payroll growth assumption of 2.75% per year for three years.

	Fiscal Year 2021-22	Fiscal Year 2022-23
Estimated Combined Employer Contributions for all Pooled Miscellaneous Rate Plans		
Projected Payroll for the Contribution Year	$96,277	$99,640
Estimated Employer Normal Cost	$9,955	$10,283
Required Payment on Amortization Bases	$9,169	$10,903
Estimated Total Employer Contributions	$19,124	$21,186
Estimated Total Employer Contribution Rate (illustrative only)	19.86%	21.26%

Cost

Actuarial Determination of Pension Plan Cost

Contributions to fund the pension plan are comprised of two components:

- Normal Cost, expressed as a percentage of total active payroll
- Amortization of the Unfunded Accrued Liability (UAL), expressed as a dollar amount

For fiscal years prior to 2016-17, the Amortization of UAL component was expressed as a percentage of total active payroll. Starting with fiscal year 2016-17, the Amortization of UAL component was expressed as a dollar amount and invoiced on a monthly basis. There continues to be an option to prepay this amount during July of each fiscal year.

The Normal Cost component is expressed as a percentage of active payroll with employer and employee contributions payable as part of the regular payroll reporting process.

The determination of both components requires complex actuarial calculations. The calculations are based on a set of actuarial assumptions which can be divided into two categories:

- Demographic assumptions (e.g., mortality rates, retirement rates, employment termination rates, disability rates)
- Economic assumptions (e.g., future investment earnings, inflation, salary growth rates)

These assumptions reflect CalPERS' best estimate of future experience of the plan and are long term in nature. We recognize that all assumptions will not be realized in any given year. For example, the investment earnings at CalPERS have averaged 5.5% over the 20 years ending June 30, 2020, yet individual fiscal year returns have ranged from -23.6% to +20.7%. In addition, CalPERS reviews all actuarial assumptions by conducting in-depth experience studies every four years, with the most recent experience study completed in 2017.

Changes Since the Prior **Year's** Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by plan amendment are generally included in the first valuation that is prepared after the amendment becomes effective, even if the valuation date is prior to the effective date of the amendment.

This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to the "Plan's Major Benefit Options" and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

The are no significant changes to the actuarial methods or assumptions for the 2020 actuarial valuation.

Subsequent Events

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of June 30, 2020. Changes in the value of assets subsequent to that date are not reflected. Investment returns below the assumed rate of return will increase future required contributions while investment returns above the assumed rate of return will decrease future required contributions.

CalPERS will be completing an Asset Liability Management (ALM) process in November 2021 that will review the capital market assumptions and the strategic asset allocation and ascertain whether a change in the discount rate and other economic assumptions is warranted. As part of the ALM process the Actuarial Office will be completing an Experience Study to review the demographic experience of the retirement system and make recommendations to modify future assumptions where appropriate.

Furthermore, this valuation does not reflect any impacts from the COVID-19 pandemic on your pension plan. The impact of COVID-19 on retirement plans is not yet known and CalPERS actuaries will continue to monitor the effects and where necessary make future adjustments to actuarial assumptions.

The projected employer contributions on Page 6 are calculated under the assumption that the discount rate remains at 7.0% going forward and that the realized rate of return on assets for fiscal year 2020-21 is 7.0%.

This actuarial valuation report reflects statutory changes, regulatory changes and CalPERS Board actions through January 2021. Any subsequent changes or actions are not reflected.

Assets and Liabilities

- Breakdown of Entry Age Accrued Liability
- **Allocation of Plan's Share of Pool's Experience/Assumption Change**
- **Development of Plan's Share of Pool's** Market Value of Assets
- Schedule of **Plan's** Amortization Bases
- Amortization Schedule and Alternatives
- Employer Contribution History
- Funding History

Breakdown of Entry Age Accrued Liability

Active Members	$0
Transferred Members	0
Terminated Members	63
Members and Beneficiaries Receiving Payments	0
Total	$63

Allocation of Plan's Share of Pool's

Experience/Assumption Change

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The Pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1.	Plan's Accrued Liability	$63
2.	Projected UAL balance at 6/30/2020	1
3.	Pool's Accrued Liability[1]	19,314,480,060
4.	Sum of Pool's Individual Plan UAL Balances at 6/30/2020[1]	4,306,566,797
5.	Pool's 2019/20 Investment (Gain)/Loss[1]	344,968,792
6.	Pool's 2019/20 Non-Investment (Gain)/Loss[1]	60,428,629
7.	Plan's Share of Pool's Investment (Gain)/Loss: [(1) - (2)] ÷ [(3) - (4)] × (5)	1
8.	Plan's Share of Pool's Non-Investment (Gain)/Loss: (1) ÷ (3) × (6)	0
9.	Plan's New (Gain)/Loss as of 6/30/2020: (7) + (8)	2

[1] Does not include plans that transferred to Pool on the valuation date.

Development of the Plan's Share of Pool's Market

Value of Assets

10.	Plan's UAL: (2) + (9)	$2
11.	Plan's Share of Pool's MVA: (1) - (10)	$61

Schedule of **Plan's** Amortization Bases

Note that there is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2020.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: fiscal year 2022-23.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment for the first fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Reason for Base	Date Est.	Ramp Level 2022-23	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/20	Expected Payment 2020-21	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Minimum Required Payment 2022-23
Fresh Start	6/30/20	No Ramp		0.00%	1	2	0	2	1	1	1
Total						2	0	2	1	1	1

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in "Allocation of Plan's Share of Pool's Experience/Assumption Change" earlier in this section. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed a desire for a more stable pattern of payments or have indicated interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a Fresh Start, please consult with your plan actuary.

The Current Amortization Schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over a reasonable period.

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy.

Amortization Schedule and Alternatives (continued)

	Current Amortization Schedule		Alternate Schedules			
			0 Year Amortization		0 Year Amortization	
Date	Balance	Payment	Balance	Payment	Balance	Payment
6/30/2022	1	1	N/A	N/A	N/A	N/A
6/30/2023						
6/30/2024						
6/30/2025						
6/30/2026						
6/30/2027						
6/30/2028						
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6/30/2044						
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
6/30/2050						
6/30/2051						
Total		1		N/A		N/A
Interest Paid		N/A		N/A		N/A
Estimated Savings				N/A		N/A

Employer Contribution History

The table below provides a recent history of the required employer contributions for the plan. The amounts are based on the actuarial valuation from two years prior and does not account for prepayments or benefit changes made during a fiscal year. Additional discretionary payments before July 1, 2019 or after June 30, 2020 are not included.

Fiscal Year	Employer Normal Cost	Unfunded Liability Payment ($)	Additional Discretionary Payments
2017 - 18	6.533%	$0	N/A
2018 - 19	6.842%	8	N/A
2019 - 20	6.985%	0	0
2020 - 21	7.732%	0	
2021 - 22	7.59%	1	
2022 - 23	7.47%	1	

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's market value of assets, unfunded accrued liability, funded ratio, and annual covered payroll.

Valuation Date	Accrued Liability (AL)	**Share of Pool's** Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2015	$47	$45	$2	95.2%	$0
06/30/2016	50	43	7	86.3%	0
06/30/2017	53	47	6	88.2%	0
06/30/2018	56	48	8	84.9%	0
06/30/2019	59	58	1	98.3%	0
06/30/2020	63	61	2	96.8%	0

Risk Analysis

- Future Investment Return Scenarios
- Discount Rate Sensitivity
- Mortality Rate Sensitivity
- Maturity Measures
- Maturity Measures History
- Hypothetical Termination Liability

Future Investment Return Scenarios

Analysis was performed to determine the effects of various future investment returns on required employer contributions. The projections below provide a range of results based on five investment return scenarios assumed to occur during the next four fiscal years (2020-21, 2021-22, 2022-23 and 2023-24). The projections also assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

For fiscal years 2020-21, 2021-22, 2022-23, and 2023-24, each scenario assumes an alternate fixed annual return. The fixed return assumptions for the five scenarios are 1.0%, 4.0%, 7.0%, 9.0% and 12.0%.

These alternate investment returns were chosen based on stochastic analysis of possible future investment returns over the four-year period ending June 30, 2024. Using the expected returns and volatility of the asset classes in which the funds are invested, we produced five thousand stochastic outcomes for this period based on the most recently completed Asset Liability Management process. We then selected annual returns that approximate the 5th, 25th, 50th, 75th, and 95th percentiles for these outcomes. For example, of all the 4-year outcomes generated in the stochastic analysis, approximately 25% had an average annual return of 4.0% or less.

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 1.0% or greater than 12.0% over this four-year period, the likelihood of a single investment return less than 1.0% or greater than 12.0% in any given year is much greater.

Assumed Annual Return From 2020-21 through 2023-24	Projected Employer Contributions			
	2023-24	2024-25	2025-26	2026-27
1.0%				
Normal Cost	7.5%	7.5%	7.5%	7.5%
UAL Contribution	$4	$4	$4	$4
4.0%				
Normal Cost	7.5%	7.5%	7.5%	7.5%
UAL Contribution	$2	$2	$2	$2
7.0%				
Normal Cost	7.5%	7.5%	7.5%	7.5%
UAL Contribution	$0	$0	$0	$0
9.0%				
Normal Cost	7.6%	7.8%	8.0%	7.4%
UAL Contribution	$0	$0	$0	$0
12.0%				
Normal Cost	7.6%	7.8%	8.0%	7.4%
UAL Contribution	$0	$0	$0	$0

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.50% and 2.50%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2020 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 7.0% as well as alternate discount rates of 6.0% and 8.0%. The rates of 6.0% and 8.0% were selected since they illustrate the impact of a 1.0% increase or decrease to the 7.0% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2020	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	6.0%	7.0%	8.0%
Inflation	2.5%	2.5%	2.5%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	17.65%	14.22%	11.59%
b) Accrued Liability	$63	$63	$63
c) Market Value of Assets	$61	$61	$61
d) Unfunded Liability/(Surplus) [(b) - (c)]	$2	$2	$2
e) Funded Status	96.8%	96.8%	96.8%

Sensitivity to the Price Inflation Assumption

As of June 30, 2020	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	6.0%	7.0%	8.0%
Inflation	1.5%	2.5%	3.5%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	15.20%	14.22%	13.05%
b) Accrued Liability	$63	$63	$63
c) Market Value of Assets	$61	$61	$61
d) Unfunded Liability/(Surplus) [(b) - (c)]	$2	$2	$2
e) Funded Status	96.8%	96.8%	96.8%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2020 plan costs and funded status under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2017. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.

As of June 30, 2020	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	14.49%	14.22%	13.97%
b) Accrued Liability	$63	$63	$63
c) Market Value of Assets	$61	$61	$61
d) Unfunded Liability/(Surplus) [(b) - (c)]	$2	$2	$2
e) Funded Status	96.8%	96.8%	96.8%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures are for one rate plan only.

One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio starts increasing. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2019	June 30, 2020
1. Retired Accrued Liability	0	0
2. Total Accrued Liability	59	63
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.00	0.00

Another measure of maturity level of CalPERS and its plans is to look at the ratio of actives to retirees, also called the Support Ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures, and members retire, the ratio starts declining. A mature plan will often have a ratio near or below one. The average support ratio for CalPERS public agency plans is 1.25.

Support Ratio	June 30, 2019	June 30, 2020
1. Number of Actives	0	0
2. Number of Retirees	0	0
3. Support Ratio [(1) / (2)]	N/A	N/A

Maturity Measures (Continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio (AVR)

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Liability Volatility Ratio (LVR)

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to investment return and changes in liability. For example, a plan with LVR ratio of 8 is expected to have twice the contribution volatility of a plan with LVR of 4. It should be noted that this ratio indicates a longer-term potential for contribution volatility. The AVR, described above, will tend to move closer to the LVR as a plan matures.

Contribution Volatility	June 30, 2019	June 30, 2020
1. Market Value of Assets	$58	$61
2. Payroll	0	0
3. Asset Volatility Ratio (AVR) [(1) / (2)]	N/A	N/A
4. Accrued Liability	$59	$63
5. Liability Volatility Ratio (LVR) [(4) / (2)]	N/A	N/A

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	0.00	N/A	N/A	N/A
06/30/2018	0.00	N/A	N/A	N/A
06/30/2019	0.00	N/A	N/A	N/A
06/30/2020	0.00	N/A	N/A	N/A

Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2020. The plan liability on a termination basis is calculated differently compared to the plan's ongoing funding liability. For the hypothetical termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees.

A more conservative investment policy and asset allocation strategy was adopted by the CalPERS Board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate is assumed. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 19-month period from 12 months before the valuation date to 7 months after.

Market Value of Assets (MVA)	Hypothetical Termination Liability[1,2] at 0.75%	Funded Status	Unfunded Termination Liability at 0.75%	Hypothetical Termination Liability[1,2] at 2.50%	Funded Status	Unfunded Termination Liability at 2.50%
$61	$697	8.8%	$636	$337	18.1%	$276

[1] The hypothetical liabilities calculated above include a 5% mortality contingency load in accordance with Board policy. Other actuarial assumptions can be found in Appendix A of the Section 2 report.

[2] The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 1.18% on June 30, 2020, and was 1.68% on January 31, 2021.

In order to terminate the plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. CalPERS advises you to consult with the plan actuary before beginning this process.

Participant Data

The table below shows a summary of your plan's member data upon which this valuation is based:

	June 30, 2019	June 30, 2020
Active Members		
Counts	0	0
Average Attained Age	N/A	0.0
Average Entry Age to Rate Plan	N/A	0.0
Average Years of Credited Service	N/A	0.0
Average Annual Covered Pay	$0	$0
Annual Covered Payroll	$0	$0
Projected Annual Payroll for Contribution Year	$0	$0
Present Value of Future Payroll	$0	$0
Transferred Members	0	0
Separated Members	1	1
Retired Members and Beneficiaries		
Counts*	0	0
Average Annual Benefits*	N/A	$0

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values include community property settlements.

List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- None

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

	Benefit Group	
Member Category	Misc	
Demographics		
Actives	No	
Transfers/Separated	Yes	
Receiving	No	
Benefit Provision		
Benefit Formula	2% @ 62	
Social Security Coverage	No	
Full/Modified	Full	
Employee Contribution Rate		
Final Average Compensation Period	Three Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	No	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	Level 3	
Special	No	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	$500	
Survivor Allowance (PRSA)	No	
COLA	2%	

PEPRA Member Contribution Rates

The California Public Employees' Pension Reform Act of 2013 (PEPRA) established new benefit formulas, final compensation period, and contribution requirements for "new" employees (generally those first hired into a CalPERS-covered position on or after January 1, 2013). In accordance with Government Code Section 7522.30(b), "new members ... shall have an initial contribution rate of at least 50% of the normal cost rate." The normal cost rate is dependent on the plan of retirement benefits, actuarial assumptions and demographics of the risk pool, particularly members' entry age. Should the total normal cost rate change by more than 1% from the base total normal cost rate, the new member rate shall be 50% of the new normal cost rate rounded to the nearest quarter percent.

The table below shows the determination of the PEPRA member contribution rates effective July 1, 2022, based on 50% of the total normal cost rate as of the June 30, 2020 valuation.

		Basis for Current Rate		Rates Effective July 1, 2022			
Rate Plan Identifier	Benefit Group Name	Total Normal Cost	Member Rate	Total Normal Cost	Change	Change Needed	Member Rate
26833	Miscellaneous PEPRA Level	13.735%	6.75%	14.22%	0.485%	No	6.75%

Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Risk Pool Actuarial Valuation Information

Section 2 may be found on the CalPERS website (calpers.ca.gov) in the Forms and Publications section

California Public Employees' Retirement System
Actuarial Office
400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744
888 CalPERS (or **888**-225-7377) | TTY: (877) 249-7442 | **www.calpers.ca.gov**

July 2021

Safety Plan of the Meeks Bay Fire Protection District
(CalPERS ID: 4197922266)
Annual Valuation Report as of June 30, 2020

Dear Employer,

Attached to this letter, you will find the June 30, 2020 actuarial valuation report of your CalPERS pension plan. Provided in this report is the determination of the minimum required employer contributions for fiscal year 2022-23. In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2020.

Section 2 can be found on the CalPERS website (calpers.ca.gov). From the home page, go to "*Forms & Publications*" and select "*View All*". In the search box, enter "*Risk Pool*" and from the results list download the Safety Risk Pool Actuarial Valuation Report for June 30, 2020.

Your June 30, 2020 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your assigned CalPERS staff actuary, whose signature appears in the Actuarial Certification section on page 1, is available to discuss the report with you.

Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth, eligibility for the types of benefits provided, and longevity among retirees. The CalPERS Board of Administration adopts these assumptions after considering the advice of CalPERS actuarial and investment teams and other professionals. Each actuarial valuation reflects all prior differences between actual and assumed experience and adjusts the contribution rates as needed. This valuation is based on an investment return assumption of 7.0% which was adopted by the board in December 2016. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017.

Required Contribution

The exhibit below displays the minimum employer contributions for fiscal year 2022-23 along with estimates of the required contributions for fiscal year 2023-24. Member contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. The employer contributions in this report do not reflect any cost sharing arrangements you may have with your employees.

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability
2022-23	0.00%	$196,225
Projected Results		
2023-24	*0.0%*	*$206,000*

The actual investment return for fiscal year 2020-21 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 7.00%. *To the extent the actual investment return for fiscal year 2020-21 differs from 7.00%, the actual contribution requirements for fiscal year 2023-24 will differ from those shown above.* For additional details regarding the assumptions and methods used for these projections please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section. This section also contains projected required contributions through fiscal year 2027-28.

Changes from Previous **Year's Valuation**

There are no significant changes in actuarial assumptions or policies in your 2020 actuarial valuation. Your annual valuation report is an important tool for monitoring the health of your CalPERS pension plan. Your report contains useful information about future required contributions and ways to control your plan's funding progress. In addition to your annual actuarial report my office has developed tools for employers to plan, project and protect the retirement benefits of your employees. Pension Outlook is a tool to help plan and budget pension costs into the future with easy to understand results and charts.

You will be able to view the projected funded status and required employer contributions for pension plans in different potential scenarios for up to 30 years into the future — which will make budgeting more predictable. While Pension Outlook can't predict the future, it can provide valuable planning information based on a variety of future scenarios that you select.

Pension Outlook can help you answer specific questions about your plans, including:

- When is my plan's funded status expected to increase?
- What happens to my required contributions in a down market?
- How does the discount rate assumption affect my contributions?
- What is the impact of making an additional discretionary payment to my plan?

To get started, visit our Pension Outlook page at www.calpers.ca.gov/page/employers/actuarial-resources/pension-outlook-overview and take the steps to register online.

CalPERS will be completing an Asset Liability Management (ALM) review process in November 2021 that will review the capital market assumptions and the strategic asset allocation and ascertain whether a change in the discount rate and other economic assumptions is warranted. In addition, the Actuarial Office will be completing its Experience Study to review the demographic experience within the pension system and make recommendations to modify future assumptions where appropriate.

Furthermore, this valuation does not reflect any impacts from the COVID-19 pandemic on your pension plan. The impact of COVID-19 on retirement plans is not yet known and CalPERS actuaries will continue to monitor the effects and where necessary make future adjustments to actuarial assumptions.

Further descriptions of general changes are included in the "Highlights and Executive Summary" section and in Appendix A of the Section 2 report, "Actuarial Methods and Assumptions."

Questions

We understand that you might have questions about these results, and your assigned CalPERS actuary whose signature is on the valuation report is available to discuss. If you have other questions, you may call the Customer Contact Center at (888)-CalPERS or (888-225-7377).

Sincerely,

SCOTT TERANDO, ASA, EA, MAAA, FCA, CFA
Chief Actuary

Actuarial Valuation
as of June 30, 2020

for the
Safety Plan
of the
Meeks Bay Fire Protection District
(CalPERS ID: 4197922266)

Required Contributions
for Fiscal Year
July 1, 2022 - June 30, 2023

Table of Contents

Section 1 – Plan Specific Information

Section 2 – Risk Pool Actuarial Valuation Information

Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Specific Information for the Safety Plan of the Meeks Bay Fire Protection District

(CalPERS ID: 4197922266)
(Rate Plan ID: 1286)

Table of Contents

Actuarial Certification 1

Highlights and Executive Summary

- Introduction 3
- Purpose of Section 1 3
- Required Employer Contributions 4
- Additional Discretionary Employer Contributions 5
- Plan's Funded Status 6
- Projected Employer Contributions 6
- Other Pooled Safety Risk Pool Rate Plans 7
- Cost 8
- Changes Since the Prior Year's Valuation 9
- Subsequent Events 9

Assets and Liabilities

- Breakdown of Entry Age Accrued Liability 11
- Allocation of Plan's Share of Pool's Experience/Assumption Change 11
- Development of Plan's Share of Pool's Market Value of Assets 11
- Schedule of Plan's Amortization Bases 12
- Amortization Schedule and Alternatives 14
- Employer Contribution History 16
- Funding History 16

Risk Analysis

- Future Investment Return Scenarios 18
- Discount Rate Sensitivity 19
- Mortality Rate Sensitivity 19
- Maturity Measures 20
- Maturity Measures History 21
- Hypothetical Termination Liability 22

Participant Data 23

List of Class 1 Benefit Provisions 23

Plan's Major Benefit Options 24

Actuarial Certification

Section 1 of this report is based on the member and financial data contained in our records as of June 30, 2020 which was provided by your agency and the benefit provisions under your contract with CalPERS. Section 2 of this report is based on the member and financial data as of June 30, 2020 provided by employers participating in the Safety Risk Pool to which the plan belongs and benefit provisions under the CalPERS contracts for those agencies.

As set forth in Section 2 of this report, the pool actuaries have certified that, in their opinion, the valuation of the risk pool containing your Safety Plan has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the plan, it is my opinion as the plan actuary that the Unfunded Accrued Liability amortization bases as of June 30, 2020 and employer contribution as of July 1, 2022 have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary who satisfies the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States with regard to pensions.

PAUL TSCHIDA, FSA, EA, MAAA
Senior Pension Actuary, CalPERS

Highlights and Executive Summary

- Introduction
- Purpose of Section 1
- Required Employer Contributions
- Additional Discretionary Employer Contributions
- **Plan's Funded S**tatus
- Projected Employer Contributions
- Other Pooled Safety Risk Pool Rate Plans
- Cost
- Changes Since the Prior Year**'s V**aluation
- Subsequent Events

Introduction

This report presents the results of the June 30, 2020 actuarial valuation of the Safety Plan of the Meeks Bay Fire Protection District of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the required employer contributions for fiscal year 2022-23.

Purpose of Section 1

This Section 1 report for the Safety Plan of the Meeks Bay Fire Protection District of CalPERS was prepared by the plan actuary in order to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2020;
- Determine the minimum required employer contribution for this plan for the fiscal year July 1, 2022 through June 30, 2023; and
- Provide actuarial information as of June 30, 2020 to the CalPERS Board of Administration and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website.

The measurements shown in this actuarial valuation may not be applicable for other purposes. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; and changes in plan provisions or applicable law.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the recommendations of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 6.0% and 8.0%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post- retirement mortality assumptions adopted in 2017.
- Pension Plan maturity measures quantifying the risks the employer bears.

Required Employer Contributions

Required Employer Contributions	Fiscal Year 2022-23
Employer Normal Cost Rate	0.00%
Plus	
Required Payment on Amortization Bases[1]	$196,225
Paid either as	
1) Monthly Payment	$16,352.08
Or	
2) Annual Prepayment Option*	$189,698

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).

** Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).*

	Fiscal Year 2021-22	Fiscal Year 2022-23
Development of Normal Cost as a Percentage of Payroll		
Base Total Normal Cost for Formula	0.00%	0.00%
Surcharge for Class 1 Benefits[2]		
None	0.00%	0.00%
Phase out of Normal Cost Difference[3]	0.00%	0.00%
Plan's Total Normal Cost	0.00%	0.00%
Formula's Expected Employee Contribution Rate	0.00%	0.00%
Employer Normal Cost Rate	0.00%	0.00%

[1] The required payment on amortization bases does not take into account any additional discretionary payment made after April 30, 2021.

[2] Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

[3] The normal cost change is phased out over a five-year period in accordance with the CalPERS contribution allocation policy.

Additional Discretionary Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for the 2022-23 fiscal year is $196,225. CalPERS allows employers to make additional discretionary payments (ADPs) at any time and in any amount. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Employers can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during fiscal year 2022-23 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see the "Amortization Schedule and Alternatives" section of the report.

If you are considering making an ADP, please contact your actuary for additional information.

Minimum Required Employer Contribution for Fiscal Year 2022-23

Estimated Normal Cost	Minimum UAL Payment	ADP	Total UAL Contribution	Estimated Total Contribution
$0	$196,225	$0	$196,225	$196,225

Alternative Fiscal Year 2022-23 Employer Contributions for Greater UAL Reduction

Funding Target	Estimated Normal Cost	Minimum UAL Payment	ADP[1]	Total UAL Contribution	Estimated Total Contribution
15 years	$0	$196,225	$29,983	$226,208	$226,208
10 years	$0	$196,225	$97,113	$293,338	$293,338
5 years	$0	$196,225	$306,259	$502,484	$502,484

[1] The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

Note that the calculations above are based on the projected Unfunded Accrued Liability as of June 30, 2022 as determined in the June 30, 2020 actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Plan's Funded Status

	June 30, 2019	June 30, 2020
1. Present Value of Projected Benefits (PVB)	$7,353,225	$7,490,798
2. Entry Age Accrued Liability (AL)	7,353,225	7,490,798
3. Plan's Market Value of Assets (MVA)	5,366,273	5,326,232
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	1,986,952	2,164,566
5. Funded Ratio [(3) / (2)]	73.0%	71.1%

This measure of funded status is an assessment of the need for future employer contributions based on the selected actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. For a measure of funded status that is appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. Actual contribution rates during this projection period could be significantly higher or lower than the projection shown below.

	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2020-21)				
Fiscal Year	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	Rate Plan 1286 Results					
Normal Cost %	0.00%	0.0%	0.0%	0.0%	0.0%	0.0%
UAL Payment	$196,225	$206,000	$215,000	$219,000	$222,000	$222,000

For some sources of UAL, the change in UAL is amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large increase in UAL, the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section.

Our online pension plan modeling and projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook is a tool to help plan and budget pension costs into the future with results and charts that are easy to understand.

Other Pooled Safety Risk Pool Rate Plans

All of the results presented in this Section 1 report, except those shown below, correspond to rate plan 1286. In many cases, employers have additional rate plans within the same risk pool. For cost analysis and budgeting it is useful to consider contributions for these rate plans as a whole rather than individually. The estimated contribution amounts and rates for all of the employer's rate plans in the Safety Risk Pool are shown below and assume that the payroll for each rate plan will grow according to the overall payroll growth assumption of 2.75% per year for three years.

	Fiscal Year 2021-22	Fiscal Year 2022-23
Estimated Combined Employer Contributions for all Pooled Safety Rate Plans		
Projected Payroll for the Contribution Year	$0	$0
Estimated Employer Normal Cost	$0	$0
Required Payment on Amortization Bases	177,249	198,688
Estimated Total Employer Contributions	$177,249	$198,688
Estimated Total Employer Contribution Rate (illustrative only)	0.00%	0.00%

Cost

Actuarial Determination of Pension Plan Cost

Contributions to fund the pension plan are comprised of two components:

- Normal Cost, expressed as a percentage of total active payroll
- Amortization of the Unfunded Accrued Liability (UAL), expressed as a dollar amount

For fiscal years prior to 2016-17, the Amortization of UAL component was expressed as a percentage of total active payroll. Starting with fiscal year 2016-17, the Amortization of UAL component was expressed as a dollar amount and invoiced on a monthly basis. There continues to be an option to prepay this amount during July of each fiscal year.

The Normal Cost component is expressed as a percentage of active payroll with employer and employee contributions payable as part of the regular payroll reporting process.

The determination of both components requires complex actuarial calculations. The calculations are based on a set of actuarial assumptions which can be divided into two categories:

- Demographic assumptions (e.g., mortality rates, retirement rates, employment termination rates, disability rates)
- Economic assumptions (e.g., future investment earnings, inflation, salary growth rates)

These assumptions reflect CalPERS' best estimate of future experience of the plan and are long term in nature. We recognize that all assumptions will not be realized in any given year. For example, the investment earnings at CalPERS have averaged 5.5% over the 20 years ending June 30, 2020, yet individual fiscal year returns have ranged from -23.6% to +20.7%. In addition, CalPERS reviews all actuarial assumptions by conducting in-depth experience studies every four years, with the most recent experience study completed in 2017.

Changes Since the Prior **Year's** Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by plan amendment are generally included in the first valuation that is prepared after the amendment becomes effective, even if the valuation date is prior to the effective date of the amendment.

This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to the "Plan's Major Benefit Options" and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

The are no significant changes to the actuarial methods or assumptions for the 2020 actuarial valuation.

Subsequent Events

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of June 30, 2020. Changes in the value of assets subsequent to that date are not reflected. Investment returns below the assumed rate of return will increase future required contributions while investment returns above the assumed rate of return will decrease future required contributions.

CalPERS will be completing an Asset Liability Management (ALM) process in November 2021 that will review the capital market assumptions and the strategic asset allocation and ascertain whether a change in the discount rate and other economic assumptions is warranted. As part of the ALM process the Actuarial Office will be completing an Experience Study to review the demographic experience of the retirement system and make recommendations to modify future assumptions where appropriate.

Furthermore, this valuation does not reflect any impacts from the COVID-19 pandemic on your pension plan. The impact of COVID-19 on retirement plans is not yet known and CalPERS actuaries will continue to monitor the effects and where necessary make future adjustments to actuarial assumptions.

The projected employer contributions on Page 6 are calculated under the assumption that the discount rate remains at 7.0% going forward and that the realized rate of return on assets for fiscal year 2020-21 is 7.0%.

This actuarial valuation report reflects statutory changes, regulatory changes and CalPERS Board actions through January 2021. Any subsequent changes or actions are not reflected.

Assets and Liabilities

- Breakdown of Entry Age Accrued Liability
- **Allocation of Plan's Share of Pool's Experience/Assumption Change**
- **Development of Plan's Share of Pool's** Market Value of Assets
- Schedule of **Plan's** Amortization Bases
- Amortization Schedule and Alternatives
- Employer Contribution History
- Funding History

Breakdown of Entry Age Accrued Liability

Active Members	$0
Transferred Members	2,284,629
Terminated Members	106,836
Members and Beneficiaries Receiving Payments	5,099,333
Total	$7,490,798

Allocation of Plan's Share of Pool's

Experience/Assumption Change

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The Pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1.	Plan's Accrued Liability	$7,490,798
2.	Projected UAL balance at 6/30/2020	2,016,369
3.	Pool's Accrued Liability[1]	25,304,654,410
4.	Sum of Pool's Individual Plan UAL Balances at 6/30/2020[1]	6,693,257,955
5.	Pool's 2019/20 Investment (Gain)/Loss[1]	427,980,555
6.	Pool's 2019/20 Non-Investment (Gain)/Loss[1]	75,360,952
7.	Plan's Share of Pool's Investment (Gain)/Loss: [(1) - (2)] ÷ [(3) - (4)] × (5)	125,888
8.	Plan's Share of Pool's Non-Investment (Gain)/Loss: (1) ÷ (3) × (6)	22,309
9.	Plan's New (Gain)/Loss as of 6/30/2020: (7) + (8)	148,197

[1] Does not include plans that transferred to Pool on the valuation date.

Development of the Plan's Share of Pool's Market

Value of Assets

10.	Plan's UAL: (2) + (9)	$2,164,566
11.	Plan's Share of Pool's MVA: (1) - (10)	$5,326,232

Schedule of **Plan's** Amortization Bases

Note that there is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2020.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: fiscal year 2022-23.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment for the first fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Reason for Base	Date Est.	Ramp Level 2022-23	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/20	Expected Payment 2020-21	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Minimum Required Payment 2022-23
Share of Pre-2013 Pool UAL	6/30/13	No Ramp		0.00%	15	449,021	44,461	434,462	44,461	418,884	44,461
Non-Investment (Gain)/Loss	6/30/13	100%	Up/Down	0.00%	23	(42,600)	(3,658)	(41,798)	(3,658)	(40,940)	(3,658)
Investment (Gain)/Loss	6/30/13	100%	Up/Down	0.00%	23	700,977	60,192	687,782	60,192	673,664	60,192
Non-Investment (Gain)/Loss	6/30/14	100%	Up/Down	0.00%	24	6,818	575	6,700	575	6,574	575
Investment (Gain)/Loss	6/30/14	100%	Up/Down	0.00%	24	(575,991)	(48,604)	(566,034)	(48,604)	(555,380)	(48,604)
Assumption Change	6/30/14	100%	Up/Down	0.00%	14	355,409	39,402	339,530	39,402	322,539	39,402
Non-Investment (Gain)/Loss	6/30/15	100%	Up/Down	0.00%	25	(1,239)	(84)	(1,239)	(105)	(1,217)	(105)
Investment (Gain)/Loss	6/30/15	100%	Up/Down	0.00%	25	354,395	23,928	354,451	29,910	348,323	29,910
Non-Investment (Gain)/Loss	6/30/16	100%	Up/Down	0.00%	26	(71,375)	(3,675)	(72,570)	(4,900)	(72,581)	(6,125)
Investment (Gain)/Loss	6/30/16	100%	Up/Down	0.00%	26	458,325	23,597	465,999	31,463	466,073	39,329
Assumption Change	6/30/16	100%	Up/Down	0.00%	16	130,757	8,545	131,071	11,393	128,461	14,242
Non-Investment (Gain)/Loss	6/30/17	80%	Up/Down	0.00%	27	5,239	186	5,413	279	5,503	372
Investment (Gain)/Loss	6/30/17	80%	Up/Down	0.00%	27	(214,842)	(7,620)	(221,999)	(11,430)	(225,716)	(15,240)
Assumption Change	6/30/17	80%	Up/Down	0.00%	17	154,016	6,870	157,691	10,305	158,070	13,740
Non-Investment (Gain)/Loss	6/30/18	60%	Up/Down	0.00%	28	28,998	540	30,469	1,081	31,484	1,621
Investment (Gain)/Loss	6/30/18	60%	Up/Down	0.00%	28	(62,650)	(1,167)	(65,828)	(2,335)	(68,021)	(3,502)
Assumption Change	6/30/18	60%	Up/Down	0.00%	18	226,433	5,282	236,820	10,564	242,470	15,845
Method Change	6/30/18	60%	Up/Down	0.00%	18	53,240	1,242	55,682	2,484	57,010	3,726
Non-Investment (Gain)/Loss	6/30/19	No Ramp		0.00%	19	33,186	0	35,509	3,240	34,643	3,240

Schedule of Plan's Amortization Bases (continued)

Reason for Base	Date Est.	Ramp Level 2022-23	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/20	Expected Payment 2020-21	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Minimum Required Payment 2022-23
Investment (Gain)/Loss	6/30/19	40%	Up Only	0.00%	19	28,252	0	30,230	661	31,662	1,322
Non-Investment (Gain)/Loss	6/30/20	No Ramp		0.00%	20	22,309	0	23,871	0	25,542	2,331
Investment (Gain)/Loss	6/30/20	20%	Up Only	0.00%	20	125,888	0	134,700	0	144,129	3,151
Total						2,164,566	150,012	2,160,912	174,978	2,131,176	196,225

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in "Allocation of Plan's Share of Pool's Experience/Assumption Change" earlier in this section. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed a desire for a more stable pattern of payments or have indicated interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a Fresh Start, please consult with your plan actuary.

The Current Amortization Schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over a reasonable period.

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy.

Amortization Schedule and Alternatives (continued)

	Current Amortization Schedule		Alternate Schedules			
			15 Year Amortization		10 Year Amortization	
Date	Balance	Payment	Balance	Payment	Balance	Payment
6/30/2022	2,131,176	196,225	2,131,176	226,208	2,131,176	293,338
6/30/2023	2,077,380	205,649	2,046,367	226,208	1,976,927	293,338
6/30/2024	2,010,070	215,359	1,955,621	226,208	1,811,881	293,338
6/30/2025	1,928,006	219,173	1,858,523	226,208	1,635,281	293,338
6/30/2026	1,836,255	222,327	1,754,628	226,208	1,446,319	293,338
6/30/2027	1,734,816	222,324	1,643,461	226,208	1,244,130	293,339
6/30/2028	1,626,281	222,324	1,524,512	226,209	1,027,787	293,338
6/30/2029	1,510,145	222,325	1,397,235	226,208	796,301	293,339
6/30/2030	1,385,880	222,320	1,261,050	226,208	548,610	293,338
6/30/2031	1,252,922	222,324	1,115,332	226,209	283,582	293,340
6/30/2032	1,110,653	214,445	959,413	226,209		
6/30/2033	966,575	206,560	792,580	226,209		
6/30/2034	820,566	195,835	614,068	226,208		
6/30/2035	675,433	181,668	423,061	226,208		
6/30/2036	534,794	160,987	218,684	226,208		
6/30/2037	405,702	103,717				
6/30/2038	326,815	90,907				
6/30/2039	255,656	80,948				
6/30/2040	189,821	74,428				
6/30/2041	126,120	56,573				
6/30/2042	76,428	36,785				
6/30/2043	43,727	29,123				
6/30/2044	16,664	14,823				
6/30/2045	2,496	2,582				
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
6/30/2050						
6/30/2051						
Total		3,619,731		3,393,124		2,933,384
Interest Paid		1,488,555		1,261,948		802,208
Estimated Savings				226,607		686,347

Employer Contribution History

The table below provides a recent history of the required employer contributions for the plan. The amounts are based on the actuarial valuation from two years prior and does not account for prepayments or benefit changes made during a fiscal year. Additional discretionary payments before July 1, 2019 or after June 30, 2020 are not included.

Fiscal Year	Employer Normal Cost	Unfunded Liability Payment ($)	Additional Discretionary Payments
2016 - 17	17.689%	$49,681	N/A
2017 - 18	17.875%	63,241	N/A
2018 - 19	18.677%	83,761	N/A
2019 - 20	20.073%	106,017	0
2020 - 21	0.000%	150,012	
2021 - 22	0.00%	174,978	
2022 - 23	0.00%	196,225	

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's market value of assets, unfunded accrued liability, funded ratio, and annual covered payroll.

Valuation Date	Accrued Liability (AL)	**Share of Pool's** Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2011	$4,273,961	$3,430,947	$843,014	80.3%	$546,254
06/30/2012	4,627,313	3,507,357	1,119,956	75.8%	530,975
06/30/2013	4,906,195	3,953,820	952,375	80.6%	567,875
06/30/2014	5,752,257	4,912,760	839,497	85.4%	424,550
06/30/2015	6,086,451	4,946,857	1,139,594	81.3%	286,273
06/30/2016	6,646,982	5,052,653	1,594,329	76.0%	197,824
06/30/2017	6,852,158	5,235,328	1,616,830	76.4%	0
06/30/2018	7,207,577	5,322,426	1,885,151	73.8%	0
06/30/2019	7,353,225	5,366,273	1,986,952	73.0%	0
06/30/2020	7,490,798	5,326,232	2,164,566	71.1%	0

Risk Analysis

- Future Investment Return Scenarios
- Discount Rate Sensitivity
- Mortality Rate Sensitivity
- Maturity Measures
- Maturity Measures History
- Hypothetical Termination Liability

Future Investment Return Scenarios

Analysis was performed to determine the effects of various future investment returns on required employer contributions. The projections below provide a range of results based on five investment return scenarios assumed to occur during the next four fiscal years (2020-21, 2021-22, 2022-23 and 2023-24). The projections also assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

For fiscal years 2020-21, 2021-22, 2022-23, and 2023-24, each scenario assumes an alternate fixed annual return. The fixed return assumptions for the five scenarios are 1.0%, 4.0%, 7.0%, 9.0% and 12.0%.

These alternate investment returns were chosen based on stochastic analysis of possible future investment returns over the four-year period ending June 30, 2024. Using the expected returns and volatility of the asset classes in which the funds are invested, we produced five thousand stochastic outcomes for this period based on the most recently completed Asset Liability Management process. We then selected annual returns that approximate the 5th, 25th, 50th, 75th, and 95th percentiles for these outcomes. For example, of all the 4-year outcomes generated in the stochastic analysis, approximately 25% had an average annual return of 4.0% or less.

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 1.0% or greater than 12.0% over this four-year period, the likelihood of a single investment return less than 1.0% or greater than 12.0% in any given year is much greater.

Assumed Annual Return From 2020-21 through 2023-24	Projected Employer Contributions			
	2023-24	2024-25	2025-26	2026-27
1.0%				
Normal Cost	0.0%	0.0%	0.0%	0.0%
UAL Contribution	$214,000	$239,000	$267,000	$302,000
4.0%				
Normal Cost	0.0%	0.0%	0.0%	0.0%
UAL Contribution	$210,000	$227,000	$244,000	$263,000
7.0%				
Normal Cost	0.0%	0.0%	0.0%	0.0%
UAL Contribution	$206,000	$215,000	$219,000	$222,000
9.0%				
Normal Cost	0.0%	0.0%	0.0%	0.0%
UAL Contribution	$203,000	$209,000	$208,000	$203,000
12.0%				
Normal Cost	0.0%	0.0%	0.0%	0.0%
UAL Contribution	$200,000	$197,000	$182,000	$158,000

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.50% and 2.50%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2020 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 7.0% as well as alternate discount rates of 6.0% and 8.0%. The rates of 6.0% and 8.0% were selected since they illustrate the impact of a 1.0% increase or decrease to the 7.0% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2020	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	6.0%	7.0%	8.0%
Inflation	2.5%	2.5%	2.5%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	0.00%	0.00%	0.00%
b) Accrued Liability	$8,403,948	$7,490,798	$6,730,327
c) Market Value of Assets	$5,326,232	$5,326,232	$5,326,232
d) Unfunded Liability/(Surplus) [(b) - (c)]	$3,077,716	$2,164,566	$1,404,095
e) Funded Status	63.4%	71.1%	79.1%

Sensitivity to the Price Inflation Assumption

As of June 30, 2020	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	6.0%	7.0%	8.0%
Inflation	1.5%	2.5%	3.5%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	0.00%	0.00%	0.00%
b) Accrued Liability	$7,882,589	$7,490,798	$6,982,027
c) Market Value of Assets	$5,326,232	$5,326,232	$5,326,232
d) Unfunded Liability/(Surplus) [(b) - (c)]	$2,556,357	$2,164,566	$1,655,795
e) Funded Status	67.6%	71.1%	76.3%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2020 plan costs and funded status under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2017. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.

As of June 30, 2020	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	0.00%	0.00%	0.00%
b) Accrued Liability	$7,630,379	$7,490,798	$7,361,566
c) Market Value of Assets	$5,326,232	$5,326,232	$5,326,232
d) Unfunded Liability/(Surplus) [(b) - (c)]	$2,304,147	$2,164,566	$2,035,334
e) Funded Status	69.8%	71.1%	72.4%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures are for one rate plan only.

One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio starts increasing. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2019	June 30, 2020
1. Retired Accrued Liability	5,021,910	5,099,333
2. Total Accrued Liability	7,353,225	7,490,798
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.68	0.68

Another measure of maturity level of CalPERS and its plans is to look at the ratio of actives to retirees, also called the Support Ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures, and members retire, the ratio starts declining. A mature plan will often have a ratio near or below one. The average support ratio for CalPERS public agency plans is 1.25.

Support Ratio	June 30, 2019	June 30, 2020
1. Number of Actives	0	0
2. Number of Retirees	8	9
3. Support Ratio [(1) / (2)]	0.00	0.00

Maturity Measures (Continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio (AVR)

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Liability Volatility Ratio (LVR)

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to investment return and changes in liability. For example, a plan with LVR ratio of 8 is expected to have twice the contribution volatility of a plan with LVR of 4. It should be noted that this ratio indicates a longer-term potential for contribution volatility. The AVR, described above, will tend to move closer to the LVR as a plan matures.

Contribution Volatility	June 30, 2019	June 30, 2020
1. Market Value of Assets	$5,366,273	$5,326,232
2. Payroll	0	0
3. Asset Volatility Ratio (AVR) [(1) / (2)]	N/A	N/A
4. Accrued Liability	$7,353,225	$7,490,798
5. Liability Volatility Ratio (LVR) [(4) / (2)]	N/A	N/A

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	0.70	0.00	N/A	N/A
06/30/2018	0.69	0.00	N/A	N/A
06/30/2019	0.68	0.00	N/A	N/A
06/30/2020	0.68	0.00	N/A	N/A

Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2020. The plan liability on a termination basis is calculated differently compared to the plan's ongoing funding liability. For the hypothetical termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees.

A more conservative investment policy and asset allocation strategy was adopted by the CalPERS Board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate is assumed. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 19-month period from 12 months before the valuation date to 7 months after.

Market Value of Assets (MVA)	Hypothetical Termination Liability[1,2] at 0.75%	Funded Status	Unfunded Termination Liability at 0.75%	Hypothetical Termination Liability[1,2] at 2.50%	Funded Status	Unfunded Termination Liability at 2.50%
$5,326,232	$17,244,573	30.9%	$11,918,341	$13,622,860	39.1%	$8,296,628

[1] The hypothetical liabilities calculated above include a 5% mortality contingency load in accordance with Board policy. Other actuarial assumptions can be found in Appendix A of the Section 2 report.

[2] The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 1.18% on June 30, 2020, and was 1.68% on January 31, 2021.

In order to terminate the plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. CalPERS advises you to consult with the plan actuary before beginning this process.

Participant Data

The table below shows a summary of your plan's member data upon which this valuation is based:

	June 30, 2019	June 30, 2020
Active Members		
Counts	0	0
Average Attained Age	N/A	0.0
Average Entry Age to Rate Plan	N/A	0.0
Average Years of Credited Service	N/A	0.0
Average Annual Covered Pay	$0	$0
Annual Covered Payroll	$0	$0
Projected Annual Payroll for Contribution Year	$0	$0
Present Value of Future Payroll	$0	$0
Transferred Members	11	10
Separated Members	3	3
Retired Members and Beneficiaries		
Counts*	8	9
Average Annual Benefits*	N/A	$40,464

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values include community property settlements.

List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- None

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

	Benefit Group		
Member Category	Fire	Fire	
Demographics			
Actives	No	No	
Transfers/Separated	Yes	No	
Receiving	Yes	Yes	
Benefit Provision			
Benefit Formula	3% @ 55		
Social Security Coverage	No		
Full/Modified	Full		
Employee Contribution Rate			
Final Average Compensation Period	One Year		
Sick Leave Credit	Yes		
Non-Industrial Disability	Standard		
Industrial Disability	Standard		
Pre-Retirement Death Benefits			
Optional Settlement 2	Yes		
1959 Survivor Benefit Level	No		
Special	Yes		
Alternate (firefighters)	No		
Post-Retirement Death Benefits			
Lump Sum	$500	$500	
Survivor Allowance (PRSA)	No	No	
COLA	2%	2%	

Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Risk Pool Actuarial Valuation Information

Section 2 may be found on the CalPERS website (calpers.ca.gov) in the Forms and Publications section

California Public Employees' Retirement System
Actuarial Office
400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744
888 CalPERS (or **888**-225-7377) | TTY: (877) 249-7442 | **www.calpers.ca.gov**

July 2021

Safety Fire Second Tier Plan of the Meeks Bay Fire Protection District
(CalPERS ID: 4197922266)
Annual Valuation Report as of June 30, 2020

Dear Employer,

Attached to this letter, you will find the June 30, 2020 actuarial valuation report of your CalPERS pension plan. Provided in this report is the determination of the minimum required employer contributions for fiscal year 2022-23. In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2020.

Section 2 can be found on the CalPERS website (calpers.ca.gov). From the home page, go to "*Forms & Publications*" and select "*View All*". In the search box, enter "*Risk Pool*" and from the results list download the Safety Risk Pool Actuarial Valuation Report for June 30, 2020.

Your June 30, 2020 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your assigned CalPERS staff actuary, whose signature appears in the Actuarial Certification section on page 1, is available to discuss the report with you.

Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth, eligibility for the types of benefits provided, and longevity among retirees. The CalPERS Board of Administration adopts these assumptions after considering the advice of CalPERS actuarial and investment teams and other professionals. Each actuarial valuation reflects all prior differences between actual and assumed experience and adjusts the contribution rates as needed. This valuation is based on an investment return assumption of 7.0% which was adopted by the board in December 2016. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017.

Required Contribution

The exhibit below displays the minimum employer contributions for fiscal year 2022-23 along with estimates of the required contributions for fiscal year 2023-24. Member contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. The employer contributions in this report do not reflect any cost sharing arrangements you may have with your employees.

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability
2022-23	0.00%	$666
Projected Results		
2023-24	*0.0%*	*$670*

The actual investment return for fiscal year 2020-21 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 7.00%. *To the extent the actual investment return for fiscal year 2020-21 differs from 7.00%, the actual contribution requirements for fiscal year 2023-24 will differ from those shown above.* For additional details regarding the assumptions and methods used for these projections please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section. This section also contains projected required contributions through fiscal year 2027-28.

Changes from Previous **Year's Valuation**

There are no significant changes in actuarial assumptions or policies in your 2020 actuarial valuation. Your annual valuation report is an important tool for monitoring the health of your CalPERS pension plan. Your report contains useful information about future required contributions and ways to control your plan's funding progress. In addition to your annual actuarial report my office has developed tools for employers to plan, project and protect the retirement benefits of your employees. Pension Outlook is a tool to help plan and budget pension costs into the future with easy to understand results and charts.

You will be able to view the projected funded status and required employer contributions for pension plans in different potential scenarios for up to 30 years into the future — which will make budgeting more predictable. While Pension Outlook can't predict the future, it can provide valuable planning information based on a variety of future scenarios that you select.

Pension Outlook can help you answer specific questions about your plans, including:

- When is my plan's funded status expected to increase?
- What happens to my required contributions in a down market?
- How does the discount rate assumption affect my contributions?
- What is the impact of making an additional discretionary payment to my plan?

To get started, visit our Pension Outlook page at www.calpers.ca.gov/page/employers/actuarial-resources/pension-outlook-overview and take the steps to register online.

CalPERS will be completing an Asset Liability Management (ALM) review process in November 2021 that will review the capital market assumptions and the strategic asset allocation and ascertain whether a change in the discount rate and other economic assumptions is warranted. In addition, the Actuarial Office will be completing its Experience Study to review the demographic experience within the pension system and make recommendations to modify future assumptions where appropriate.

Furthermore, this valuation does not reflect any impacts from the COVID-19 pandemic on your pension plan. The impact of COVID-19 on retirement plans is not yet known and CalPERS actuaries will continue to monitor the effects and where necessary make future adjustments to actuarial assumptions.

Further descriptions of general changes are included in the "Highlights and Executive Summary" section and in Appendix A of the Section 2 report, "Actuarial Methods and Assumptions."

Questions

We understand that you might have questions about these results, and your assigned CalPERS actuary whose signature is on the valuation report is available to discuss. If you have other questions, you may call the Customer Contact Center at (888)-CalPERS or (888-225-7377).

Sincerely,

SCOTT TERANDO, ASA, EA, MAAA, FCA, CFA
Chief Actuary

Actuarial Valuation
as of June 30, 2020

for the
Safety Fire Second Tier Plan
of the
Meeks Bay Fire Protection District
(CalPERS ID: 4197922266)

Required Contributions
for Fiscal Year
July 1, 2022 - June 30, 2023

Table of Contents

Section 1 – Plan Specific Information

Section 2 – Risk Pool Actuarial Valuation Information

Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Specific Information for the Safety Fire Second Tier Plan of the Meeks Bay Fire Protection District

(CalPERS ID: 4197922266)
(Rate Plan ID: 30020)

Table of Contents

Actuarial Certification 1

Highlights and Executive Summary

- Introduction 3
- Purpose of Section 1 3
- Required Employer Contributions 4
- Additional Discretionary Employer Contributions 5
- Plan's Funded Status 6
- Projected Employer Contributions 6
- Other Pooled Safety Risk Pool Rate Plans 7
- Cost 8
- Changes Since the Prior Year's Valuation 9
- Subsequent Events 9

Assets and Liabilities

- Breakdown of Entry Age Accrued Liability 11
- Allocation of Plan's Share of Pool's Experience/Assumption Change 11
- Development of Plan's Share of Pool's Market Value of Assets 11
- Schedule of Plan's Amortization Bases 12
- Amortization Schedule and Alternatives 13
- Employer Contribution History 15
- Funding History 15

Risk Analysis

- Future Investment Return Scenarios 17
- Discount Rate Sensitivity 18
- Mortality Rate Sensitivity 18
- Maturity Measures 19
- Maturity Measures History 20
- Hypothetical Termination Liability 21

Participant Data 22

List of Class 1 Benefit Provisions 22

Plan's Major Benefit Options 23

Actuarial Certification

Section 1 of this report is based on the member and financial data contained in our records as of June 30, 2020 which was provided by your agency and the benefit provisions under your contract with CalPERS. Section 2 of this report is based on the member and financial data as of June 30, 2020 provided by employers participating in the Safety Risk Pool to which the plan belongs and benefit provisions under the CalPERS contracts for those agencies.

As set forth in Section 2 of this report, the pool actuaries have certified that, in their opinion, the valuation of the risk pool containing your Safety Fire Second Tier Plan has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the plan, it is my opinion as the plan actuary that the Unfunded Accrued Liability amortization bases as of June 30, 2020 and employer contribution as of July 1, 2022 have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary who satisfies the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States with regard to pensions.

PAUL TSCHIDA, FSA, EA, MAAA
Senior Pension Actuary, CalPERS

Highlights and Executive Summary

- Introduction
- Purpose of Section 1
- Required Employer Contributions
- Additional Discretionary Employer Contributions
- **Plan's Funded S**tatus
- Projected Employer Contributions
- Other Pooled Safety Risk Pool Rate Plans
- Cost
- Changes Since the Prior Year**'s V**aluation
- Subsequent Events

Introduction

This report presents the results of the June 30, 2020 actuarial valuation of the Safety Fire Second Tier Plan of the Meeks Bay Fire Protection District of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the required employer contributions for fiscal year 2022-23.

Purpose of Section 1

This Section 1 report for the Safety Fire Second Tier Plan of the Meeks Bay Fire Protection District of CalPERS was prepared by the plan actuary in order to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2020;
- Determine the minimum required employer contribution for this plan for the fiscal year July 1, 2022 through June 30, 2023; and
- Provide actuarial information as of June 30, 2020 to the CalPERS Board of Administration and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website.

The measurements shown in this actuarial valuation may not be applicable for other purposes. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; and changes in plan provisions or applicable law.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the recommendations of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 6.0% and 8.0%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post- retirement mortality assumptions adopted in 2017.
- Pension Plan maturity measures quantifying the risks the employer bears.

Required Employer Contributions

Required Employer Contributions	Fiscal Year 2022-23
Employer Normal Cost Rate	0.00%
Plus	
Required Payment on Amortization Bases[1]	$666
Paid either as	
1) Monthly Payment	$55.50
Or	
2) Annual Prepayment Option*	$644

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).

** Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).*

	Fiscal Year 2021-22	Fiscal Year 2022-23
Development of Normal Cost as a Percentage of Payroll		
Base Total Normal Cost for Formula	0.00%	0.00%
Surcharge for Class 1 Benefits[2]		
None	0.00%	0.00%
Phase out of Normal Cost Difference[3]	0.00%	0.00%
Plan's Total Normal Cost	0.00%	0.00%
Formula's Expected Employee Contribution Rate	0.00%	0.00%
Employer Normal Cost Rate	0.00%	0.00%

[1] The required payment on amortization bases does not take into account any additional discretionary payment made after April 30, 2021.

[2] Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

[3] The normal cost change is phased out over a five-year period in accordance with the CalPERS contribution allocation policy.

Additional Discretionary Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for the 2022-23 fiscal year is $666. CalPERS allows employers to make additional discretionary payments (ADPs) at any time and in any amount. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Employers can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during fiscal year 2022-23 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see the "Amortization Schedule and Alternatives" section of the report.

If you are considering making an ADP, please contact your actuary for additional information.

Minimum Required Employer Contribution for Fiscal Year 2022-23

Estimated Normal Cost	Minimum UAL Payment	ADP	Total UAL Contribution	Estimated Total Contribution
$0	$666	$0	$666	$666

Alternative Fiscal Year 2022-23 Employer Contributions for Greater UAL Reduction

Funding Target	Estimated Normal Cost	Minimum UAL Payment	ADP[1]	Total UAL Contribution	Estimated Total Contribution
5 years	N/A	N/A	N/A	N/A	N/A

[1] The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

Note that the calculations above are based on the projected Unfunded Accrued Liability as of June 30, 2022 as determined in the June 30, 2020 actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Plan's Funded Status

	June 30, 2019	June 30, 2020
1. Present Value of Projected Benefits (PVB)	$19,584	$20,679
2. Entry Age Accrued Liability (AL)	19,584	20,679
3. Plan's Market Value of Assets (MVA)	15,782	16,902
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	3,802	3,777
5. Funded Ratio [(3) / (2)]	80.6%	81.7%

This measure of funded status is an assessment of the need for future employer contributions based on the selected actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. For a measure of funded status that is appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. Actual contribution rates during this projection period could be significantly higher or lower than the projection shown below.

	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2020-21)				
Fiscal Year	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	Rate Plan 30020 Results					
Normal Cost %	0.00%	0.0%	0.0%	0.0%	0.0%	0.0%
UAL Payment	$666	$670	$670	$670	$670	$0

For some sources of UAL, the change in UAL is amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large increase in UAL, the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section.

Our online pension plan modeling and projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook is a tool to help plan and budget pension costs into the future with results and charts that are easy to understand.

Other Pooled Safety Risk Pool Rate Plans

All of the results presented in this Section 1 report, except those shown below, correspond to rate plan 30020. In many cases, employers have additional rate plans within the same risk pool. For cost analysis and budgeting it is useful to consider contributions for these rate plans as a whole rather than individually. The estimated contribution amounts and rates for all of the employer's rate plans in the Safety Risk Pool are shown below and assume that the payroll for each rate plan will grow according to the overall payroll growth assumption of 2.75% per year for three years.

	Fiscal Year 2021-22	Fiscal Year 2022-23
Estimated Combined Employer Contributions for all Pooled Safety Rate Plans		
Projected Payroll for the Contribution Year	$0	$0
Estimated Employer Normal Cost	$0	$0
Required Payment on Amortization Bases	177,249	198,688
Estimated Total Employer Contributions	$177,249	$198,688
Estimated Total Employer Contribution Rate (illustrative only)	N/A	N/A

Cost

Actuarial Determination of Pension Plan Cost

Contributions to fund the pension plan are comprised of two components:

- Normal Cost, expressed as a percentage of total active payroll
- Amortization of the Unfunded Accrued Liability (UAL), expressed as a dollar amount

For fiscal years prior to 2016-17, the Amortization of UAL component was expressed as a percentage of total active payroll. Starting with fiscal year 2016-17, the Amortization of UAL component was expressed as a dollar amount and invoiced on a monthly basis. There continues to be an option to prepay this amount during July of each fiscal year.

The Normal Cost component is expressed as a percentage of active payroll with employer and employee contributions payable as part of the regular payroll reporting process.

The determination of both components requires complex actuarial calculations. The calculations are based on a set of actuarial assumptions which can be divided into two categories:

- Demographic assumptions (e.g., mortality rates, retirement rates, employment termination rates, disability rates)
- Economic assumptions (e.g., future investment earnings, inflation, salary growth rates)

These assumptions reflect CalPERS' best estimate of future experience of the plan and are long term in nature. We recognize that all assumptions will not be realized in any given year. For example, the investment earnings at CalPERS have averaged 5.5% over the 20 years ending June 30, 2020, yet individual fiscal year returns have ranged from -23.6% to +20.7%. In addition, CalPERS reviews all actuarial assumptions by conducting in-depth experience studies every four years, with the most recent experience study completed in 2017.

Changes Since the Prior **Year's** Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by plan amendment are generally included in the first valuation that is prepared after the amendment becomes effective, even if the valuation date is prior to the effective date of the amendment.

This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to the "Plan's Major Benefit Options" and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

The are no significant changes to the actuarial methods or assumptions for the 2020 actuarial valuation.

Subsequent Events

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of June 30, 2020. Changes in the value of assets subsequent to that date are not reflected. Investment returns below the assumed rate of return will increase future required contributions while investment returns above the assumed rate of return will decrease future required contributions.

CalPERS will be completing an Asset Liability Management (ALM) process in November 2021 that will review the capital market assumptions and the strategic asset allocation and ascertain whether a change in the discount rate and other economic assumptions is warranted. As part of the ALM process the Actuarial Office will be completing an Experience Study to review the demographic experience of the retirement system and make recommendations to modify future assumptions where appropriate.

Furthermore, this valuation does not reflect any impacts from the COVID-19 pandemic on your pension plan. The impact of COVID-19 on retirement plans is not yet known and CalPERS actuaries will continue to monitor the effects and where necessary make future adjustments to actuarial assumptions.

The projected employer contributions on Page 6 are calculated under the assumption that the discount rate remains at 7.0% going forward and that the realized rate of return on assets for fiscal year 2020-21 is 7.0%.

This actuarial valuation report reflects statutory changes, regulatory changes and CalPERS Board actions through January 2021. Any subsequent changes or actions are not reflected.

Assets and Liabilities

- Breakdown of Entry Age Accrued Liability
- **Allocation of Plan's Share of Pool's Experience/Assumption Change**
- **Development of Plan's Share of Pool's** Market Value of Assets
- **Schedule of Plan's** Amortization Bases
- Amortization Schedule and Alternatives
- Employer Contribution History
- Funding History

Breakdown of Entry Age Accrued Liability

Active Members	$0
Transferred Members	20,679
Terminated Members	0
Members and Beneficiaries Receiving Payments	0
Total	$20,679

Allocation of Plan's Share of Pool's

Experience/Assumption Change

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The Pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1.	Plan's Accrued Liability	$20,679
2.	Projected UAL balance at 6/30/2020	3,316
3.	Pool's Accrued Liability[1]	25,304,654,410
4.	Sum of Pool's Individual Plan UAL Balances at 6/30/2020[1]	6,693,257,955
5.	Pool's 2019/20 Investment (Gain)/Loss[1]	427,980,555
6.	Pool's 2019/20 Non-Investment (Gain)/Loss[1]	75,360,952
7.	Plan's Share of Pool's Investment (Gain)/Loss: [(1) - (2)] ÷ [(3) - (4)] × (5)	399
8.	Plan's Share of Pool's Non-Investment (Gain)/Loss: (1) ÷ (3) × (6)	62
9.	Plan's New (Gain)/Loss as of 6/30/2020: (7) + (8)	461

[1] Does not include plans that transferred to Pool on the valuation date.

Development of the Plan's Share of Pool's Market

Value of Assets

10.	Plan's UAL: (2) + (9)	$3,777
11.	Plan's Share of Pool's MVA: (1) - (10)	$16,902

Schedule of **Plan's** Amortization Bases

Note that there is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2020.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: fiscal year 2022-23.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment for the first fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Reason for Base	Date Est.	Ramp Level 2022-23	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/20	Expected Payment 2020-21	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Minimum Required Payment 2022-23
Fresh Start	6/30/20	No Ramp		0.00%	5	3,777	741	3,275	656	2,826	666
Total						3,777	741	3,275	656	2,826	666

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in "Allocation of Plan's Share of Pool's Experience/Assumption Change" earlier in this section. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed a desire for a more stable pattern of payments or have indicated interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a Fresh Start, please consult with your plan actuary.

The Current Amortization Schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over a reasonable period.

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy.

Amortization Schedule and Alternatives (continued)

	Current Amortization Schedule		Alternate Schedules			
			0 Year Amortization		0 Year Amortization	
Date	Balance	Payment	Balance	Payment	Balance	Payment
6/30/2022	2,826	666	N/A	N/A	N/A	N/A
6/30/2023	2,335	666				
6/30/2024	1,810	667				
6/30/2025	1,247	667				
6/30/2026	644	666				
6/30/2027						
6/30/2028						
6/30/2029						
6/30/2030						
6/30/2031						
6/30/2032						
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6/30/2044						
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
6/30/2050						
6/30/2051						
Total		3,332		N/A		N/A
Interest Paid		506		N/A		N/A
Estimated Savings				N/A		N/A

Employer Contribution History

The table below provides a recent history of the required employer contributions for the plan. The amounts are based on the actuarial valuation from two years prior and does not account for prepayments or benefit changes made during a fiscal year. Additional discretionary payments before July 1, 2019 or after June 30, 2020 are not included.

Fiscal Year	Employer Normal Cost	Unfunded Liability Payment ($)	Additional Discretionary Payments
2017 - 18	12.242%	$5	N/A
2018 - 19	12.848%	57	N/A
2019 - 20	13.540%	727	0
2020 - 21	0.000%	741	
2021 - 22	0.00%	656	
2022 - 23	0.00%	666	

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's market value of assets, unfunded accrued liability, funded ratio, and annual covered payroll.

Valuation Date	Accrued Liability (AL)	**Share of Pool's** Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2015	$6,365	$6,036	$329	94.8%	$42,758
06/30/2016	20,375	18,555	1,820	91.1%	64,252
06/30/2017	15,255	12,903	2,352	84.6%	0
06/30/2018	18,277	14,672	3,605	80.3%	0
06/30/2019	19,584	15,782	3,802	80.6%	0
06/30/2020	20,679	16,902	3,777	81.7%	0

Risk Analysis

- Future Investment Return Scenarios
- Discount Rate Sensitivity
- Mortality Rate Sensitivity
- Maturity Measures
- Maturity Measures History
- Hypothetical Termination Liability

Future Investment Return Scenarios

Analysis was performed to determine the effects of various future investment returns on required employer contributions. The projections below provide a range of results based on five investment return scenarios assumed to occur during the next four fiscal years (2020-21, 2021-22, 2022-23 and 2023-24). The projections also assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

For fiscal years 2020-21, 2021-22, 2022-23, and 2023-24, each scenario assumes an alternate fixed annual return. The fixed return assumptions for the five scenarios are 1.0%, 4.0%, 7.0%, 9.0% and 12.0%.

These alternate investment returns were chosen based on stochastic analysis of possible future investment returns over the four-year period ending June 30, 2024. Using the expected returns and volatility of the asset classes in which the funds are invested, we produced five thousand stochastic outcomes for this period based on the most recently completed Asset Liability Management process. We then selected annual returns that approximate the 5th, 25th, 50th, 75th, and 95th percentiles for these outcomes. For example, of all the 4-year outcomes generated in the stochastic analysis, approximately 25% had an average annual return of 4.0% or less.

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 1.0% or greater than 12.0% over this four-year period, the likelihood of a single investment return less than 1.0% or greater than 12.0% in any given year is much greater.

Assumed Annual Return From 2020-21 through 2023-24	Projected Employer Contributions			
	2023-24	2024-25	2025-26	2026-27
1.0%				
Normal Cost	0.0%	0.0%	0.0%	0.0%
UAL Contribution	$690	$740	$820	$920
4.0%				
Normal Cost	0.0%	0.0%	0.0%	0.0%
UAL Contribution	$680	$710	$740	$800
7.0%				
Normal Cost	0.0%	0.0%	0.0%	0.0%
UAL Contribution	$670	$670	$670	$670
9.0%				
Normal Cost	0.0%	0.0%	0.0%	0.0%
UAL Contribution	$460	$420	$660	$640
12.0%				
Normal Cost	0.0%	0.0%	0.0%	0.0%
UAL Contribution	$650	$610	$0	$0

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.50% and 2.50%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2020 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 7.0% as well as alternate discount rates of 6.0% and 8.0%. The rates of 6.0% and 8.0% were selected since they illustrate the impact of a 1.0% increase or decrease to the 7.0% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2020	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	6.0%	7.0%	8.0%
Inflation	2.5%	2.5%	2.5%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	0.00%	0.00%	0.00%
b) Accrued Liability	$28,171	$20,679	$15,375
c) Market Value of Assets	$16,902	$16,902	$16,902
d) Unfunded Liability/(Surplus) [(b) - (c)]	$11,269	$3,777	($1,527)
e) Funded Status	60.0%	81.7%	109.9%

Sensitivity to the Price Inflation Assumption

As of June 30, 2020	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	6.0%	7.0%	8.0%
Inflation	1.5%	2.5%	3.5%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	0.00%	0.00%	0.00%
b) Accrued Liability	$22,071	$20,679	$19,037
c) Market Value of Assets	$16,902	$16,902	$16,902
d) Unfunded Liability/(Surplus) [(b) - (c)]	$5,169	$3,777	$2,135
e) Funded Status	76.6%	81.7%	88.8%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2020 plan costs and funded status under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2017. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.

As of June 30, 2020	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	0.00%	0.00%	0.00%
b) Accrued Liability	$21,024	$20,679	$20,359
c) Market Value of Assets	$16,902	$16,902	$16,902
d) Unfunded Liability/(Surplus) [(b) - (c)]	$4,122	$3,777	$3,457
e) Funded Status	80.4%	81.7%	83.0%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures are for one rate plan only.

One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio starts increasing. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2019	June 30, 2020
1. Retired Accrued Liability	0	0
2. Total Accrued Liability	19,584	20,679
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.00	0.00

Another measure of maturity level of CalPERS and its plans is to look at the ratio of actives to retirees, also called the Support Ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures, and members retire, the ratio starts declining. A mature plan will often have a ratio near or below one. The average support ratio for CalPERS public agency plans is 1.25.

Support Ratio	June 30, 2019	June 30, 2020
1. Number of Actives	0	0
2. Number of Retirees	0	0
3. Support Ratio [(1) / (2)]	N/A	N/A

Maturity Measures (Continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio (AVR)

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Liability Volatility Ratio (LVR)

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to investment return and changes in liability. For example, a plan with LVR ratio of 8 is expected to have twice the contribution volatility of a plan with LVR of 4. It should be noted that this ratio indicates a longer-term potential for contribution volatility. The AVR, described above, will tend to move closer to the LVR as a plan matures.

Contribution Volatility	June 30, 2019	June 30, 2020
1. Market Value of Assets	$15,782	$16,902
2. Payroll	0	0
3. Asset Volatility Ratio (AVR) [(1) / (2)]	N/A	N/A
4. Accrued Liability	$19,584	$20,679
5. Liability Volatility Ratio (LVR) [(4) / (2)]	N/A	N/A

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	0.00	N/A	N/A	N/A
06/30/2018	0.00	N/A	N/A	N/A
06/30/2019	0.00	N/A	N/A	N/A
06/30/2020	0.00	N/A	N/A	N/A

Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2020. The plan liability on a termination basis is calculated differently compared to the plan's ongoing funding liability. For the hypothetical termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees.

A more conservative investment policy and asset allocation strategy was adopted by the CalPERS Board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate is assumed. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 19-month period from 12 months before the valuation date to 7 months after.

Market Value of Assets (MVA)	Hypothetical Termination Liability[1,2] at 0.75%	Funded Status	Unfunded Termination Liability at 0.75%	Hypothetical Termination Liability[1,2] at 2.50%	Funded Status	Unfunded Termination Liability at 2.50%
$16,902	$87,720	19.3%	$70,818	$48,608	34.8%	$31,706

[1] The hypothetical liabilities calculated above include a 5% mortality contingency load in accordance with Board policy. Other actuarial assumptions can be found in Appendix A of the Section 2 report.

[2] The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 1.18% on June 30, 2020, and was 1.68% on January 31, 2021.

In order to terminate the plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. CalPERS advises you to consult with the plan actuary before beginning this process.

Participant Data

The table below shows a summary of your plan's member data upon which this valuation is based:

	June 30, 2019	June 30, 2020
Active Members		
Counts	0	0
Average Attained Age	N/A	0.0
Average Entry Age to Rate Plan	N/A	0.0
Average Years of Credited Service	N/A	0.0
Average Annual Covered Pay	$0	$0
Annual Covered Payroll	$0	$0
Projected Annual Payroll for Contribution Year	$0	$0
Present Value of Future Payroll	$0	$0
Transferred Members	1	1
Separated Members	0	0
Retired Members and Beneficiaries		
Counts*	0	0
Average Annual Benefits*	N/A	$0

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values include community property settlements.

List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- None

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

	Benefit Group	
Member Category	Fire	
Demographics		
Actives	No	
Transfers/Separated	Yes	
Receiving	No	
Benefit Provision		
Benefit Formula	2% @ 55	
Social Security Coverage	No	
Full/Modified	Full	
Employee Contribution Rate		
Final Average Compensation Period	Three Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	Standard	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	No	
Special	Yes	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	$500	
Survivor Allowance (PRSA)	No	
COLA	2%	

Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Risk Pool Actuarial Valuation Information

Section 2 may be found on the CalPERS website (calpers.ca.gov) in the Forms and Publications section

Exhibit 3 – Resolution of Formation

RESOLUTION NO. 14 – 2012

A RESOLUTION OF THE NORTH TAHOE FIRE PROTECTION DISTRICT FOR THE FORMATION OF COMMUNITY FACILITIES DISTRICT

**NORTH TAHOE FIRE PROTECTION DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2012-1
(LADDER TRUCK O&M)**

RESOLVED by the Board of Directors (the "Board") of the North Tahoe Fire Protection District (the "District"), County of Placer, State of California, that:

WHEREAS, this Board adopted a resolution entitled "RESOLUTION OF INTENTION TO ESTABLISH COMMUNITY FACILITIES DISTRICT, NORTH TAHOE FIRE PROTECTION DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2012-1, (LADDER TRUCK O&M)" (the "Resolution of Intention"), stating its intention to form "North Tahoe Fire Protection District Community Facilities District No. 2012-1 (Ladder Truck O&M)" (the "CFD") pursuant to Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California Government Code (the "Act");

WHEREAS, the Resolution of Intention, incorporating a map of the proposed boundaries of the CFD, including areas of Future Annexation, and stating the services to be provided and the rate and method of apportionment of the special tax to be levied within the CFD to pay for the services, is on file with the District Clerk and the provisions thereof are incorporated herein by this reference as if fully set forth herein;

WHEREAS, on this date, this Board held a noticed public hearing as required by the Act and the Resolution of Intention relative to the proposed formation of the CFD;

WHEREAS, at the hearing all interested persons desiring to be heard on all matters pertaining to the formation of the CFD, the services to be provided therein and the levy of such special tax were heard and a full and fair hearing was held;

WHEREAS, at the hearing evidence was presented to this Board on such matters before it, including a special report (the "Report") as to the services to be provided through the CFD and the costs thereof, a copy of which is on file with the District Clerk, and this Board at the conclusion of said hearing is fully advised as to the Report and the evidence;

WHEREAS, written protests with respect to the formation of the CFD, the furnishing of specified types of services and the rate and method of apportionment of the special taxes have not been filed with the District Clerk by 50% or more of the registered voters residing within the territory of the CFD or property owners of one-half or more of the area of land within the CFD and not exempt from the proposed special taxes.

NOW, THEREFORE, IT IS HEREBY ORDERED as follows:

1. **Recitals Correct.** The foregoing recitals are true and correct.

2. **No Majority Protest**. The proposed special tax to be levied within the CFD has not been precluded by majority protest pursuant to section 53324 of the Act.

3. **Prior Proceedings Valid.** All prior proceedings taken by this District Board in connection with the establishment of the CFD and the levy of the special tax have been duly considered and are hereby found and determined to be valid and in conformity with the Act.

4. **Name of CFD.** The community facilities district designated "North Tahoe Fire Protection District Community Facilities District No. 2012-1 (Ladder Truck O&M)" of the District is hereby established pursuant to the Act.

5. **Boundaries of CFD.** The boundaries of the CFD, as set forth in the map of the CFD, including areas of Future Annexation, heretofore recorded in the Placer County Recorder's Office on June 27, 2012 at the hour of 11:29 A.M., in Book 3 of Maps of Assessment and Community Facilities Districts at Page 68, are hereby approved, are incorporated herein by reference and shall be the boundaries of the CFD.

6. **Description of Services.** The type of public services proposed to be financed by the CFD and pursuant to the Act shall consist of those items shown in Exhibit A hereto and by this reference incorporated herein (the "Services").

7. **Special Tax.**

a. Except to the extent that funds are otherwise available to the CFD to pay for the Services, a special tax (the "Special Tax") sufficient to pay the costs thereof, secured by the recordation of a continuing lien against all non-exempt real property in the CFD, is intended to be levied annually within the CFD, and collected in the same manner as ordinary *ad valorem* property taxes or in such other manner as may be prescribed by this Board.

b. The proposed rate and method of apportionment of the Special Tax among the parcels of real property within the CFD, in sufficient detail to allow each landowner within the proposed CFD to estimate the maximum amount such owner will have to pay, are shown in Exhibit B attached hereto and hereby incorporated herein.

8. **Increased Demands.** It is hereby found and determined that the Services are necessary to meet increased demands placed upon local agencies, including the District, as the result of development occurring in the CFD. The Services are in addition to those provided in the territory of the CFD as of the date hereof and will not supplant services already available within the territory of the CFD as of the date hereof.

9. **Responsible Official.** The Fire Chief of the North Tahoe Fire Protection District, 222 Fairway Drive, P.O. Box 5879, Tahoe City, CA 96145, telephone number (530) 583-6913, is the officer of the District who will be responsible for preparing annually a current roll of the levy of the Special Tax obligations by assessor's parcel number and who will be responsible for estimating future levies of the Special Tax.

10. Tax Lien. Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the California Streets and Highways Code, a continuing lien to secure each levy of the Special Tax shall attach to all nonexempt real property in the CFD and this lien shall continue in force and effect until the Special Tax obligation is prepaid and permanently satisfied and the lien canceled in accordance with law or until collection of the Special Tax by the District ceases.

11. Appropriations Limit. In accordance with the Act, the annual appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, of the CFD is hereby preliminarily established at $$8,441,827 and such appropriations limit shall be submitted to the voters of the CFD as hereafter provided. The proposition establishing such annual appropriations limit shall become effective if approved by the qualified electors voting thereon and shall be adjusted in accordance with the applicable provisions of the Act and the Constitution.

12. Election. Pursuant to the provisions of the Act, the proposition of the levy of the Special Tax and the proposition of the establishment of the appropriations limit specified above shall be submitted to the qualified electors of the CFD at an election the time, place and conditions of which election shall be as specified by a separate resolution of this Board.

13. Effective Date. This resolution shall take effect upon its adoption.

The foregoing resolution was adopted at a regular meeting of the North Tahoe Fire Protection District held on September 19, 2012, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

NORTH TAHOE FIRE PROTECTION DISTRICT

_____
Director of the Board

_____
Nita Wracker, Clerk of the Board

EXHIBIT A

NORTH TAHOE FIRE PROTECTION DISTRICT
Community Facilities District No. 2012-1
(Ladder Truck O&M)

DESCRIPTION OF SERVICES ELIGIBLE TO BE FUNDED BY THE CFD

Services:

The services to be funded, in whole or in part, by the Community Facilities District ("CFD") include all direct and incidental costs related to providing fire protection and suppression, and emergency medical services, including (i) fire protection and suppression services; (ii) emergency medical services including ambulance services; (iii) rescue services; (iv) hazardous materials response; (v) community information with regard to public safety; and (iv) earthquake and other emergency relief programs. The CFD may fund any of the following related to the services described in the preceding sentence: obtaining, constructing, furnishing, operating and maintaining equipment, apparatus or facilities, paying the salaries and benefits of personnel, and for payment of other related expenses. Any services to be funded by the CFD must be in addition to those provided in the territory of the CFD before the date of creation of the CFD, and may not supplant services already available within that territory when the CFD is created. The funding provided by the CFD will specifically fund operations needed because of new development which will avoid any deterioration in service levels to the existing population. It is expected that the services will be provided by the North Tahoe Fire Protection District (hereby referred to as District), either with its own employees or by contract with third parties, or any combination thereof.

Administrative Expenses:

The direct and indirect expenses incurred by the District in connection with the establishment and administration of the CFD (including, but not limited to, the levy and collection of the special taxes) including the fees and expenses of attorneys, any fees of the District related to the CFD or the collection of special taxes, an allocable share of the salaries of District staff directly related thereto and a proportionate amount of the District's general administrative overhead related thereto, any amounts paid by the District from their respective general funds with respect to the CFD or the services authorized to be financed by the CFD, and all other costs and expenses of the District in any way related to the CFD.

Other:

The incidental expenses that may be financed by the CFD include: (i) all costs associated with the establishment and administration of the CFD, the determination of the amount of and collection of taxes, the payment of taxes and costs otherwise incurred in order to carry out the authorized purposes of the CFD, (ii) any other expenses incidental to the provision of the services eligible to be funded by the CFD, and (iii) any amounts necessary to maintain a reserve required by the District for the payment of the costs of the services.

EXHIBIT B

NORTH TAHOE FIRE PROTECTION DISTRICT
Community Facilities District No. 2012-1
(Ladder Truck O&M)

Rate and Method of Apportionment

EXHIBIT A

NORTH TAHOE FIRE PROTECTION DISTRICT
Community Facilities District No. 2012-1
(Ladder Truck O&M)

DESCRIPTION OF SERVICES ELIGIBLE TO BE FUNDED BY THE CFD

Services:

The services to be funded, in whole or in part, by the Community Facilities District ("CFD") include all direct and incidental costs related to providing fire protection and suppression, and emergency medical services, including (i) fire protection and suppression services; (ii) emergency medical services including ambulance services; (iii) rescue services; (iv) hazardous materials response; (v) community information with regard to public safety; and (iv) earthquake and other emergency relief programs. The CFD may fund any of the following related to the services described in the preceding sentence: obtaining, constructing, furnishing, operating and maintaining equipment, apparatus or facilities, paying the salaries and benefits of personnel, and for payment of other related expenses. Any services to be funded by the CFD must be in addition to those provided in the territory of the CFD before the date of creation of the CFD, and may not supplant services already available within that territory when the CFD is created. The funding provided by the CFD will specifically fund operations needed because of new development which will avoid any deterioration in service levels to the existing population. It is expected that the services will be provided by the North Tahoe Fire Protection District (hereby referred to as District), either with its own employees or by contract with third parties, or any combination thereof.

Administrative Expenses:

The direct and indirect expenses incurred by the District in connection with the establishment and administration of the CFD (including, but not limited to, the levy and collection of the special taxes) including the fees and expenses of attorneys, any fees of the District related to the CFD or the collection of special taxes, an allocable share of the salaries of District staff directly related thereto and a proportionate amount of the District's general administrative overhead related thereto, any amounts paid by the District from their respective general funds with respect to the CFD or the services authorized to be financed by the CFD, and all other costs and expenses of the District in any way related to the CFD.

Other:

The incidental expenses that may be financed by the CFD include: (i) all costs associated with the establishment and administration of the CFD, the determination of the amount of and collection of taxes, the payment of taxes and costs otherwise incurred in order to carry out the authorized purposes of the CFD, (ii) any other expenses incidental to the provision of the services eligible to be funded by the CFD, and (iii) any amounts necessary to maintain a reserve required by the District for the payment of the costs of the services.

EXHIBIT B

NORTH TAHOE FIRE PROTECTION DISTRICT
Community Facilities District No. 2012-1
(Ladder Truck O&M)

Rate and Method of Apportionment

EXHIBIT C

NORTH TAHOE FIRE PROTECTION DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2012-1
(LADDER TRUCK O&M)

RATE AND METHOD OF APPORTIONMENT

A Special Tax applicable to each Assessor's Parcel of Taxable Property in the North Tahoe Fire Protection District Community Facilities District No. 2012-1 (Ladder Truck O&M) shall be levied and collected, as described below. All Taxable Property within CFD No. 2012-1 shall be taxed for the purposes, to the extent, and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 (commencing with Section 53311), Division 2 of Title 5 of the California Government Code.

"Administrative Expenses" means the direct and indirect expenses incurred by the CFD and/or the Fire District in connection with the administration of CFD No. 2012-1, including, but not limited to, the following: costs to levy and collect the Special Taxes; fees and expenses of attorneys; an allocable share of CFD or Fire District salaries related thereto; an allocable share of CFD or Fire District overhead related thereto; amounts paid by the CFD or the Fire District from their respective general funds with respect to CFD No. 2012-1 or the services authorized to be financed by CFD No. 2012-1; amounts necessary to maintain a reserve required by CFD No. 2012-1 for the payment of services; and all other costs and expenses of the CFD or the Fire District in any way related to CFD No. 2012-1.

"Administrator" means the person or firm designated by the Fire District to administer the Special Tax according to the RMA.

"Affordable Housing Property" means, in any given Fiscal Year, a Parcel in the CFD for which a certificate of occupancy was issued prior to May 1 of the preceding Fiscal Year for a building that is deed-restricted to maintain the affordability of the residential units within the building.

"Annual Special Tax" means a Special Tax levied in any given Fiscal Year in order to meet the Special Tax Requirement.

"Assessor's Parcel" or **"Parcel"** means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

"Assessor's Parcel Map" means an official map of the County Assessor designating parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" means that number assigned by the County Assessor for purposes of identifying a lot or parcel shown on an Assessor's Parcel Map.

"Board" means the Board of Directors of the Fire District.

"CFD Formation" means the date of which the Resolution of Formation of CFD No. 2012-1 is adopted by the Board.

"CFD No. 2012-1" or **"CFD"** means the North Tahoe Fire Protection District Community Facilities District No. 2012-1 (Ladder Truck O&M).

"Complex" means a development consisting of multiple buildings on a single Parcel or two or more contiguous Parcels that are all part of one individual project, unless all such buildings are Single Family Detached Units. The Fire District shall determine if a project fits the definition of a Complex and the Administrator shall categorize each portion of the Complex as Affordable Housing Property, Multi-Family Property, Duplex Property, or Non-Residential Property, including any portions of the Complex that have Taxable Possessory Interests, as applicable.

"County Assessor" means the Assessor's Department of the County of Placer, California.

"Duplex Property" means, in any given Fiscal Year, a Parcel in the CFD for which a certificate of occupancy was issued prior to May 1 of the preceding Fiscal Year for a building containing Duplex Units.

"Duplex Unit" means an individual dwelling unit in a residential structure that has, or is planned to have, two dwelling units that share a common wall.

"Exempt Property" means, in any given Fiscal Year: (i) Public Property, except as otherwise authorized by Sections 53317.3 and 53317.5 of the Act and except for Public Property that has Taxable Possessory Interests; (ii) a Parcel owned by, or exclusively leased to a public utility, private utility, or railroad for a term greater than or equal to 30 years; (iii) a Parcel subject to an easement or other encumbrance that makes the development of such property impractical; (iv) any Parcel with a Single Family Detached Unit; and (v) Duplex Property that is not part of a Complex. For property leased to a utility or railroad, a Parcel's owner is responsible for making the Fire District aware of such lease and for providing supporting evidence.

"Fire District" means the North Tahoe Fire Protection District.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Maximum Annual Special Tax" means the maximum Annual Special Tax, determined in accordance with Section C, which can be levied in any given Fiscal Year.

"Multi-Family Property" means, in any given Fiscal Year, a Parcel in the CFD for which a certificate of occupancy was issued prior to May 1 of the preceding Fiscal Year for a residential structure with three or more residential units. If a building on a Parcel includes both Multi-Family Property and Affordable Housing Property, all Square Footage that meets the definition of Affordable Housing Property shall be classified as such for purposes of Section C.

"Non-Residential Property" means, in any given Fiscal Year, a Parcel in the CFD for which a certificate of occupancy was issued prior to May 1 of the preceding Fiscal Year for a structure used for retail, commercial, office, industrial, or parking uses. If only a portion of the structure will be used for retail, commercial, office, industrial, or parking, then the Special Tax for Non-Residential Property shall apply to the Square Footage within that portion of the building, as determined by the Administrator.

"Proportionately" means that the ratio of the actual Annual Special Tax levied in any given Fiscal Year to the Maximum Annual Special Tax authorized to be levied in that Fiscal Year is equal for each Parcel of Taxable Property.

"Public Property" means, in any given Fiscal Year, a Parcel in the CFD that is owned by, exclusively leased for 30 years or more to, or irrevocably offered for dedication to the federal government, State of California, Fire District, or any other local government or public agency, as determined by the Administrator. For leased property, a Parcel's owner is responsible for making the Fire District aware of such lease and for providing supporting evidence.

"Residential Property" means, in any given Fiscal Year, all Taxable Property that is either (i) Multi-Family Property, or (ii) Duplex Property within a Complex.

"RMA" means this Rate and Method of Apportionment.

"Services" means the services authorized to be funded, in whole or in part, by the CFD.

"Single Family Detached Unit" means a residential structure that has, or is planned to have, one dwelling unit that does not share a common wall with another dwelling unit.

"Special Tax" means any tax levied in the CFD pursuant to the RMA.

"Special Tax Requirement" means the amount necessary in any given Fiscal Year to: (i) pay for Services; (ii) pay for Administrative Expenses; (iii) cure delinquencies in the payment of the Special Taxes levied in any prior Fiscal Year or expected to occur in the current Fiscal Year, based on delinquencies in the payment of the Special Taxes which have already taken place; and (iv) create or replenish reserve funds for future Services or capital replacement. Notwithstanding the foregoing, the Special Tax Requirement shall equal $0 for each Fiscal Year until the Fiscal Year following the Board's approval of the purchase of a ladder truck.

"Square Footage" or **"Sq. Ft."** means the square footage reflected on the original construction building permit issued for a residential or non-residential building, which may include square footage subsequently added to the residential or non-residential building after issuance of a building permit for expansion or renovation of such building. If the square footage cannot be

determined based on the original construction building permit issued for the building, the Administrator shall reference the site permit, building plans, or other such pertinent development plans to determine the square footage of the building.

"Taxable Possessory Interest" means a possessory interest on Public Property that is subject to real property taxation pursuant to Revenue and Taxation Code sec. 107 et seq.

"Taxable Property" means all Parcels of Multi-Family Property, Affordable Housing Property, Duplex Property that is part of a Complex, Non-Residential Property, and Public Property with Taxable Possessory Interests within the boundaries of CFD No. 2012-1 that meet at least one of the following criteria, as determined at the discretion of the Fire District:

(i) Parcels that are part of a Complex with a density of ten or more individual buildings per acre and all such buildings are not Single Family Detached Units; or
(ii) Parcels that are part of a Complex that has a combined required fire flow for all buildings within the Complex of 10,000 gallons per minute or more for three hours, and all such buildings are not Single Family Detached Units, as determined by the Fire District; or
(iii) Parcels of Multi-Family Property; or
(iv) Parcels of Non-Residential Property that have buildings exceeding 30 feet in height as measured from the lowest point available for fire department apparatus access, as determined by the Fire District; or
(v) Parcels of Non-Residential Property with a required fire flow of 3,000 gallons per minute or more for three hours, as determined by the Fire District.

B. DATA COLLECTION FOR ANNUAL LEVY

Each Fiscal Year, the Administrator shall determine the following:

(i) the current Assessor's Parcel Number for each Parcel of Taxable Property;
(ii) whether each Parcel of Taxable Property is Multi-Family Property, Duplex Property within a Complex, Non-Residential Property, Affordable Housing Property, or some combination thereof;
(iii) whether a Parcel of Public Property contains a Taxable Possessory Interest;
(iv) the Square Footage for each Parcel; and
(v) the Special Tax Requirement for the Fiscal Year.

C. MAXIMUM SPECIAL TAX

1. Maximum Special Tax for Fiscal Year 2012-13

The Maximum Annual Special Tax for Fiscal Year 2012-13 for each Parcel of Taxable Property shall be determined by reference to the table below.

Special Tax Category	FY 2012-13 Maximum Annual Special Tax
Residential Property	$0.20 per Sq. Ft.
Non-Residential Property	$0.20 per Sq. Ft.
Affordable Housing Property	$0.10 per Sq. Ft.

2. Maximum Special Tax Increases

On July 1, 2013, and each July 1 thereafter, the Maximum Annual Special Tax rates for Residential Property and Non-Residential Property shall be adjusted by the increase, if any, in the United States Bureau of Labor Statistics' Consumer Price Index – All Urban Consumers (San Francisco-Oakland-San Jose, CA).

On July 1, 2013, and each July 1 thereafter, the Maximum Annual Special Tax rate for Affordable Housing Property shall also be adjusted by the increase, if any, in the United States Bureau of Labor Statistics' Consumer Price Index – All Urban Consumers (San Francisco-Oakland-San Jose), except that the annual increase, if any, shall not exceed 2%.

3. Maximum Special Tax for a Parcel with Multiple Land Uses

If a Parcel includes Square Footage that meets the definition of more than one category of Taxable Property, the Special Tax on the Parcel shall be the sum of the Special Taxes determined separately for each land use on the Parcel.

4. Changes in Land Use Classification

If, in any Fiscal Year, the Fire District determines that a Parcel classified as Affordable Housing Property no longer meets the definition of Affordable Housing Property, then that Parcel shall cease to be classified as Affordable Housing Property and shall thereafter be classified as Residential Property. Likewise, if the Fire District determines that a Parcel classified as Residential Property meets the requirements of Affordable Housing Property, then that Parcel shall cease to be classified as Residential Property and shall be classified as Affordable Housing Property.

D. MANNER OF LEVY AND COLLECTION OF SPECIAL TAX

The Annual Special Tax shall generally be levied and collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that prepayments are permitted as set forth in Section F below. However, the Fire District may directly bill the Annual Special Tax, may collect the Annual Special Tax in a different manner or at a different

time, and may collect delinquent Annual Special Taxes through foreclosure or other available methods.

Notwithstanding the foregoing, if the Board does not approve the purchase of a ladder truck within seven (7) years after the date of CFD Formation, CFD No. 2012-1 shall be abandoned and a Notice of Cessation of Special Tax Lien shall be recorded by the Fire District against all Parcels within the CFD.

E. CALCULATION OF SPECIAL TAX

Each Fiscal Year, the Annual Special Tax shall be levied Proportionately on each Parcel of Taxable Property up to 100% of the Maximum Annual Special Tax for each Parcel, until the amount levied equals the Special Tax Requirement for that Fiscal Year.

F. PREPAYMENT OF ANNUAL SPECIAL TAX

The Annual Special Tax obligation applicable to an Assessor's Parcel in the CFD may be prepaid and the obligation of the Assessor's Parcel to pay the Annual Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Annual Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax obligation shall provide the Fire District with written notice of intent to prepay. Within 30 days of receipt of such written notice, the Fire District or its designee shall notify the owner of the prepayment amount for such Assessor's Parcel. Prepayments must be made no later than June 30 of any given Fiscal Year in order to have the Annual Special Tax cease to be levied in the following Fiscal Year. If a prepayment is received by the Fire District, and the Parcel for which prepayment has been made has an Annual Special Tax on the County's secured tax roll that is due and payable, such Annual Special Tax will remain due and payable to the County, and the Annual Special Tax will cease to be levied in the Fiscal Year following the Fiscal Year in which the prepayment is received.

1. Residential and Non-Residential Property

If a property owner wants to prepay the Annual Special Tax obligation for a Parcel of Residential Property or Non-Residential Property, the prepayment amount shall be calculated as follows:

Step 1: For the Parcel requesting prepayment, calculate the Maximum Annual Special Tax for each of the next thirty (30) Fiscal Years after the Fiscal Year in which the prepayment will be received. For purposes of this calculation, the Maximum Annual Special Tax shall be increased each Fiscal Year by an amount equal to three percent (3.0%) of the applicable Maximum Annual Special Tax for the prior Fiscal Year.

Step 2: Using a discount rate of two percent (2.0%), calculate the net present value of the thirty-year Maximum Annual Special Tax projection determined in Step 1. This net present value amount shall be the prepayment that is due for the Parcel.

2. Affordable Housing Property

If a property owner wants to prepay the Annual Special Tax obligation for a Parcel of Affordable Housing Property, the prepayment amount shall be calculated as follows:

Step 1: For the Parcel requesting prepayment, calculate the Maximum Annual Special Tax for each of the next thirty (30) Fiscal Years after the Fiscal Year in which the prepayment will be received. For purposes of this calculation, the Maximum Annual Special Tax shall be increased each Fiscal Year by an amount equal to two percent (2.0%) of the applicable Maximum Annual Special Tax for the prior Fiscal Year.

Step 2: Using a discount rate of two percent (2.0%), calculate the net present value of the thirty-year Maximum Annual Special Tax projection determined in Step 1. This net present value amount shall be the prepayment that is due for the Parcel.

Once a prepayment has been received, a notice shall be recorded against the Parcel to cancel the Annual Special Tax lien. However, no such notice shall be recorded until all Annual Special Taxes levied on the Parcel in the current or prior Fiscal Years have been collected.

If the Annual Special Tax on any Parcels have been prepaid and, subsequent thereto, the CFD is abandoned pursuant to the provisions of Section D above, any Annual Special Taxes collected and remaining on hand shall be disbursed to the District to be used to pay for authorized Services.

G. INTERPRETATION OF RMA

The Fire District reserves the right to make minor administrative and technical changes to this document that do not materially affect the rate and method of apportioning of the Special Tax. In addition, the interpretation and application of any section of this document shall be left to the discretion of the Fire District. Interpretations may be made by the Fire District by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this RMA.

H. APPEAL OF SPECIAL TAX LEVY

Any property owner claiming that the amount or application of the Special Tax is incorrect may file a written notice of appeal with the Administrator no later than one calendar year after having

paid the Special Tax that is being disputed. The Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount or application of the Special Tax, and decide the appeal. If the property owner disagrees with the Administrator's decision, the property owner may then file a written appeal with the Board, whose decision shall be final and binding. If the decision of the Administrator (if the appeal is not filed with the Board) or the Board (if the appeal is filed with the Board) requires the Special Tax to be modified in favor of the property owner, no cash shall be refunded for prior years' Special Tax levies (unless it is determined that such Parcel will not have a Special Tax Levy in future Fiscal Years, in which case a cash refund shall be given from the proceeds of the following Fiscal Year's Special Tax collection). Rather, an adjustment shall be made to the next Special Tax levy(ies) as needed. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any legal action by such property owner.

Exhibit 6

ORDINANCE NO. 02 – 2012

AN ORDINANCE OF THE NORTH TAHOE FIRE PROTECTION DISTRICT LEVYING SPECIAL TAX WITHIN COMMUNITY FACILITIES DISTRICT NO. 2012-1 (LADDER TRUCK O&M)

WHEREAS, on June 20, 2012, this Board adopted a resolution entitled ""RESOLUTION OF INTENTION TO ESTABLISH COMMUNITY FACILITIES DISTRICT, NORTH TAHOE FIRE PROTECTION DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2012-1, (LADDER TRUCK O&M)" (the "Resolution of Intention"), stating its intention to form "North Tahoe Fire Protection District Community Facilities District No. 2012-1 (Ladder Truck O&M)" (the "CFD") pursuant to the Mello-Roos Community Facilities Act, Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California Government Code (the "Act") to finance certain municipal services (the "Services) as provided in the Act;

WHEREAS, pursuant to notice as specified in the Act, and as part of the Proceedings, the District has held a public hearing under the Act relative to the determination to proceed with the formation of the CFD and the rate and method of apportionment of the special tax ("Special Tax") to be levied within the CFD to finance the Services, and at such hearing all persons desiring to be heard on all matters pertaining to the formation of the CFD and the levy of the Special Tax were heard, substantial evidence was presented and considered by this Board and a full and fair hearing was held;

WHEREAS, upon the conclusion of the hearing, this Board adopted its "A RESOLUTION OF THE NORTH TAHOE FIRE PROTECTION DISTRICT FOR THE FORMATION OF COMMUNITY FACILITIES DISTRICT, NORTH TAHOE FIRE PROTECTION DISTRICT, COMMUNITY FACILITIES DISTRICT NO. 2012-1 (LADDER TRUCK O&M)" (the "Resolution of Formation), pursuant to which it completed the Proceedings for the establishment of the CFD, the authorization of the levy of the Special Tax within the CFD and the calling of an election within the CFD on the propositions of levying the Special Tax and establishing an appropriations limit within the CFD, respectively; and

WHEREAS, on September 19, 2012, a special election was held among the landowner voters within the CFD at which such voters approved such propositions by the two-thirds vote required by the Act, which approval has been confirmed by resolution of this Board.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY BOARD OF THE NORTH TAHOE FIRE PROTECTION DISTRICT as follows:

Section 1. By the passage of this Ordinance, the Board hereby authorizes and levies the Special Tax within the CFD pursuant to the Act, at the rate and in accordance with the rate and method of apportionment of Special Tax set forth in the Resolution of Formation which rate and method is by this reference incorporated herein. The Special Tax is hereby levied commencing in fiscal year No. 2013-14 and in each fiscal year thereafter to pay for the Services for the CFD, as contemplated by the Resolution of Formation and the Proceedings and all costs of administering the CFD.

Section 2. The Fire Chief, or an employee or consultant of the District, is hereby authorized and directed each fiscal year to determine the specific Special Tax to be levied for the next ensuing fiscal year for each parcel of real property within the CFD, in the manner and as provided in the Resolution of Formation.

Section 3 Exemptions from the levy of the Special Tax shall be as provided in the Resolution of Formation and the applicable provisions of the Act. In no event shall the Special Tax be levied on any parcel within the CFD in excess of the maximum Special Tax specified in the Resolution of Formation.

Section 4. All of the collections of the Special Tax shall be used as provided in the Act and in the Resolution of Formation, including, but not limited to, the payment of costs of the Services, the payment of the costs of the District in administering the CFD, and the costs of collecting and administering the Special Tax.

Section 5. The Special Tax shall be collected in the same manner as ordinary ad valorem taxes are collected and shall have the same lien priority, and be subject to the same penalties and the same procedure and sale in cases of delinquency as provided for ad valorem taxes; provided, however, that the Board may provide for other appropriate methods of collection by resolution(s) of the Board. In addition, the provisions of Section 53356.1 of the Act shall apply to delinquent Special Tax payments. The Fire Chief of the District is hereby authorized and directed to provide all necessary information to the auditor/tax collector of the County of Placer in order to effect proper billing and collection of the Special Tax, so that the Special Tax shall be included on the secured property tax roll of the County of Placer for fiscal year No. 2013-14 and for each fiscal year thereafter until no longer required to pay for the Services or until otherwise terminated by the District.

Section 6. If for any reason any portion of this ordinance is found to be invalid, or if the Special Tax is found inapplicable to any particular parcel within the CFD, by a court of competent jurisdiction, the balance of this ordinance and the application of the Special Tax to the remaining parcels within the CFD shall not be affected.

Section 7. The President of the Board shall sign this Ordinance and the District Clerk shall cause the same to be published immediately after its passage at least once in a newspaper of general circulation circulated in the District.

Section 8. This Ordinance shall take effect 30 days from the date of final passage.

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PASSED AND ADOPTED by the Board of Directors of the North Tahoe Fire Protection District this 21st day of November, 2012, by the following roll call vote:

Name of Director	Aye	Nay	Abstain

ATTEST:

_____

Nita Wracker, Clerk of the Board

PROPERTY OWNER ASSESSMENT BALLOT
NORTH TAHOE FIRE PROTECTION DISTRICT
FIRE SUPPRESSION ASSESSMENT

Property Owner Information
Situs: «SR_No» «SR_Address», «SR_City»

«Owner»
«Mail_Address»
«Mail_City», «Mail_State» «Mail_Zip»

Assessment Information

- Assessor Parcel Number: **«Full_APN»**
- Total Proposed District Assessment: **$623,894**
- Proposed Assessment for this parcel is: **«Balloted_Assessment_»**

● Mail or deliver this completed ballot to:
North Tahoe Fire Protection District
PO Box 5879
300 North Lake Blvd., Tahoe City, CA 96145 ●
Completed ballots must be received in the Board Clerk Office by **Tuesday, October 23, 2007 at 4:00 p.m.**
They can also be returned at the Public Hearing on the assessment, scheduled for **Tuesday, October 23, 2007 at 5:30 p.m.** in the Tahoe City Public Utility District's Board Room, 221 Fairway Drive, Tahoe City, California

To complete your ballot, mark the square before the word "YES" or before the word "NO", sign and date the ballot, and return it to the Office of the North Tahoe Fire Protection District. To ensure the privacy of your ballot, please seal it within the enclosed return envelope provided. If you wrongly mark, tear, or deface this ballot, return it to the North Tahoe Fire Protection District and obtain another. Replacement ballots may be obtained for any reason, prior to the close of the Public Hearing, from the Office of the North Tahoe Fire Protection District. For a more complete explanation of the balloting procedures, please refer to Resolution No. 10-2007, which is on file in the Office of the Board Clerk, located at 300 North Lake Blvd., Tahoe City, CA 96145.

Owner: **«Owner»**

Assessor's Parcel Number: **«Full_APN»**

Your Proposed Assessment: **«Balloted_Assessment_»**

☐ Yes, I support the proposed assessment on my parcel for fire suppression services that benefit my parcel, commencing in Fiscal Year 2008-09. I understand that the assessment will be used for fire suppression services, including but not limited to the following: improving response times, emergency evacuation programs, property inspection programs, firefighter personnel, and providing needed upgrades to emergency communications systems, as well as keeping the District's firefighting equipment up to date. I also understand that the assessment includes an annual adjustment for inflation limited to 3%.

☐ No, I oppose the proposed maximum assessment on my parcel for fire suppression services that benefit my parcel.

I hereby declare, under penalty of perjury under the laws of the State of California, that I am authorized to submit a ballot on behalf of the parcel identified above.

Signed _____ Date _____

Print Name _____

«BALLOTYES» «BALLOTNO»

RESOLUTION NO.7-2007

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH TAHOE FIRE PROTECTION DISTRICT, CALIFORNIA, TO APPROVE PRELIMINARY ENGINEER'S REPORT AND TO SUPPORT FIRE SUPPRESSION ASSESSMENTS FOR THE NORTH TAHOE FIRE PROTECTION DISTRICT

WHEREAS, the Board of Directors has, by previous Resolution, proposed to levy Fire Suppression Assessments for the North Tahoe Fire Protection District and initiated proceedings pursuant to the provisions of Title 5, Division 1, Part 1, Article 3.6 of the Government Code of California, beginning with Section 50078 (hereinafter referred to as the "Fire Assessment Law"); and

WHEREAS, said Fire Assessment Law provides for the levy and collection of assessments by the County of Placer for the North Tahoe Fire Protection District to pay for obtaining, furnishing, operating, and maintaining fire suppression equipment or apparatus and the salaries and benefits of firefighting personnel; and

WHEREAS, the Board of Directors has retained MuniFinancial for the purpose of assisting with the establishment of the assessments and to assist the Board with the preparation of an Engineer's Report (hereafter referred to as the "Engineer's Report") in accordance with the California Constitution Article XIIID; and

WHEREAS, there has now been presented to this Board of Directors the Engineer's Report for the North Tahoe Fire Protection District Fire Suppression Assessment; and

WHEREAS, the Board of Directors has carefully examined and reviewed the Engineer's Report as presented, and is preliminarily satisfied with the Report, including each and all of the budget items and documents as set forth therein, and is satisfied that the assessments have been spread in accordance with the benefits received from the fire suppression services provided to all properties within the service area of the North Tahoe Fire Protection District, whether or not fire suppression services are actually used by or upon a parcel, as set forth in said Report.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the North Tahoe Fire Protection District for the North Tahoe Fire Protection District Fire Suppression Assessment:

1. The foregoing recitals are all true and correct.

2. The Engineer's Report as presented, consists of the following:

- A Description of the Assessment and Fire Suppression Services; and
- The Annual Budget; and
- The method of apportionment for calculating the assessment for each of the assessed parcels within the service area of the North Tahoe Fire Protection District.

3. The Engineer's Report is hereby preliminarily approved. All property owners subject to the new assessment shall be balloted pursuant to California Constitution Article XIIID.

4. This Engineer's Report is hereby ordered to be filed in the Office of the Board Clerk as a permanent record and to remain open to public inspection. The Board Clerk shall certify to the passage and adoption of this Resolution, and the minutes of this meeting shall so reflect the presentation of the Engineer's Report.

PASSED AND ADOPTED this 30th day of August 2007, by the following vote:

AYES:	Board Members	Hale, Loverde, O'Dette, Correa, Potts
NOES:	Board Members	none
ABSENT:	Board Members	none
ABSTAIN:	Board Members	none

Chair, Board of Directors

ATTEST:

Board Clerk
Kip Cross

RESOLUTION NO. 8-2007

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH TAHOE FIRE PROTECTION DISTRICT INITIATING PROCEEDINGS FOR THE PROPOSED ANNUAL LEVY OF FIRE SUPPRESSION ASSESSMENTS FOR THE NORTH TAHOE FIRE PROTECTION DISTRICT

WHEREAS, the Board of Directors is initiating proceedings for the proposed levy of the North Tahoe Fire Protection District Fire Suppression Assessment pursuant to the provisions of Title 5, Division 1, Part 1, Article 3.6 of the Government Code of California, beginning with Section 50078 (hereinafter referred to as the "Fire Assessment Law") that provides for the levy and collection of assessments by the County of Placer for the North Tahoe Fire Protection District (hereinafter referred to as the "District") to pay for obtaining, furnishing, operating, and maintaining fire suppression equipment or apparatus and the salaries and benefits of firefighting personnel within the North Tahoe Fire Protection District; and

WHEREAS, the Board of Directors has retained MuniFinancial (hereinafter "Assessment Engineer"), for the purpose of assisting with the establishment of the assessments and to assist the North Tahoe Fire Protection District with the preparation of an Engineer's Report (hereafter referred to as the "Engineer's Report") to support the assessment in accordance with the requirements of the California Constitution, Article XIIID.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the North Tahoe Fire Protection District:

1. The Board of Directors hereby orders the Assessment Engineer to assist the Board with the preparation of the Engineer's Report concerning the establishment and levy of fire suppression assessments for the District in accordance with the Fire Assessment Law and the California Constitution, Article XIIID.

2. The proposed activities include, but are not limited to, the purchasing of fire suppression equipment, paying the salaries and benefit costs of fire fighting personnel, and paying the costs for operating, maintaining and equipping fire suppression equipment and apparatus.

PASSED AND ADOPTED this 30th day of August 2007, by the following vote:

AYES:	Board Members	Hale, Loverde, O'Dette, Correa, Potts
NOES:	Board Members	none
ABSENT:	Board Members	none
ABSTAIN:	Board Members	none

Chair, Board of Directors

ATTEST:

Board Clerk
Kip Cross

RESOLUTION NO. 9-2007

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH TAHOE FIRE PROTECTION DISTRICT FOR THE PROPOSED NORTH TAHOE FIRE PROTECTION DISTRICT FIRE SUPPRESSION ASSESSMENT, DECLARING ITS INTENTION TO CONDUCT A PROPERTY OWNER BALLOTING ON THE MATTER OF A NEW ASSESSMENT AND TO LEVY ANNUAL ASSESSMENTS COMMENCING IN FISCAL YEAR 2008/2009

WHEREAS, the Board of Directors has, by previous Resolution, initiated proceedings for the imposition of a Fire Suppression Assessment, pursuant to the provisions of Title 5, Division 1, Part 1, Article 3.6 of the Government Code of California, beginning with Section 50078 (hereinafter referred to as the "Fire Assessment Law") that provides for the levy and collection of Fire Suppression Assessments by the County of Placer for the North Tahoe Fire Protection District to pay for obtaining, furnishing, operating, and maintaining fire suppression equipment or apparatus and the salaries and benefits of firefighting personnel; and,

WHEREAS, the Board of Directors has retained MuniFinancial for the purpose of assisting with the establishment of the assessments and to assist the North Tahoe Fire Protection District with the preparation of an Engineer's Report (hereafter referred to as the "Engineer's Report") in accordance with the requirements of the California Constitution, Article XIIID.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the North Tahoe Fire Protection District for the North Tahoe Fire Protection District Fire Suppression Assessment, pursuant to the Code and the California Constitution, Articles XIIID, as follows:

1. The Board of Directors hereby declares its intention to seek the Annual Levy of the Fire Suppression Assessment pursuant to the Fire Assessment Law, over and including the land within the North Tahoe Fire Protection District fire service area boundaries, and to levy and collect assessments on all such land to pay the costs of the following: obtaining, furnishing, operating, and maintaining fire suppression equipment or apparatus and the salaries and benefits of firefighting personnel.

2. The boundaries of the assessment area coincide with and are equivalent to the boundaries of the North Tahoe Fire Protection District fire service area.

3. An assessment ballot proceeding is hereby called on behalf of the Board on the matter of confirming assessments for any property within the North Tahoe Fire Protection District fire service area subject to a new assessment pursuant to California Constitution Article XIIID.

   The assessment ballot proceeding on the matter of authorizing the levy of the assessments, pursuant to California Constitution, Article XIIID, Section 4 consists of a ballot, included with mailed notice, distributed by first class mail to the property owners of record as identified on the last equalized property tax roll of the County of Placer subject to the proposed assessment. Each property owner's ballot is weighted by the amount of his or her

proposed assessment. Each property owner may return the ballot by mail or in person to the North Tahoe Fire Protection District not later than the conclusion of the Public Hearing on the matter on October 23, 2007. The Public Hearing is scheduled to begin on Tuesday, October 23, 2007, at 5:30 p.m., at the Tahoe City Public Utility Board Room, 221 Fairway Drive, Tahoe City, California. At the conclusion of the Public Hearing, the Board Clerk or an impartial designee shall tabulate the ballots to determine if a majority protest exists. The ballots shall be weighted according to the proportional financial obligation of each affected property. A majority protest exists if, upon the conclusion of the hearing, weighted ballots submitted in opposition to the assessment exceed the weighted ballots submitted in favor of the assessment.

4. The proposed assessments and a full detailed description of the methodologies for calculating the Assessments are presented in the Engineer's Report, on file in the Office of the Board Clerk.

5. The Board of Directors hereby declares its intention to conduct a Public Hearing concerning the levy of assessments for the service area of the North Tahoe Fire Protection District in accordance with Government Code, Section 54954.6 and California Constitution, Article XIIID, Section 4(e).

   As defined by Government Code Section 54954, those properties subject to a new assessment shall be mailed a notice of the Public Hearing and a property owner ballot not less than 45 days before the date of the public hearing pursuant to California Constitution, Article XIIID. Property owners being balloted for a new assessment must return their ballots to the Board Clerk prior to the conclusion of the public input portion of the Public Hearing, after which they will be tabulated. At the Public Hearing, all interested persons shall be permitted to present written and/or oral testimony regarding the proposed assessment.

6. Notice is hereby given that the Board of Directors will hold a Public Hearing on these matters on Tuesday, October 23, 2007, at 5:30 p.m., or as soon thereafter as feasible at the Tahoe City Public Utility Board Room, 221 Fairway Drive, Tahoe City, California.

PASSED AND ADOPTED this 30th day of August 2007, by the following vote:

AYES:	Board Members	Hale, Loverde, O'Dette, Correa, Potts
NOES:	Board Members	none
ABSENT:	Board Members	none
ABSTAIN:	Board Members	none

Chair, Board of Directors

ATTEST:

Board Clerk
Kip Cross

RESOLUTION NO. 10-2007

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH TAHOE FIRE PROTECTION DISTRICT ADOPTING PROCEDURES APPLICABLE TO THE COMPLETION, RETURN AND TABULATION OF ASSESSMENT BALLOTS FOR THE PROPOSED FIRE SUPPRESSION ASSESSMENT

WHEREAS, Proposition 218 was adopted on November 6, 1996, adding Articles XIIIC and XIIID to the California Constitution; and

WHEREAS, Articles XIIIC and XIIID of the California Constitution impose certain procedural and substantive requirements relating to assessments (as defined therein); and

WHEREAS, Section 4C of Article XIIID of the California Constitution and Government Code Section 53753 provide the opportunity for the North Tahoe Fire Protection District Board of Directors to develop a summary of the procedures for the completion, return, and tabulation of Assessment Ballots to be included with the notice requirements of Article XIIID of the California Constitution; and

WHEREAS, the Board of Directors of the North Tahoe Fire Protection District ("Board") finds it to be in the interest of the North Tahoe Fire Protection District to record its decisions regarding the procedures for the completion, return and tabulation of Assessment Ballots for the proposed Fire Suppression Assessment.

NOW, THEREFORE, BE IT RESOLVED by the Board of the North Tahoe Fire Protection District:

The Board of Directors does hereby determine and order as follows:

1. It is the Board of Directors intent in adopting this resolution, to adopt procedures applicable to the completion, return and tabulation of Assessment Ballots that are consistent with, and in compliance with, Articles XIIIC and XIIID of the California Constitution and with the Proposition 218 Omnibus Implementation Act. It is not the intent of the Board of Directors to vary in any way from the requirements of Articles XIIIC and XIIID or the Proposition 218 Omnibus Implementation Act and the provisions of this Resolution shall be interpreted in accordance therewith.

2. The following guidelines shall apply in giving notice of an assessment:

   A. The record owner(s) of each parcel to be assessed shall be determined from the last equalized secured property tax assessment roll (the "Assessment Roll"). Only property owners shall receive notice.

   B. The notice shall be sent at least forty-five (45) days prior to the date set for the public hearing on the assessment.

C. The notice provided by this section and in accordance with Article XIIID, Section 4, of the California Constitution, shall supersede and be in lieu of any other statutes requiring notice to levy or increase an assessment, including but not limited to the notice required by the state statute authorizing the assessment and Government Code section 54954.6.

D. Failure of any person to receive notice shall not invalidate the proceedings.

3. The following procedures are applicable to the completion, return, and tabulation of Assessment Ballots required by Article XIIID of the California Constitution:

A. Assessment Ballot. The following guidelines shall apply to the Assessment Ballot:

i. At least forty-five (45) days prior to the date of the public hearing on the proposed assessment, the Assessment Ballot required by Article XIIID, Section 4(D) of the California Constitution shall be mailed to all property owners affected by the proposed assessment whose name(s) and address(es) appear on the last County of Placer secured roll. If the person who receives the Assessment Ballot is not the property owner, (i.e. the property has been sold), the person receiving the Assessment Ballot should promptly notify the new property owner and the Board Clerk. If the property has split interest parties due to split ownership interests in the entire property, and the secured roll identifies the percentage of ownership for each ownership interest, a ballot will be sent to each ownership interest as listed on the last secured roll. Each ballot will represent a proportion of the total proposed assessment whereas the proportion of the assessment is equal to the proportion of the parties' ownership interest in the property. If the property has split ownership interest and the percentage of ownership is not identified within the County's secured roll, a ballot will be sent to each ownership interest representing an equal proportion of the total proposed assessment. If the property has split interest parties due to joint tenancy or community property ownership in the entire property (i.e. husband and wife), one ballot will be sent for such property which will identify each owner of the joint tenancy or community and may be signed by either owner.

ii. All Assessment Ballots must be returned to the Board Clerk, or his/her designee by mail or in person, sealed in the envelope provided with the ballot, provided not later than the end of the public input portion of the Public Hearing. If the envelope is lost, the property owner can request an envelope from the Board Clerk. The Board Clerk may accept Assessment Ballots sealed in an envelope where the outside envelope is clearly marked that it contains an Assessment Ballot. Mailed Assessment Ballots must be addressed to: Board Clerk, PO Box 5879, Tahoe City, California 96145. Assessment Ballots may also be hand delivered to the Board Clerk at Station 51, 300 North Lake Blvd., Tahoe City, California 96145.

iii. The Assessment Ballot must be signed under penalty of perjury. For properties with more than one owner of record or split interest parties, Assessment Ballots will be accepted from each owner of record. Each owner of record is entitled to vote. The Board Clerk, or designee, shall apportion the voting rights between the owners based upon the respective record interests as the Board Clerk deems correct, proper, and appropriate. Multiple property owners may indicate their proportional property interest on the Assessment Ballot.

iv. The Board Clerk may issue additional Assessment Ballots to "additional property owners" whose name(s) does or do not appear on the last Assessment Roll of the County of Placer. These additional Assessment Ballots shall be issued upon presentation of adequate information that the requesting party is an owner of record. Additional Assessment Ballots may be requested from the Board Clerk located at Station 51, 300 North Lake Blvd., Tahoe City, California 96145.

v. A tenant or holder of less than fee interest in real property shall not have the power or authority to submit an Assessment Ballot.

vi. A property owner of record may delegate his/her Assessment Ballot vote to an authorized agent provided the authorization:

a. Is in writing;
b. Clearly identifies by first and last name the authorized agent;
c. Identifies the property by APN number or other information adequate to identify the property; and
d. Is signed by the property owner under penalty of perjury, and such writing is attached to the Assessment Ballot.

vii. Only original Assessment Ballots with original signatures (i.e. no photocopies, facsimiles and e-mail) will be accepted. Assessment Ballots received after the Public Hearing with a postmark of the Public Hearing date or earlier will not be considered.

viii. The Board Clerk may issue a duplicate Assessment Ballot to any property owner whose original Assessment Ballot was lost or destroyed. The new Assessment Ballot shall be issued upon presentation of adequate information that the requesting party is an owner of record. The new Assessment Ballots shall be clearly marked as "Replacement Assessment Ballot".

ix. An Assessment Ballot proceeding is not an election.

x. The Assessment Ballot shall remain sealed until tabulation as provided in subsection B below. Once the ballot tabulation process is complete, the Assessment Ballot shall be treated as a disclosable public record, as defined in

Government Code §6252, and equally available for inspection by the proponents and the opponents of the proposed Assessment.

B. Tabulating Assessment Ballots. The following guidelines shall apply to tabulating Assessment Ballots:

i. An impartial person, including, but not limited to, the Board Clerk or other person designated by the Board who does not have a vested interest in the outcome of the proposed Assessment shall tabulate the Assessment Ballots submitted, and not withdrawn, in support or opposition to the proposed Assessment.

ii. The Board Clerk, or the designated person, shall begin tabulating the Assessment Ballots at the conclusion of the Public Hearing referenced in Section C below.

iii. The Board Clerk, or the designated person, shall determine the validity of all Assessment Ballots. The Board Clerk, or the designated person, shall accept as valid, all Assessment Ballots except those in the following categories:

a. An Assessment Ballot or authorization that does not contain an original signature;
b. An unsigned Assessment Ballot and/or authorization;
c. An Assessment Ballot which lacks an identifiable "yes, I support" or "no, I oppose" vote (i.e. both boxes marked or neither box marked);
d. An Assessment Ballot which appears tampered with or otherwise invalid based upon its appearance or method of delivery or other circumstances; or
e. Assessment Ballots not in actual receipt of the Board Clerk prior to the conclusion of public testimony at the Public Hearing.

iv. The Board Clerk's, or the designated person's, decision, after consultation with the Board Attorney, that an Assessment Ballot is invalid, shall be final and may not be appealed to the Board of Directors.

v. A property owner who has submitted an Assessment Ballot may withdraw the Assessment Ballot and submit a new Assessment Ballot up until the conclusion of the public testimony at the Public Hearing on the assessment.

vi. A property owner's failure to receive an Assessment Ballot shall not invalidate the proceedings conducted under this resolution and Section 4, Article XIIID of the California Constitution.

C. Public Hearing on Assessments.

i. At the Public Hearing, the Board of Directors shall hear all public testimony regarding all objections or protests, if any, to the proposed assessment and accept Assessment Ballots until the close of public testimony.

ii. The Board of Directors may impose reasonable time limits on both the length of the entire hearing and the length of each speaker's testimony.

iii. If additional time is necessary for public testimony, the Board of Directors may continue the Public Hearing to a later date to receive additional public testimony and information.

iv. At the conclusion of the Public Hearing, the Assessment Ballots shall be tabulated.

v. If, according to the final tabulation, the Assessment Ballots submitted against the proposed assessment exceed the Assessment Ballots submitted in favor of the proposed assessment, weighted according to the proportional financial obligation of the affected property, a "majority protest" exists, and the Board of Directors shall not impose the new assessment on parcels affected by the proposed assessment.

PASSED AND ADOPTED this 30th day of August 2007, by the following vote:

AYES:	Board Members	Hale, Loverde, O'Dette, Correa, Potts
NOES:	Board Members	none
ABSENT:	Board Members	none
ABSTAIN:	Board Members	none

Chair, Board of Directors

ATTEST:

Board Clerk
Kip Cross

RESOLUTION 15 - 2007

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH TAHOE FIRE PROTECTION DISTRICT, CALIFORNIA, DECLARING THE RESULTS OF A PROPERTY OWNER PROTEST PROCEEDING AND APPROVING CERTAIN RELATED ACTIONS

WHEREAS, the Board of Directors of the North Tahoe Fire Protection District, California (hereafter referred to as "the Board") called and duly held a property owner protest proceeding for the North Tahoe Fire Protection District Fire Suppression Assessment (hereafter referred to as "the Assessment") pursuant to the provisions of *Title 5, Division 1, Part 1, Article 3.6 of the Government Code of California, beginning with Section 50078* (hereafter referred to as "the Code"), and *California Constitution Articles XIIIC and XIIID,* for the purpose of presenting to the qualified property owners within the North Tahoe Fire Protection District service area the proposed imposition of said Assessment and the annual levy of assessments for the costs and expenses of fire suppression services providing special benefits to the properties within; and,

WHEREAS, the landowners of record within the North Tahoe Fire Protection District service area as of the close of the Public Hearing held on October 23, 2007 did cast their ballots, the results of which are illustrated below:

Yes: $183,586.64	% Yes: 67.21%
No: $ 89,567.47	% No: 32.79%

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE NORTH TAHOE FIRE PROTECTION DISTRICT, CALIFORNIA, DOES HEREBY RESOLVE, ORDER AND DETERMINE:

Section 1 The above recitals are true and correct.

Section 2 The results of the tabulation of the valid property owner protest ballots returned by the property owners within the North Tahoe Fire Protection District, prior to the conclusion of the Public Hearing and property owner protest proceeding held for the District on October 23, 2007, is hereby confirmed and made public record.

Section 3 The tabulation of the valid property owner protest ballots returned by the property owners within the North Tahoe Fire Protection District indicates whether or not there exists a majority protest of the Assessment, and if the results identify that there is not a majority protest; the Board of Directors is hereby authorized to take the necessary steps to levy the assessments as approved.

Section 4 The Board Clerk is hereby directed to enter this Resolution on the minutes of the Board of Directors' meeting which shall constitute the official declaration of the result of such property owner protest proceeding.

Section 5 This Resolution shall become effective immediately upon its adoption.

Section 6 The Board Clerk shall certify the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 14th day of November, 2007.

Russell Potts, Board President
North Tahoe Fire Protection District

Kip Cross, Board Clerk
North Tahoe Fire Protection District

STATE OF CALIFORNIA)
COUNTY OF PLACER) ss.
NORTH TAHOE FIRE PROTECTION DISTRICT)

I, Kip Cross, Board Clerk of the North Tahoe Fire Protection District, County of Placer, State of California do hereby certify that the foregoing Resolution No. 15 - 2007 was regularly adopted by the Board of Directors of said District at a regular meeting of said Board held on the 14th day of November, 2007 by the following vote:

AYES: Correa, Potts, O'Dette, Loverde

NOES: none

ABSENT: Hale

ABSTAINED: none

Kip Cross, Board Clerk
North Tahoe Fire Protection District

RESOLUTION 16 - 2007

RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH TAHOE FIRE PROTECTION DISTRICT, CALIFORNIA, APPROVING THE FINAL ENGINEER'S REPORT REGARDING THE IMPOSITION OF THE NORTH TAHOE FIRE PROTECTION DISTRICT FIRE SUPPRESSION ASSESSMENT.

The Board of Directors of the North Tahoe Fire Protection District, California (hereafter referred to as "the Board") hereby finds, determines, resolves and orders as follows:

WHEREAS, The Board of Directors did by previous Resolution order the Assessment Engineer, MuniFinancial, to prepare and file a report in accordance with *Title 5, Division 1, Part 1, Article 3.6 of the Government Code of California, beginning with Section 50078* (hereafter referred to as "the Code"), and *California Constitution Articles XIIIC and XIIID,* in connection with the proposed levy and collection of assessments for the North Tahoe Fire Protection District (hereafter referred to as "the District") for the fiscal year commencing July 1, 2008 and ending June 30, 2009; and,

WHEREAS, The Engineer has prepared and filed an engineer's report with the Board Clerk of the North Tahoe Fire Protection District and the Board Clerk has presented to the Board such report entitled "North Tahoe Fire Protection District, Fire Suppression Assessment, Engineer's Report" (hereafter referred to as "the Report"); and,

WHEREAS, The Board has carefully examined and reviewed the Report as presented, and is satisfied with each and all of the items and documents as set forth therein, and finds that the levy has been spread in accordance with the special benefits received from the improvements, operation, maintenance and services to be performed, as set forth in said Report; and,

NOW, THEREFORE BE IT RESOLVED, DETERMINED, AND ORDERED BY THE BOARD OF DIRECTORS FOR THE NORTH TAHOE FIRE PROTECTION DISTRICT, AS FOLLOWS:

Section 1 The above recitals are all true and correct.

Section 2 The Report as presented, consists of the following:

a) A Description of the Assessment and Improvements.

b) The Annual Budget (Costs and Expenses of Services, Operations and Maintenance)

c) A Description of the Method of Apportionment resulting in assessment rates for each property classification within the North Tahoe Fire Protection District service area, as defined in the Report.

Section 3 The Report as presented, is hereby approved and is ordered to be filed in the Office of the Board Clerk as a permanent record and to remain open to public inspection.

Section 4 The Board Clerk shall certify to the passage and adoption of this Resolution and the minutes of this meeting shall so reflect the presentation and final approval of the Report.

PASSED, APPROVED, AND ADOPTED this 14th day of November, 2007.

Russell Potts, Board President
North Tahoe Fire Protection District

Kip Cross, Board Clerk
North Tahoe Fire Protection District

STATE OF CALIFORNIA)
COUNTY OF PLACER) ss.
NORTH TAHOE FIRE PROTECTION DISTRICT)

I, Kip Cross, Board Clerk of the North Tahoe Fire Protection District, County of Placer, State of California do hereby certify that the foregoing Resolution No. 16 - 2007 was regularly adopted by the Board of Directors of said North Tahoe Fire Protection District at a regular meeting of said board held on the 14th day of November, 2007 by the following vote:

AYES: Correa, Potts, O'Dette, Loverde

NOES: none

ABSENT: Hale

ABSTAINED: none

Kip Cross, Board Clerk
North Tahoe Fire Protection District

RESOLUTION 17 - 2007

RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH TAHOE FIRE PROTECTION DISTRICT, CALIFORNIA, ORDERING THE LEVY AND COLLECTION OF FIRE SUPPRESSION ASSESSMENTS WITHIN THE NORTH TAHOE FIRE PROTECTION DISTRICT SERVICE AREA FOR FISCAL YEAR 2008/2009

The Board of Directors of the North Tahoe Fire Protection District, California (hereafter referred to as "the Board") hereby finds, determines, resolves and orders as follows:

WHEREAS, The Board has by previous Resolutions initiated proceedings and declared its intention to levy special benefit assessments against parcels of land within the North Tahoe Fire Protection District service area commencing in Fiscal Year 2008/2009, (July 1, 2008 and ending June 30, 2009); pursuant to the provisions of *Title 5, Division 1, Part 1, Article 3.6 of the Government Code of California, beginning with Section 50078* (hereafter referred to as "the Code"), and *California Constitution Articles XIIIC and XIIID* to pay the costs and expenses of operating, maintaining and servicing fire suppression services and appurtenant equipment located within the North Tahoe Fire Protection District; and,

WHEREAS, The Assessment Engineer selected by the Board has prepared and filed with the Board Clerk, and the Board Clerk has presented to the Board the Engineer's Report (hereafter referred to as "the Report") in connection with the proposed levy and collection of special benefit assessments upon eligible parcels of land within the North Tahoe Fire Protection District service area, and the Board did by previous Resolution approve such Report; and,

WHEREAS, The Board of Directors desires to levy and collect assessments against parcels of land within the North Tahoe Fire Protection District service area commencing in Fiscal Year 2008/2009, to pay the costs and expenses of operating, maintaining and servicing fire suppression services and appurtenant equipment; and,

WHEREAS, The Board has previously conducted a property owner protest ballot proceeding for all Fire Suppression Assessments proposed to be levied for Fiscal Year 2008/2009, and said assessments are described in the approved Report, and the assessments as described comply with all applicable provisions of the California State Constitution Article XIIID.

NOW, THEREFORE BE IT RESOLVED, DETERMINED, AND ORDERED BY THE BOARD OF DIRECTORS FOR THE NORTH TAHOE FIRE PROTECTION DISTRICT, AS FOLLOWS:

Section 1 Following notice duly given, the Board of Directors has held a full and fair Public Hearing regarding its Resolution approving or amending the Engineer's Report prepared in connection therewith; the levy and collection of assessments, and considered all oral and written statements, protests and communications made or filed by interested persons. The Board has determined that the property owners in accordance with the requirements

of the California State Constitution, Article XIIID have approved the assessments as presented in the Engineer's Report.

Section 2 Based upon its review (and amendments, as applicable) of the Engineer's Report, a copy of which has been presented to the Board and which has been filed with the Board Clerk, the Board of Directors hereby finds and determines that:

a) The land within the North Tahoe Fire Protection District service area will receive special benefit by the operation, maintenance and servicing of fire suppression services and appurtenant equipment.

b) The net amount to be assessed upon the lands within the North Tahoe FPD service area is in accordance and apportioned by a formula and method, which fairly distributes the net amount among all eligible parcels in proportion to the special benefit to be received by each parcel from the improvements and services.

Section 3 The Report and assessment as presented to the Board and on file in the office of the Board Clerk are hereby confirmed as filed.

Section 4 The Board hereby orders the proposed improvements to be made, which improvements are briefly described as the maintenance, operation, administration and servicing of fire suppression services within the North Tahoe Fire Protection District service area and all appurtenant equipment related thereto.

Section 5 The maintenance, operation and servicing of fire suppression services and appurtenant equipment shall be performed pursuant to the Code and the County Auditor of Placer shall enter on the County Assessment Roll opposite each parcel of land the amount of levy, and such levies shall be collected at the same time and in the same manner as the County taxes are collected. After collection by the County, the net amount of the levy shall be paid to the North Tahoe Fire Protection District.

Section 6 The North Tahoe Fire Protection District shall deposit all money representing assessments collected by the County for the District to the credit of a fund for the North Tahoe Fire Protection District Fire Suppression Assessment, and such money shall be expended only for the maintenance, operation and servicing of fire suppression services and appurtenant equipment as described in Section 4.

Section 7 The adoption of this Resolution constitutes the Fire Suppression Assessment levy, commencing with Fiscal Year 2008/2009.

Section 8 The Board Clerk is hereby authorized and directed to file the levy with the County Auditor upon adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 14th day of November, 2007.

Russell Potts, Board President
North Tahoe Fire Protection District

Kip Cross, Board Clerk
North Tahoe Fire Protection District

STATE OF CALIFORNIA)
COUNTY OF PLACER) ss.
NORTH TAHOE FIRE PROTECTION DISTRICT)

I, Kip Cross, Board Clerk of the North Tahoe Fire Protection District, County of Placer, State of California do hereby certify that the foregoing Resolution No. 17 – 2007 was regularly adopted by the Board of Directors of said North Tahoe Fire Protection District at a regular meeting of said board held on the 14th day of November, 2007 by the following vote:

AYES: Correa, Potts, O'Dette, Loverde

NOES: none

ABSENT: Hale

ABSTAINED: none

Kip Cross, Board Clerk
North Tahoe Fire Protection District

MESSAGE AREA:

PLACER COUNTY 2013-2014 SECURED PROPERTY TAX BILL

FOR FISCAL YEAR BEGINNING JULY 1, 2013 AND ENDING JUNE 30, 2014

JENINE WINDESHAUSEN
TREASURER-TAX COLLECTOR
2976 RICHARDSON DRIVE • AUBURN, CALIFORNIA 95603-2640
(530) 889-4120 • 1-888-888-5218
www.placer.ca.gov/tax

QR Code to Website

ASSESSMENT NUMBER	TAX RATE AREA	FEE PARCEL NUMBER	PROPERTY INFORMATION
999-999-999-000		999-999-999-000	PROPERTY DESCRIPTION / SITUS ADDRESS: 123 TAHOE ST.

JOHN SMITH
PO BOX 000
TAHOE

ASSESSED OWNER AS OF JANUARY 1st:
SMITH, JOHN

ASSESSED VALUES, PROPOSITION 13 TAXES AND EXEMPTIONS

	ASSESSED VALUE	X TAX RATE	= COUNTYWIDE TAXES	
LAND	125,000			
STRUCTURAL IMPROVEMENTS	80,000			
H HOMEOWNERS EXEMPTION	-7,000			
NET TAXABLE VALUE	198,000	1.000000	1,980.00	$1,980.00

PHONE NUMBERS

PAYMENT INFORMATION (530) 889-4120

VALUATION & EXEMPTION (530) 889-4300

VOTER APPROVED TAXES, TAXING AGENCY DIRECT CHARGES AND SPECIAL ASSESSMENTS

					SPECIAL ASSESSMENT
35210	Sierra Coll SFID #1 B&I 2004 Series B	198,000	0.004538	8.98	(530) 889-4173
35220	Sierra Coll SFID #1 B&I 2004 Series A Ref 2013	198,000	0.005738	11.36	(530) 889-4173
35900	Tah Trk Un B&I 93B Ref 2004	[illegible]	[illegible]	3.62	(530) 889-4173
36910	Tah Trk Un B&I 93A98 Ref 2010	[illegible]	[illegible]	9.76	(530) 889-4173
37200	Tah Trk Un B&I 99A SFID #2 Non Refunding	[illegible]	[illegible]	3.48	(530) 889-4173
37201	Tah Trk Un B&I 99A SFID#2 Ref 2001	[illegible]	[illegible]	43.04	(530) 889-4173
37202	Tah Trk Un B&I 99B SFID #2 Non Refunding	[illegible]	0.0036[illegible]	7.64	(530) 889-4173
37203	Tah Trk Un B&I 99B & 02B SFID #2 Ref 2013	[illegible]	0.0144[illegible]	28.70	(530) 889-4173
37400	Tah Trk Un B&I 2002A SFID #2 Non Refunding	[illegible]	0.000[illegible]	1.08	(530) 889-4173
37402	Tah Trk Un B&I 2002A SFID #2 Ref 2012	198,000	0.011169	22.12	(530) 889-4173
42108	Tahoe Forest Hosp B&I 2008 Series A-C	198,000	0.030120	59.64	(530) 582-6656
59700	Placer Mosquito & Vector Control	DIRECT CHARGE		25.32	(800) 273-5167
69900	No Tahoe PUD CFD#94-1 MR	DIRECT CHARGE		88.94	(530) 546-4212
73500	Tahoe Truckee Unif Sch Meas A	DIRECT CHARGE		135.00	(530) 582-2500
74600	No Tahoe Fire Special Tax	DIRECT CHARGE		199.62	(530) 583-6911
74601	No Tahoe Fire Suppression Asmt	DIRECT CHARGE		52.88	(530) 583-6911
					$701.18

SAMPLE

In 2005 registered voters passed the No Tahoe Fire Special Tax. While these funds may be used for any purpose; the District uses these monies to fund emergency staffing, training, facilities maintenance, apparatus purchases and reserves.

FIRST INSTALLMENT DUE NOVEMBER 1, 2013 ▶ $1,340.59 SECOND INSTALLMENT DUE FEBRUARY 1, 2014 ▶ $1,340.59 TOTAL ▶ $2,681.18

tear tear

In 2007 property owners passed the No Tahoe Fire Suppression Asmt. These funds must be used to obtain, furnish, operate and maintain fire suppression services and apparatus including communications systems, residential chipping, defensible space inspections, fire engines, station equipment and fire fighting staffing.

These items are not related to the California Board of Equalization (BOE) Fire Prevention Fee. This fee has been levied by California and is collected by the BOE. These monies do not go to your local fire district; they are used as part of the Cal Fire Budget. For more information on this fee visit:
http://www.boe.ca.gov/sptaxprog/fire_prev_fee.htm

NOTICE OF GOVERNING BOARD MEMBER ELECTION AND/OR NOTICE TO SUBMIT MEASURE(S) TO A VOTE OF THE VOTERS

Resolution No. 7 - 2005

RESOLUTION OF THE GOVERNING BODY OF THE

North Tahoe Fire Protection District
DECLARING AN ALL MAIL BALLOT ELECTION BE HELD IN ITS JURISDICTION;
REQUESTING THE BOARD OF SUPERVISORS TO CONSOLIDATE THIS ELECTION
WITH ANY OTHER ELECTION CONDUCTED ON SAID DATE;
AND
REQUESTING ELECTION SERVICES BY THE COUNTY CLERK.

WHEREAS, this District Governing Body orders an election to be held in its jurisdiction on August 23, 2005; at which election the issue(s) to be presented to the voters shall be:

MEASURE(S) TO BE SUBMITTED TO THE VOTERS

1. Said District does request that the following measure(s) be decided at this election.

- Said Governing Board orders the following measure(s) to be put to a vote of the residents of the District:

(See attached wording marked Exhibit(s) "A"

2. Said District has determined the following election particulars:

- The County Clerk is requested to provide election services. If the District requests the Placer County Elections Division to provide election services, all applicable costs will be paid for by the District.

3. The District hereby certifies that (please check one):

____ There have been changes to the District boundary lines since our last election as shown on the attached map and/or legal description.

__X__ There have been no District boundary changes since our last election, but the District understands that the Placer County Public Works Mapping Division will verify our District boundary lines prior to the election.

BE IT RESOLVED that the Board of Supervisors of the County of Placer is hereby requested to:

1. Consolidate the election with any other applicable election conducted on the same day;

2. Authorize and direct the County Clerk, at Governing Body expense, to provide all necessary election services.

This Resolution shall be considered a Notice of Election and Specification of Election Order if applicable.

PASSED AND ADOPTED by the Governing Body on May 5, 2005.

AYES: Loverde, Potts, Hale, O'Detts

NOES: none

ABSENT: Correa

Russell E. Potts
Chair of the Board

ATTEST: _____
Kip Cross
Clerk of the Board

(Seal)

RESOLUTION NO. 2005 – 7
NORTH TAHOE FIRE PROTECTION DISTRICT

ADOPTING REVISED RATES FOR SPECIAL TAX FOR FIRE PROTECTION AND APPROVING BALLOT MEASURE

WHEREAS, the NORTH TAHOE FIRE PROTECTION DISTRICT maintains and operates a Fire Department;

WHEREAS, the ability of the NORTH TAHOE FIRE PROTECTION DISTRICT to promptly respond to fire and health emergencies is important to every resident and business in the district;

WHEREAS, actions by the State of California over the last decade have reduced the amount of local property tax revenue available to support the fire protection, fire prevention and paramedic ambulance services the District provides;

WHEREAS, the creation of redevelopment areas by Placer County has further reduced the local property tax funds available to support the District;

WHEREAS, the combined actions of the state and county reduced the fire district's budget by $700,000 last year;

WHEREAS, without additional local tax funds, emergency response times in the district cannot be maintained at current levels;

WHEREAS, California Government Code §§ 53970 through 53979 establish procedures and authorize the levy of a special tax for the purpose of fire protection and prevention;

WHEREAS, California Government Code § 53978 provides that any local agency which provides fire protection or prevention services may, by ordinance, determine and propose for adoption a special tax, for the purpose of obtaining, furnishing, operating and maintaining

fire suppression equipment or apparatus or for the purpose of paying the salaries and benefits of fire fighting personnel, or both, which tax shall take effect upon the approval of two-thirds of the voters voting upon such proposition;

WHEREAS, the voters of the District on April 8, 1997 approved by vote exceeding two-thirds of those voting a special tax for fire suppression providing for levy of an assessment based on the use of property located within the District, adjusted as permitted therein, and thereafter by Ordinance No. 2-97 adopted the Report on Classification of Properties Based on Use Code, so that the rates currently in effect are as follows:

Residential	$ 87.32
Light Commercial	$174.56
Heavy Commercial and Commercial Recreational	$261.74

AND WHEREAS, the Board of Directors of the NORTH TAHOE FIRE PROTECTION DISTRICT deem it appropriate to present to the voters of the District for approval the levy of a new schedule of rates for the special tax, increasing the rates currently in effect in view of the loss of revenues resulting from State mandated tax revenue shifts from this District to the State government and from growth in demand for such fire protection and prevention services which has exceeded the growth in revenues available to provide such services.

NOW, THEREFORE, be it enacted by the Board of Directors of the NORTH TAHOE FIRE PROTECTION DISTRICT:

SECTION 1. AUTHORIZATION

The Ordinance and the special tax authorized herein is adopted pursuant to Government Code § 53978.

SECTION 2. PURPOSE OF TAX

The purpose for which this special tax and the revised schedule of rates thereunder is levied is to establish a source of funds to obtain, furnish, operate and maintain fire suppression equipment and services, or for the purpose of paying salaries and benefits of fire fighting personnel, or both, whether or not such services are actually used by or upon a specific parcel, improvement, or property subject to such special tax.

SECTION 3. CURRENT FUNDING

There is currently in effect a valid special tax for fire protection and prevention services providing for levy on improved, non-exempt parcels located within the North Tahoe Fire Protection District, the revenues from which have been duly determined by the District to be insufficient to maintain current levels of service and reasonably anticipated future needs.

SECTION 4. DETERMINATION OF NECESSITY

The level of fire protection and prevention services which can be provided by existing revenue sources has been duly determined by the District to be insufficient to maintain current levels of service and reasonably anticipated future needs in view of tax revenue shifts from local agencies to the State government and for redevelopment, and growth in demand for services which has outstripped available revenues.

SECTION 5. LIMITATION UPON EXPENDING ASSESSMENT PROCEEDS

Any funds collected from the special tax authorized by this Ordinance shall be expended only for such fire protection and prevention (a) within the NORTH TAHOE FIRE PROTECTION DISTRICT, (b) pursuant to contract with governmental entities provided that such contract reflects an equal benefit in the area served, or (c) pursuant to duly approved mutual aid agreements.

SECTION 6. DEFINITIONS

As used in this Ordinance, the following words or phrases shall be construed as follows:

a. "Local government body" shall mean the Board of Directors, trustees, governors, or any other governing body of any fire protection district, the County Board of Supervisors for those areas receiving county fire protection and prevention services pursuant to Government Code § 25643, or the governing body of a city.

b. "Fire Protection and Prevention Services" shall include those services authorized to be provided by a fire protection district pursuant to California Health and Safety Code §13862, to wit: (a) fire protection services; (b) rescue services; (c) emergency medical services; (d) hazardous material emergency response services; (e) ambulance services, pursuant to Health and Safety Code Division 2.5 (commencing with Section 1797); and (f) any other services relating to the protection of lives and property.

c. "Special Tax" shall mean the tax authorized pursuant to this Ordinance and approved by two-thirds vote of eligible voters voting in an election for the approval of such tax.

d. "Parcel of real property" shall mean a separate parcel of real property having a separate assessor's parcel number as shown on the local secured tax rolls of Placer County or an assessment of classified structural property on the unsecured tax rolls of Placer County, or an assessment made by the State Board of Equalization.

e. "Residential parcel" shall mean a parcel of real property which, according to the records of Placer County, is classified as improved with one or more residences, classified as a use described at Use Codes 01, 02, 04, 06, 07, 08, 09, 16, 27, 29, or 35 as described in the Placer County Code and Ordinance 2-97.

f. "Commercial parcel" shall mean a parcel of real property which, according to the records of the Placer County Assessor, is classified as improved for one or more businesses providing sales and/or services, including any retail and/or wholesale operation. "Light

commercial parcel" shall mean a commercial parcel with a use designation in the Placer County Code, classified as a use described at Use Codes 03, 05, 13 or 17 as described in the Placer County Code and Ordinance 2-97. "Heavy commercial parcel" shall mean a commercial parcel with a use designation in the Placer County Code, classified as a use described at Use Codes 11, 14, 15, 18, 21, 22, 23, 25, 26, or 28 as described in the Placer County Code and Ordinance 2-97.

f. "Industrial parcel" shall mean a parcel of real property which, according to the records of the Placer County Assessor is classified as improved for the manufacturing of goods, the processing of raw materials, or the warehousing by the manufacturer of finished goods and raw materials classified as a use described at Use Codes 31, 32, 38, 63, 64, 66, or 67 as described in the Placer County Code and Ordinance 2-97.

g. "Irrigated farm and dry farm" shall mean a parcel of real property which, according to the records of the Placer County Assessor is classified for the production of crops, the raising of livestock and/or forest use.

h. "Institutional parcel" shall mean a parcel of real property which, according to the records of the Placer County Assessor is classified for charitable, education, or religious uses by institutions such as churches, hospitals, cemeteries, schools and fraternal organizations, or for governmental purposes.

i. "Improved real property" shall mean any parcel having a separate assessor's parcel number and improvement on said parcel as shown on the local secured tax rolls of Placer County.

j. "Recreational parcel" shall mean a parcel of real property which, according to the records of the Placer County Assessor, is classified for the purpose of commercial recreational use classified as a use described at Use Codes 63, 64, 66 or 67 as described in the Placer County Code and Ordinance 2-97.

k. "Use type" shall mean that use type code having a separate use type code number as shown on the local secured tax rolls of Placer County.

SECTION 7. LEVY

An annual special tax to raise revenue to fund fire protection and prevention services within the NORTH TAHOE FIRE PROTECTION DISTRICT shall be set each year by the District's Board of Directors, levied upon improved real property, but shall not exceed the amounts set forth in Section 8 of this Ordinance.

SECTION 8. SPECIAL TAX RATE

The following increase in the annual special tax rates, based on "Use Type" Classifications, and the costs of providing the fire protection and prevention services and activities by the District to properties and improvements thereon, are hereby established and imposed on improved parcels, as follows:

Residential	$78.00 to a total $165.32
Light Commercial	$156.00 to a total $330.56
Heavy Commercial or Industrial (including commercial recreational)	$234.00 to a total $495.74

As of June 30 of each year, the maximum amount of assessment specified above may be adjusted by ordinance, resolution or motion of the Board of Directors for the next fiscal year, based on the consumer price increase, if any, over the preceding year's Consumer Price Index for San Francisco/Oakland/San Jose, All Urban Consumers, using the most recently issued index available as of the adjustment date, subject to an annual cap of $8.00 on residential parcels, $16.00 on light commercial parcels and $24.00 on heavy commercial / industrial and commercial recreational parcels. The determination of CPI increase, if any, shall be made sufficiently in advance of the fiscal year end to permit reporting such increase to the Placer County Tax

Collector for inclusion in the taxes levied for the succeeding fiscal year. If the Board does not act to adjust the tax rate as described in this Section in any fiscal year, at the time the Board next so acts it may consider the increase in the Consumer Price Index over the CPI used for the last most recent adjustment.

SECTION 9. INSTITUTIONAL PARCEL LIMITATION

The special tax established by this Ordinance shall not be imposed upon institutional parcels, including parcels owned by governmental entities.

SECTION 10. CARRYOVER OF REMAINING FUNDS

Any unexpended residue of funds derived by the fire protection and prevention assessment remaining at the end of any Fiscal Year shall be carried over for use in succeeding Fiscal years by the NORTH TAHOE FIRE PROTECTION DISTRICT for the purposes authorized by this Ordinance.

SECTION 11. CORRECTIONS, CANCELLATIONS AND REFUNDS

The Board of Directors of the NORTH TAHOE FIRE PROTECTION DISTRICT, upon recommendation of the Tax Collector of Placer County as to Placer County Parcels, may order the special tax levied herein on any particular parcel of real property to be corrected, canceled or refunded in order to effectuate the provisions of this Ordinance.

SECTION 12. ACCOUNTING

The following accountability measures are adopted in connection with the special tax adopted hereby:

(a) The specific purposes of the special tax are to establish a source of funds to obtain, furnish, operate and maintain fire suppression equipment and services, or for the purpose of paying salaries and benefits of fire fighting personnel, or both;

(b) The proceeds shall be applied only to the specific purposes identified pursuant to subdivision (a);

(c) The District shall establish a special account into which the proceeds shall be deposited;

(d) The chief fiscal officer of the District shall file a report with its governing body no later than January 1, 2006 and at least once a year thereafter. The annual report shall contain both of the following:

(i) The amount of funds collected and expended; and

(ii) The status of any project required or authorized to be funded as identified in subdivision (a) of this Section.

(e) The Board annually shall appoint a Citizen's Advisory Committee consisting of five members chosen to represent a representative cross section of the community served by the District. The Citizen's Advisory Committee shall be charged with reviewing the annual report, the recommendations of the Fire Chief and District personnel concerning application of the funds raised by the special tax, and the District budget and shall make recommendations to the Board concerning the propriety of expenditures of the special tax funds in view of the purposes of this Ordinance and the interests of the community in assuring effective delivery of fire protection, fire prevention, emergency medical services and other District services.

SECTION 13. BALLOT MEASURE

The following ballot measure shall be presented to eligible voters residing within the boundaries of the NORTH TAHOE FIRE PROTECTION DISTRICT by mail ballot election on August 23, 2005:

> "To maintain its ability to respond promptly to fire and medical emergencies, shall the North Tahoe FPD's $87.32 existing annual special tax on residential properties for fire and paramedic ambulance services be increased July 1, 2005 by

$78.00 (or increased by $156.00 for light commercial properties or ~~$228.00~~ 234.00 for heavy commercial/industrial properties), adjusted annually by changes in the consumer price index, if any, with a binding cap on such adjustments by classification and implement a new citizen oversight finance committee?"

SECTION 14. ELECTION

The special tax shall be effective only upon approval of not less than two-thirds of the eligible voters voting at an election duly called for August 23, 2005 for the approval of such new schedule of rates for the special tax.

SECTION 15. COLLECTION

The collection of the special taxes shall be done by the Placer County Tax Collector in the same manner and subject to the same penalty as, or with, other charges and taxes fixed and collected by the County on behalf of NORTH TAHOE FIRE PROTECTION DISTRICT. The County may deduct its reasonable costs incurred for such service before remittal of the balance to the NORTH TAHOE FIRE PROTECTION DISTRICT.

SECTION 16. ADOPTION

This Resolution shall take effect on the 5th day of May, 2005. Upon approval of the voters as provided herein, the special tax shall be effective July 1, 2005 for the 2005-2006 fiscal year and continuing thereafter.

THE FOREGOING RESOLUTION WAS PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE NORTH TAHOE FIRE PROTECTION DISTRICT on this 5th day of May, 2005 at a meeting of said Board duly called and held on said day,

by the following Vote:

AYES: Loverde, Hale, Potts, O'Dette

NOES: none

ABSENT: Correa

NORTH TAHOE FIRE PROTECTION DISTRICT

By: _____
President, Board of Directors
Russell E. Potts

ATTEST: _____
Clerk and Ex-Officio Secretary Thereof
Kip Cross

RESOLUTION No. 300-2000

OF THE BOARD OF SUPERVISORS OF THE COUNTY OF EL DORADO

PROPOSING AN INCREASE IN THE SPECIAL TAX FOR THE PURPOSE OF PROVIDING AMBULANCE SERVICES IN THE TAHOE WEST SHORE AREA WITHIN COUNTY SERVICE AREA NO. 3

WHEREAS, the Board of Supervisors has previously established the authority for County Service Area No. 3 to provide ambulance services in the Lake Tahoe Basin of the county; and

WHEREAS, the Board of Supervisors has previously established the Tahoe West Shore Area within County Service Area No. 3 for the delivery of the said ambulance services; and

WHEREAS, the funding for such ambulance services has previously been partially provided by means of a special tax authorized by section 25210.77a of County Service Area Law (Government Code section 25210.1, et seq.); and

WHEREAS, Government Code section 25210.6a expressly authorizes a county service area to levy a special tax for ambulance services subject to voter approval; and

WHEREAS, the voters of the Tahoe West Shore area prior to 1999 approved a special tax for the said purpose in the amount of $24.60, and in 1999 the voters approved an increase in that special tax in the sum of $51.52 for a total tax of $76.12 for a period of two (2) years only which increase of $51.52 shall expire with the 2000-2001 fiscal year at which time the special tax will revert to the sum of $24.60 per year, and

WHEREAS, the sum of $24.60 is inadequate to fund advanced life support ambulance services; and

WHEREAS, the Board of Supervisors proposes to levy an increase in the special tax for the purpose of increased funding to maintain an appropriate level of advanced life support ambulance services according to the methodology as set forth below to replace the current basic special tax of $24.60 per annum.

WHEREAS, the Board of Supervisors, in the interest of fairness and equality, has determined that undeveloped (vacant) parcels of every kind and type, be subject to the special tax.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors finds, determines, declares and orders as follows:

1. That upon approval by the voters as set forth in Section 9 of this Resolution, there shall be levied and assessed a new basic special tax in the sum of fifty ($50.00) dollars per unit as modified by the risk modifier on each parcel of property, improvements thereon and on uses conducted on such parcels, in the Tahoe West Shore Area within

County Service Area No. 3, upon which any of the uses listed in the CSA No. 3 (Tahoe West Shore) Special Tax Rate Schedule ("Schedule") are located, commencing with the fiscal year 2001-2002.

2. The tax on each parcel of property, improvements and uses conducted thereon for each fiscal year shall be calculated as follows:

a. For each Property Use described in the Schedule which is located on a parcel of property, the Tax Rate Per Unit, expressed in dollars in the Schedule, shall be multiplied by the number of units relating to each such Property Use on the parcel of property.

b. The tax generated by all such uses on the parcel of property shall be aggregated and the sum shall be the annual tax applicable to the parcel of property, improvements and uses thereon.

c. The Unit Type to be utilized in calculating the tax for a particular Property Use is as shown in the Schedule. In the event a Unit Type identified in the Schedule for a Property Use category is not applicable to a particular type of use on a parcel of property, the unit shall be the parcel, unless a different Unit Type is specified pursuant to Section 8 of this Resolution.

3. The special tax for each fiscal year shall be as follows:

CSA No. 3 (TAHOE WEST SHORE AREA) SPECIAL TAX RATE SCHEDULE
(Risk Modifier applied to $50.00 base rate)

Assessor Use Code	Property Use Description	Risk Modifier	Tax Rate Per Unit	Unit Type
00,16,17,21,24	Vacant Residential Land	1.0	50.00	land
33	Motels and Hotels	.4	20.00	guest room
2,15,29	Rural, Improved	.5	25.00	parcel
13	Four or More Family Units	.8	40.00	dwelling unit
1,22,11,12,14	Residential	1.0	50.00	parcel
30	Vacant Commercial Land	1.0	50.00	land
36,31,23	Commercial, Retail, Economic Unit/Small	1.0	50.00	store, commercial shops, office
40	Vacant Industrial Land	1.0	50.00	land
60	Vacant Recreational Land	1.0	50.00	land
65	Commercial, Retail/Medium	2.0	100.00	service station, store, warehouse shop or plant, office, restaurant

4. "Parcel of property" as used in this resolution shall mean any contiguous unit of real property held in separate ownership, which is capable of sale or transfer without further action under the Subdivision Map Act (Government Code section 66410, et seq.).

5. The tax imposed by this resolution shall be a tax upon each parcel of property, class of improvement, or use of property.

6. The tax imposed by this resolution shall appear as a separate item on the tax bill of each such parcel and shall be collected at the same time and manner as county property taxes are collected as set forth in the applicable provisions of the Revenue and Taxation Code, and shall be subject to the same penalties and the same procedure and

sale in case of delinquency as provided for such taxes. All laws applicable to the levy, collection, and enforcement of county property taxes shall be applicable to such tax.

7. An appropriate appellate procedure shall be established by the Board of Supervisors by a resolution to be enacted prior to the actual levy of the special tax.

8. The Board of Supervisors shall be authorized to adopt, by ordinance or resolution, amendments to, interpretations of, and regulations under this Resolution as necessary and appropriate for the efficient implementation and administration of the tax levied hereunder, including, but not limited to, specification of additional Unit Types applicable to the Property Use categories.

No such amendments, interpretations or regulations shall increase the tax rate per unit authorized hereunder.

9. This resolution shall take effect only if it is approved by 2/3 of the votes cast at an election to be conducted on January 30, 2001. This Resolution rescinds and supersedes Resolution No. 293-2000.

PASSED AND ADOPTED by the Board of Supervisors of the County of El Dorado at a regular meeting of said Board, held on the 31st day of October, 2000, by the following vote of said Board:

Ayes: SUPERVISORS: WILLIAM S. BRADLEY, RAYMOND J. NUTTING, J. MARK NIELSEN, DAVID A. SOLARO

Noes: NONE

Absent: SUPERVISOR: PENNY HUMPHREYS

ATTEST
DIXIE L. FOOTE
Clerk of the Board of Supervisors

By Margaret B. Moody
Deputy Clerk

William S. Bradley
Chairman, Board of Supervisors

I CERTIFY THAT:

THE FOREGOING INSTRUMENT IS A CORRECT COPY OF THE ORIGINAL ON FILE IN THIS OFFICE

Date _____
ATTEST: DIXIE L. FOOTE, Clerk of the Board of Supervisors
of the County of El Dorado, State of California.

By _____
Deputy Clerk

STATE OF CALIFORNIA
AUTHENTICATED
ELECTRONIC LEGAL MATERIAL
LEGISLATIVE COUNSEL BUREAU

State of California

GOVERNMENT CODE

Section 56073

56073. "Reorganization" means two or more changes of organization contained within a single proposal.

(Amended by Stats. 2011, Ch. 300, Sec. 55. (AB 1430) Effective January 1, 2012.)

STATE OF CALIFORNIA
AUTHENTICATED
ELECTRONIC LEGAL MATERIAL

State of California

GOVERNMENT CODE

Section 56021

56021. "Change of organization" means any of the following:

(a) A city incorporation.

(b) A district formation.

(c) An annexation to a city.

(d) An annexation to a district.

(e) A detachment from a city.

(f) A detachment from a district.

(g) A disincorporation of a city.

(h) A district dissolution.

(i) A consolidation of cities.

(j) A consolidation of special districts.

(k) A merger of a city and a district.

(*l*) Establishment of a subsidiary district.

(m) The exercise of new or different functions or classes of services, or divestiture of the power to provide particular functions or classes of services, within all or part of the jurisdictional boundaries of a special district as provided in Article 1.5 (commencing with Section 56824.10) of Chapter 5 of Part 3 of this division.

(Amended by Stats. 2011, Ch. 300, Sec. 14. (AB 1430) Effective January 1, 2012.)

STATE OF CALIFORNIA
AUTHENTICATED
ELECTRONIC LEGAL MATERIAL

State of California

GOVERNMENT CODE

Section 57325

57325. On and after the effective date of an annexation, the territory annexed to a city or district, all inhabitants of that territory, and all persons entitled to vote by reason of residing or owning land within that territory shall be subject to the jurisdiction of the city or district and, except as otherwise provided in this chapter, shall have the same rights and duties as if the territory had been a part of the city or district upon its original incorporation or formation.

(Amended by Stats. 1985, Ch. 1599, Sec. 26.)

STATE OF CALIFORNIA
AUTHENTICATED
ELECTRONIC LEGAL MATERIAL
LEGISLATIVE COUNSEL BUREAU

State of California

GOVERNMENT CODE

Section 57450

57450. On and after the effective date of the dissolution of a district, the district shall be dissolved, disincorporated, and extinguished, its existence shall be terminated, and all of its corporate powers shall cease, except as the commission may otherwise provide pursuant to Section 56886 or for the purpose of winding up the affairs of the district and as otherwise provided in this chapter. The general provisions of this chapter shall not be construed as limiting in any manner the authority of the commission to impose one or more of the terms and conditions set forth in Section 56886.

(Amended by Stats. 2002, Ch. 548, Sec. 37. Effective January 1, 2003.)

STATE OF CALIFORNIA
AUTHENTICATED
ELECTRONIC LEGAL MATERIAL

State of California

GOVERNMENT CODE

Section 57550

57550. On and after the effective date of a reorganization, each change of organization ordered for any city or district shall be given the force and effect pertaining to a change of organization of that type, as provided in this part.

(Added by Stats. 1985, Ch. 541, Sec. 3. Effective September 9, 1985. Operative January 1, 1986, by Sec. 5 of Ch. 541.)

STATE OF CALIFORNIA
AUTHENTICATED
ELECTRONIC LEGAL MATERIAL
LEGISLATIVE COUNSEL BUREAU

State of California

GOVERNMENT CODE

Section 56886

56886. Any change of organization or reorganization may provide for, or be made subject to one or more of, the following terms and conditions. If a change of organization or reorganization is made subject to one or more of the following terms and conditions in the commission's resolution making determinations, the terms and conditions imposed shall prevail in the event of a conflict between a specific term and condition authorized pursuant to this section and any of the general provisions of Part 5 (commencing with Section 57300). However, none of the following terms and conditions shall directly regulate land use, property development, or subdivision requirements:

(a) The payment of a fixed or determinable amount of money, either as a lump sum or in installments, for the acquisition, transfer, use, or right of use of all or any part of the existing property, real or personal, of any city, county, or district.

(b) The levying or fixing and the collection of any of the following, for the purpose of providing for any payment required pursuant to subdivision (a):

(1) Special, extraordinary, or additional taxes or assessments.

(2) Special, extraordinary, or additional service charges, rentals, or rates.

(3) Both taxes or assessments and service charges, rentals, or rates.

(c) The imposition, exemption, transfer, division, or apportionment, as among any affected cities, affected counties, affected districts, and affected territory of liability for payment of all or any part of principal, interest, and any other amounts which shall become due on account of all or any part of any outstanding or then authorized but thereafter issued bonds, including revenue bonds, or other contracts or obligations of any city, county, district, or any improvement district within a local agency, and the levying or fixing and the collection of any (1) taxes or assessments, or (2) service charges, rentals, or rates, or (3) both taxes or assessments and service charges, rentals, or rates, in the same manner as provided in the original authorization of the bonds and in the amount necessary to provide for that payment.

(d) If, as a result of any term or condition made pursuant to subdivision (c), the liability of any affected city, affected county, or affected district for payment of the principal of any bonded indebtedness is increased or decreased, the term and condition may specify the amount, if any, of that increase or decrease which shall be included in, or excluded from, the outstanding bonded indebtedness of that entity for the purpose of the application of any statute or charter provision imposing a limitation upon the principal amount of outstanding bonded indebtedness of the entity.

(e) The formation of a new improvement district or districts or the annexation or detachment of territory to, or from, any existing improvement district or districts.

(f) The incurring of new indebtedness or liability by, or on behalf of, all or any part of any local agency, including territory being annexed to any local agency, or of any existing or proposed new improvement district within that local agency. The new indebtedness may be the obligation solely of territory to be annexed if the local agency has the authority to establish zones for incurring indebtedness. The indebtedness or liability shall be incurred substantially in accordance with the laws otherwise applicable to the local agency.

(g) The issuance and sale of any bonds, including authorized but unissued bonds of a local agency, either by that local agency or by a local agency designated as the successor to any local agency which is extinguished as a result of any change of organization or reorganization.

(h) The acquisition, improvement, disposition, sale, transfer, or division of any property, real or personal.

(i) The disposition, transfer, or division of any moneys or funds, including cash on hand and moneys due but uncollected, and any other obligations.

(j) The fixing and establishment of priorities of use, or right of use, of water, or capacity rights in any public improvements or facilities or any other property, real or personal. However, none of the terms and conditions ordered pursuant to this subdivision shall modify priorities of use, or right of use, to water, or capacity rights in any public improvements or facilities that have been fixed and established by a court or an order of the State Water Resources Control Board.

(k) The establishment, continuation, or termination of any office, department, or board, or the transfer, combining, consolidation, or separation of any offices, departments, or boards, or any of the functions of those offices, departments, or boards, if, and to the extent that, any of those matters is authorized by the principal act.

(*l*) The employment, transfer, or discharge of employees, the continuation, modification, or termination of existing employment contracts, civil service rights, seniority rights, retirement rights, and other employee benefits and rights.

(m) The designation of a city, county, or district, as the successor to any local agency that is extinguished as a result of any change of organization or reorganization, for the purpose of succeeding to all of the rights, duties, and obligations of the extinguished local agency with respect to enforcement, performance, or payment of any outstanding bonds, including revenue bonds, or other contracts and obligations of the extinguished local agency.

(n) The designation of (1) the method for the selection of members of the legislative body of a district or (2) the number of those members, or (3) both, where the proceedings are for a consolidation, or a reorganization providing for a consolidation or formation of a new district and the principal act provides for alternative methods of that selection or for varying numbers of those members, or both.

(o) The initiation, conduct, or completion of proceedings on a proposal made under, and pursuant to, this division.

(p) The fixing of the effective date or dates of any change of organization, subject to the limitations of Section 57202.

(q) Any terms and conditions authorized or required by the principal act with respect to any change of organization.

(r) The continuation or provision of any service provided at that time, or previously authorized to be provided by an official act of the local agency.

(s) The levying of either of the following:

(1) Assessments or fees, including the imposition of a fee pursuant to Section 50029 or 66484.3. For the purposes of this section, imposition of a fee as a condition of the issuance of a building permit does not constitute direct regulation of land use, property development, or subdivision requirements.

(2) General or special taxes subject to approval by the voters.

(t) The extension or continuation of any previously authorized charge, fee, assessment, or tax by the local agency or a successor local agency in the affected territory.

(u) The transfer of authority and responsibility among any affected cities, affected counties, and affected districts for the administration of special tax and special assessment districts, including, but not limited to, the levying and collecting of special taxes and special assessments, including the determination of the annual special tax rate within authorized limits; the management of redemption, reserve, special reserve, and construction funds; the issuance of bonds which are authorized but not yet issued at the time of the transfer, including not yet issued portions or phases of bonds which are authorized; supervision of construction paid for with bond or special tax or assessment proceeds; administration of agreements to acquire public facilities and reimburse advances made to the district; and all other rights and responsibilities with respect to the levies, bonds, funds, and use of proceeds that would have applied to the local agency that created the special tax or special assessment district.

(v) Any other matters necessary or incidental to any of the terms and conditions specified in this section. If a change of organization, reorganization, or special reorganization provides for, or is made subject to one or more of, the terms and conditions specified in this section, those terms and conditions shall be deemed to be the exclusive terms and conditions for the change of organization, reorganization, or special reorganization, and shall control over any general provisions of Part 5 (commencing with Section 57300).

(Amended by Stats. 2015, Ch. 304, Sec. 11. (AB 851) Effective January 1, 2016.)

Filed 10/5/12

CERTIFIED FOR PUBLICATION

IN THE COURT OF APPEAL OF THE STATE OF CALIFORNIA

FOURTH APPELLATE DISTRICT

DIVISION THREE

CITIZENS ASSOCIATION OF SUNSET BEACH, Plaintiff and Appellant, v. ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION et al., Defendants and Respondents.	G045878 (Super. Ct. No. 30-2010-00431832) O P I N I O N

Appeal from a judgment of the Superior Court of Orange County, Frederick P. Horn, Judge. Affirmed. Motion for judicial notice. Motion granted.

Howard Jarvis Taxpayers Foundation, Trevor A. Grimm, Jonathan M. Coupal and Timothy A. Bittle for Plaintiff and Appellant.

Best Best & Krieger, Scott C. Smith and Daniel S. Roberts for Defendant and Respondent Orange County Local Agency Formation Commission.

Colantuono & Levin, Michael G. Colantuono, Holly O. Whatley and Michael R. Cobden for Defendant and Respondent City of Huntington Beach.

Jarvis, Fay, Doporto & Gibson, Rick W. Jarvis and Benjamin P. Fay for League of California Cities and California State Association of Counties as Amicus Curiae on behalf of City of Huntington Beach.

I. INTRODUCTION

Taxpayers living in Huntington Beach have been paying two taxes which taxpayers in next door Sunset Beach haven"t. First, Huntington Beach taxpayers have been paying a utility tax of five percent. Second, they have been paying a "retirement property tax" of about $15 per each $100,000 of assessed valuation, on top of Proposition 13"s one-percent limit, for Huntington Beach pension costs incurred prior to the passage of Proposition 13 in 1978.[1]

Until now the taxpayers of Sunset Beach have been spared those taxes. Sunset Beach is a relatively small strip of land, consisting of about 133 acres, which, for over a century, has been an unincorporated part of the County of Orange. Because of this small size, Huntington Beach was able, with the approval of Orange County"s local agency formation commission (OC LAFCO), to annex Sunset Beach without a vote under California"s "island annexation" statute. (See Gov. Code, § 56375.3.[2])

Another California statute provides that any territory annexed to a city shall be subject to that city"s previously authorized taxes. (§ 57330.) So, with the annexation,

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[1] Huntington Beach"s retirement tax over and above the Proposition 13 limit only collects for retirement benefits incurred prior to Proposition 13 in 1978, and does not apply to "„new" retirement benefits" liability for which was incurred after Proposition 13. (See *Howard Jarvis Taxpayers Assn. v. County of Orange* (2003) 110 Cal.App.4th 1375, 1385-1387 (*Jarvis v. Huntington Beach*).) Huntington Beach cannot fund retirement benefits incurred after Proposition 13 from this "excess levy." (*Id*. at p. 1385.)

[2] All undesignated statutory references in this opinion are to the Government Code.

Sunset Beach residents have now found themselves subject to the two additional taxes levied on taxpayers in Huntington Beach for which no one in Sunset Beach voted.

A group of Sunset Beach residents calling themselves the Citizen‟s[3] Association of Sunset Beach (the Citizens Association) brought this litigation just before the annexation, seeking either to prevent the annexation, or at least to require a vote by the electorate in Sunset Beach to approve the application of the two additional taxes that would otherwise accompany the annexation. Their argument is that Proposition 218 (the Right to Vote on Taxes Act), added to the California Constitution as articles XIII C and XIII D, requires that Sunset Beach residents be given the chance to vote on the two "new" taxes.[4] The trial court eventually denied the Citizens Association‟s petition, allowed the annexation to go through, and the Citizens Association has brought this appeal.

We conclude Proposition 218 was never intended to require votes incident to annexations of territory by local governments. It was intended to prevent politicians from trying to circumvent Proposition 13 by inventing so-called assessment districts which supposedly could impose taxes without any vote of the electorate. Nor does the text of Proposition 218, even liberally construed, require an election on tax differentials in connection with an annexation. Most dispositive are the dual track elections on taxes expressly required by Proposition 218: majority votes for general taxes, supermajority votes for special taxes. If the proponents of Proposition 218 had intended to require votes on annexations whenever there is a difference in the taxes between the annexing territory and the territory to be annexed, they would, at the very least, have made provision for the fact that some of the taxes would require only a majority vote, but other taxes would

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[3] While the transcript of the proceedings below refers to appellant as "Citizen‟s," the appellate materials, including the briefs, generally delete the apostrophe. We adopt the more recent and explicable usage.

[4] The full text of Proposition 218 is set out as an appendix to *Keller v. Chowchilla Water Dist.* (2000) 80 Cal.App.4th 1006, 1018-1022.

require a two-thirds vote. None of that is in the text of Proposition 218. We therefore affirm the trial court‟s denial of the petition brought by the Citizens Association.

II. BACKGROUND

A. *The Move to Annex Sunset Beach*

Both Sunset Beach and its larger neighbor Huntington Beach got their start in 1904 in response to a railway extension connected with the construction of the Huntington Beach Pier depot. At the time, the land that is now Huntington Harbor (which lies generally behind Sunset Beach to the inland) was marshland. Until Huntington Harbor was developed in the early 1960‟s, Sunset Beach was almost a literal "island," with train tracks running along the beach, housing tracts built on the inland side of the train tracks, and marshland behind it.

Unlike Huntington Beach, though, Sunset Beach never incorporated as a city, in part due to its relatively small size. Today, Sunset Beach consists of less than 134 acres, tucked into the northwestern corner of Orange County. There are roughly two beach acres for every residential acre. There are about 1200 permanent residents and most of the community is on the ocean side of Pacific Coast Highway. All parties agree the community retains an identity distinctly separate from Huntington Beach.

As an unincorporated county area, Sunset Beach has been receiving a number of its local government services from the County of Orange, including police protection from the Orange County Sheriff‟s Department. Fire protection has been shared by the Orange County Fire Authority and Huntington Beach‟s fire department. However, since the 1990‟s the County of Orange has wanted to pull back from "municipal-type services," thus raising the question of whether Sunset Beach might incorporate as a city on its own or be annexed by nearby Huntington Beach or Seal Beach. A feasibility study prepared in May 2010 to explore the possibility of Sunset Beach incorporating on its own projected total revenue would exceed costs by about 10 percent and found incorporation feasible under three scenarios, albeit each of the three

scenarios under consideration contemplated "expanded" utility taxes. Nothing came of the self-incorporation option.

But each California county has its own LAFCO, or "local agency formation commission" to oversee annexations and formations of local governments. (See *Community Water Coalition v. Santa Cruz County Local Agency Formation Com.* (2011) 200 Cal.App.4th 1317, 1323-1324 [overview of Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000].)[5] As part of the county"s general desire to divest itself of municipal-type services, OC LAFCO had been eyeing the possible annexation of Sunset Beach by an adjacent city since at least 2005. Sometime before April 2010, OC LAFCO initiated the idea of having Huntington Beach annex Sunset Beach.

A representative from OC LAFCO acknowledged the "request was not initiated" by Huntington Beach. It came up at a Huntington Beach City Council meeting in August 2010. The Huntington Beach City Council voted to direct its staff to prepare the necessary paperwork for a formal application to OC LAFCO for annexation. Huntington Beach then applied to annex Sunset Beach. OC LAFCO staff recommended approval on December 8, 2010.

The next day the Citizens Association filed this action.

B. *The Litigation*

The Citizens Association"s petition sought a writ of mandate immediately prohibiting OC LAFCO from taking any further action on Huntington Beach"s annexation petition. The Citizens Association also sought an order directing OC LAFCO to either reject the annexation petition or impose as a condition "a favorable vote" by the

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[5] In Orange County, for example, the LAFCO that eventually approved Huntington Beach"s annexation of Sunset Beach consisted of two city councilmembers (from Lake Forest and Fountain Valley), two members of the county board of supervisors, a water district director, a sanitary district director, and a representative of the general public.

residents of Sunset Beach "in an election pursuant to Proposition 218 regarding imposition of all of the City‟s special taxes, including but not limited to the utility tax and the property tax override." Lastly, the Citizens Association asked for a preliminary injunction. The trial court granted the preliminary injunction on January 19, 2011, reasoning that the Citizens Association had shown a likelihood of success and would be entitled to some kind of protest proceeding or election "on the annexation or taxation" issue.

But when the matter was considered on the merits after briefing and oral argument in August 2011, the result was different. The court determined Proposition 218 does not apply to "„island‟" annexations under the Government Code (specifically section 56375.3). The court further concluded the annexation of Sunset Beach by Huntington Beach would not "involve the imposition, extension or increase of any new general or special taxes." Rather, the taxes at issue had already "been established and approved by the electorate of Huntington Beach."

The trial court‟s thorough (three pages, single-spaced, covering the parties‟ major arguments) minute order was filed August 18, 2011. But the minute order did not deal with the existing preliminary injunction that had been in effect since January 19.

The Citizens Association thought the status of that preliminary injunction in need of clarification. Huntington Beach thought the denial of the petition for writ of mandate to be clear and self-executing. In any event, OC LAFCO didn‟t wait for further briefing. It filed its notice of completion of annexation four days later, on August 22. Two days after that, the trial court denied an ex parte request for a stay of execution of judgment pending appeal. The formal judgment was filed September 20, and the Citizens Association filed this appeal.

III. DISCUSSION

A. *Mootness*

Respondent Huntington Beach argues the case is moot because the annexation is now final, but even so invites this court to reach the merits since the case is a matter of public interest and likely to arise anew. Respondent OC LAFCO, by contrast, apparently does not think the case is moot at all.

The case is not moot, because the Citizens Association raises a constitutional argument against the application of the annexation statutes to Sunset Beach. If, indeed, Proposition 218 requires an election before either of the two Huntington Beach taxes at issue in this case may be applied to citizens of Sunset Beach, then it makes no difference whether the annexation itself is a fait accompli. Constitutions trump conflicting statutes. (*Delaney v. Superior Court* (1990) 50 Cal.3d 785, 800-801, fn. 11.) Local governments cannot avoid application of a constitutional provision simply by ramming through an annexation to completion and then argue the constitutional provision doesn"t apply to a fait accompli.

B. *General Considerations*

Since this appeal centers on the possible application of Proposition 218, a constitutional provision enacted by initiative, our task is ascertaining the intent of the voters. "When construing a constitutional provision enacted by initiative, the intent of the voters is the paramount consideration." (*Davis v. City of Berkeley* (1990) 51 Cal.3d 227, 234.) To determine intent, courts look first to the language of the provision, giving its words their ordinary meaning. If that language is clear in relation to the problem at hand, there is no need to go further. (*Ibid.*) If, on the other hand, the language is ambiguous, we turn to extrinsic indicia of voter intent, particularly what the ballot pamphlet said about the initiative. (*People v. Rizo* (2000) 22 Cal.4th 681, 685.)

In construing the language of an initiative, we consider not only the ordinary meaning of the bare words, but how those words fit into the initiative as a

whole. (*People v. Superior Court (Pearson)* (2010) 48 Cal.4th 564, 571; *Professional Engineers in California Government v. Kempton* (2007) 40 Cal.4th 1016, 1037.) Here, the context is key.

Structurally, Proposition 218 sets up a dual system of voting on taxes. It contains two parallel subdivisions, now set forth respectively in article XIII C, section 2, subdivision (b) and article XIII, section 2, subdivision (d), of the state Constitution. They govern two different kinds of taxes. The language in each subdivision is *almost* identical. A vote is required before a tax may be imposed, extended or increased. But the required quantum of support for the tax varies with the kind of tax being imposed, extended or increased. If, as provided for in subdivision (b), a tax is a "general" one, the quantum is a simple majority. But if the tax is "special," a super-majority of two-thirds is required.[6] We conclude this dual structure undercuts any argument there was an intent to require a vote in connection with an annexation. But to explain our conclusion, a little history is needed.

Originally, section 4 of Proposition 13 passed in 1978 (Cal. Const., art. XIII A) provided that cities and counties "may" impose "special taxes" by a two-thirds vote. But four years later, in 1982, a divided Supreme Court upheld an increase in what was arguably a special tax by only 55 percent of the vote.[7] In 1986, in specific response to

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[6] Article XIII C, section 2, subdivision (b) of the state Constitution provides : "No local government may impose, extend, or increase any general tax unless and until that tax is submitted to the electorate and approved by a majority vote. A general tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved. The election required by this subdivision shall be consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by a unanimous vote of the governing body."

Article XIII C, section 2, subdivision (d) of the state Constitution provides: "No local government may impose, extend, or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote. A special tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved."

[7] The tax was a payroll and gross receipts tax passed by 55 percent of the voters in a June 1980 election. While the high court majority construed San Francisco"s payroll and gross receipts tax not to be a special tax within the meaning of Proposition 13"s section 4, the dissent thought that the majority adopted an overly "restricted interpretation of the term „special tax.'" (See *City and County of San Francisco v. Farrell* (1982) 32 Cal.3d 47, 53, 57; see *id*. at p. 57 (dis. opn. of Richardson, J.).)

that particular Supreme Court decision, the backers of Proposition 13 placed Proposition 62 on the ballot.[8] Unlike Proposition 13 before it, Proposition 62 was a statutory initiative, not an amendment to the Constitution. Proposition 62 added sections 53721, 53722, and 57723 to the Government Code. Section 53721 specifies that all taxes "are either special taxes or general." Section 53722 states that all special taxes must be approved by two-thirds of the voters. And section 54723 states that no general tax may be imposed without a majority vote.

With the passage of Proposition 62 in 1986 came the possibility of a gallimaufry of differing tax regimes among California cities and counties. For example, voters in some counties could enact "special" sales taxes by a two-thirds supermajority to fund construction of county jails (cf. *Rider v. County of San Diego* (1991) 1 Cal.4th 1 (*Rider*)[9]), or to fund county transportation projects (cf. *Santa Clara County Local Transportation Authority v. Guardino* (1995) 11 Cal.4th 220 (*Guardino*)[10]). Likewise county voters could impose "general" sales tax increases by majority vote to fund general county objectives (e.g., *Coleman v. County of Santa Clara* (1998) 64 Cal.App.4th 662 (*Coleman*)[11]). And city voters might enact certain parcel taxes which, if properly classified as general taxes, could have squeaked by with a "bare majority" of the voters. (See *Neecke v. City of Mill Valley* (1995) 39 Cal.App.4th 946, 950-951.)

This history suggests strongly that if there was any intent in Proposition 218 to provide for elections in connection with annexations, that intent would have manifested itself in some provision for the multitude of elections that would be required.

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[8] See *City of Westminster v. County of Orange* (1988) 204 Cal.App.3d 623, 637 (*Westminster*). Howard Jarvis himself was among the three writers of the ballot argument in favor of Proposition 62. (*Ibid.*)

[9] In this case the sales tax failed because it only got 50.8 percent of the vote. (*Rider, supra*, 1 Cal.4th at p. 6.)

[10] Again, this particular sales tax increase failed because it fell short of the two-thirds needed, there receiving 54.1 percent. (See *Guardino, supra*, 11 Cal.4th at p. 228.)

[11] Because the tax increase went for general purposes, this one passed with 51.8 percent of the vote. (*Coleman, supra*, 64 Cal.App.4th at p. 664.)

While much of the briefing in this case centers on the assumed confluence between Proposition 218 and the *normal* requirement of a majority election when unincorporated county territory is annexed by a city (§ 57075), we cannot assume that an election on annexation is synonymous with an election on a tax. Some voters might wish to vote one way on the annexation and another way on the tax.

So, if Proposition 218 were intended to apply to annexations, up to three separate elections might be required any time an annexation occurred: first an election by majority vote on any general tax which the annexing jurisdiction had which the to-be-annexed territory did not have; second an election on any special tax which the annexing jurisdiction had and which the to-be-annexed territory did not have; and third – at least in the case of non-island annexations – an election on the annexation per se.

And those are only the vanguard of the structural complications. Given the diversity of tax regimes among local governments contemplated by Proposition 62, some mechanism would also be needed to determine in the first place whether an annexation really would, or would not, result in additional taxes to be paid by the citizens of the to-be-annexed territory.[12] Beyond that, there would be the problem of ascertaining, before any vote required by Proposition 218, whether any tax differentials between the annexing jurisdiction and the annexed territory were to be classified as "special," requiring a two-thirds vote.

In short, there is much in the very structure of Proposition 218 that, if it had been intended to apply to annexations, should have been there, but isn"t. Just as the silence of a dog trained to bark at intruders suggests the absence of intruders, this silence speaks loudly. It is indicative of a lack of voter intent to affect annexation law. (See *In*

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[12] For example, suppose a county had a business license tax that applied only to county territory, while the annexing city had no business license tax but did have a tax on cell phone calls. Would the annexation of county territory by the city result in a net increase or decrease in taxes – and for which taxpayers?

re DirecTV Early Cancellation Litigation (2010) 738 F.Supp.2d 1062, 1075 [citing the Arthur Conan Doyle short story *Silver Blaze*].)

But quite apart from this context, the words themselves undermine appellant‟s position. Both subdivisions (b) and (d) use the same set of verbs – "may impose, extend, or increase." For the Citizens Association, the verbs "impose, extend, or increase" are unambiguous, and demand a simple application of Proposition 218‟s election requirements to the taxes at issue.

There is, however, a rule of construction – well known prior to the passage of Proposition 218 – that courts are required to try to harmonize constitutional language with that of existing statutes if possible. (*Penziner v. West American Finance Co.* (1937) 10 Cal.2d 160, 176; *Metropolitan Water District v. Dorff* (1979) 98 Cal.App.3d 109, 114 (*Dorff*).) Put another way, the implied repeal of statutes by later constitutional provisions is not favored. Accordingly, if it is possible to reconcile the language of Proposition 218 with the annexation statutes existing at the time of its passage, we must do so. (See *Dorff, supra*, 98 Cal.App.3d at p. 114.)

It turns out that at least two annexation statutes were on the books prior to the passage of Proposition 218 which would be impliedly repealed by a construction of the measure that required an election any time an annexation involved a negative tax differential between the annexed jurisdiction and the annexing jurisdiction.

One was the island annexation statute. The Citizens Association argues that involuntary "island annexations" were the product of amendments to the Government Code in 2000 enacting section 56375.3, hence Proposition 218 need not be harmonized with such involuntary annexations. Says the Citizens Association, "The island annexation statute, and the amendments accompanying it (Government Code sections 56375.3-56375.5), were not added to the Code until 2000," therefore "[i]t would have been impossible for the drafters of Proposition 218 to anticipate the island annexation law and make special provision for it." The argument, however, is not

persuasive because involuntary island annexations long pre-existed Proposition 218"s enactment in 1996.

Involuntary annexations of relatively small parcels of territory have been a part of our state"s statutory framework since 1939. (See *Weber v. City Council of Thousand Oaks* (1973) 9 Cal.3d 950, 962 (*Weber*).) Before 1939, annexations were only for uninhabited contiguous territory. (*Ibid*., citing Stats. 1899, ch. 41, p. 37; see Stats. 1939, ch. 297, § 1, pp. 1567-1568.) But beginning in 1939, the Legislation began amending annexation statutes to include territory with voters, first only 3 acres, then 12 acres, and in 1977 providing for involuntary annexations of territory not exceeding 100 acres. (See *Weber*, *supra*, 9 Cal.3d at p. 962; *I.S.L.E. v. County of Santa Clara* (1983) 147 Cal.App.3d 72, 74-75, fn. 2 [quoting former section 35150 as it stood in 1978].) "The entire island concept was introduced into the statute to prevent piecemeal annexation of large surrounded or substantially surrounded areas, thus prohibiting the circumvention of the 100-acre limitation and/or the annexation of smaller areas within larger substantially surrounded areas." (*Fig Garden Park No. 2 Assn. v. Local Agency Formation Com.* (1984) 162 Cal.App.3d 336, 343.)

The 100-acre threshold was cut back to 75 acres by legislation in 1985 (the original Cortese Local Government Reorganization Act of 1985) with the codification of section 56375. The legislation still provided for annexations of islands "without an election." (Stats. 1985, ch. 541, § 3, p. 1950 [enacting former § 56375].)

In 1996, on the eve of Proposition 218, section 56375 still gave local LAFCOs the power to allow annexation of unincorporated islands that did not exceed 75 acres to cities surrounding, or substantially surrounding, those islands without an election. (Stats. 1995, ch. 91, § 55, p. 289.) The amendments of 2000 simply gave the island annexation law its own code section. (See Stats. 2000, ch. 761, § 68.5, p. 3933, West"s No. 9 Cal. Legis. Service.) Finally, in 2004, the then-existing 75-acre threshold was increased to 150 acres (Stats. 2004, ch. 95, § 1, pp. 398-399.)

The island annexation statute works in combination with another statute, section 57330 (passed in 1993, three years prior to the passage of Proposition 218), which provides that "[a]ny territory annexed to a city or district *shall* be subject to the levying or fixing and collection of any previously authorized taxes . . . of the city . . . ." (Italics added.) Read together, the island annexation statute (in 1996, section 56375) and the automatic-taxation-of-annexed- territory-statute (in 1996, section 57330) would necessarily be repealed by any interpretation of Proposition 218 that required a vote whenever an "island" annexation involved a "taxpayer unfriendly" annexation.[13] But more would be repealed than just these two statutes. Even non-island annexations would be impliedly repealed.

In non-island annexations (now those involving territory over 150 acres), a protest procedure, and sometimes a vote, is required when one local government annexes territory. (See § 57075.) If a majority of the voters residing within the territory to be annexed file written protests (see § 57078) the annexation automatically terminates. If less than 25 percent of the voters file written protests, the annexation automatically goes through. But if at least 25 percent but not more than 50 percent file written protests, there must be an election, and that election is only by majority vote.[14]

But what happens when the annexing jurisdiction has a special tax originally passed with a two-thirds vote? As alluded to above, a majority vote on the annexation itself would be inadequate to account for Proposition 218's requirement that special taxes be passed with a two-thirds majority. We note in this regard that section 57330 makes no differentiation between "previously authorized" special taxes and

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[13] And as we have discussed above, even figuring out whether an annexation is taxpayer friendly or taxpayer unfriendly itself presents a problem.

[14] In the language of the statute, annexation is "subject to confirmation by the registered voters residing within the affected territory." (§ 57075, subd. (a)(2).) But there is nothing to indicate that an annexation procedure requires a supermajority vote. Given that votes are only triggered if the written protests fall between 25 and 50 percent, the obvious import of section 57075 is that annexation elections are decided by simple majority vote.

general taxes, thus underscoring the point that if Proposition 218 had been intended to affect annexations, it would have needed some mechanism to accommodate the need for a supermajority vote for special taxes. Thus, at the very least, application of Proposition 218 to annexations would also result in the implied repeal of section 57075 when read in conjunction with section 57330.

Of course, Citizens Association is correct Proposition 218 *can* be read to effect the repeal of section 56375 (now section 56375.3) or sections 57075 and 57330. But for analytical purposes, the point is it does not *have* to be. (See *Dorff*, *supra*, 98 Cal.App.3d at p. 115 [declining to imply repeal of existing statutes where language was not "clear-cut."].) The words "impose," "extend" and "increase" all have meanings which would not necessarily apply to the tax effects of an annexation.

The word "impose" usually refers to the first enactment of a tax, as distinct from an extension through operation of a process such as annexation.[15] Huntington Beach"s utility tax and property tax surcharge have already been imposed in this sense of the word. And the active voice syntax in article XIII C, section 2, subdivisions (b) and (d) ("No local government may impose, extend or increase . . . .") indicates the actual subject of the sentence is a local government, not an abstract *process* like an annexation conducted under the auspices of a county LAFCO.

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[15] Black"s Law Dictionary defines "impose" as meaning "To levy or exact," which suggests a discrete, initiating event. (Black"s Law Dict. (7th ed. 1999) p. 759, col. 2.) Similarly, the very first definition of "impose" in the exhaustive Oxford English Dictionary suggests an origination of a burden ("To lay on or set on; to place or set in a position; to put, place or deposit") as does the definition given with specific reference to taxation ("To put or levy (a tax, price, etc.) on or upon (goods, etc.)"). (7 Oxford English Dict. (2d ed. 1989) at pp. 730-731.)

The first three references to taxes being "imposed" in published opinions this year all use the word "impose" to refer to the time of a tax"s *initial enactment*. (See *NetJets Aviation, Inc. v. Guillory* (2012) 207 Cal.App.4th 26, 32; *Diageo-Guinness USA, Inc. v. Board of Equalization* (2012) 205 Cal.App.4th 907, 913; *Goldman v. Franchise Tax Bd.* (2012) 202 Cal.App.4th 1193, 1203.)

Similarly, "extend" is normally thought of in terms of time, not geographic areas, particularly in the context of taxation.[16] Here, there is no chronological *prolongation* of either the utility tax or the property tax surcharge.

And "increase" most often refers to a change in the amount of an existing tax *rate* a taxpayer owes, as figured on some sort of base (e.g., instead of paying 25 percent on $X net income, you pay 27 percent on $X net income). Here, the annexation is independent of the rates by which the utility tax and property tax surcharges are calculated.

Any doubt about our conclusion is removed by examination of the history behind Proposition 218. Its proponents simply never intended it to apply to annexations.

We begin with Proposition 13, passed in 1978. Section 1 of Proposition 13 contained language that indicated a two-thirds vote might be required for any special "assessments" made by a local government. (Cal. Const., art XIII A, § 1 (b).) While assessments levied by local governments are not, strictly speaking, the same as ordinary taxes, the proponents of Proposition 13, fearing the potential for abuse by local governments, wanted them treated as ordinary taxes. The problem was, Proposition 13's language on assessments was not well conceived. Proposition 13's basic one-percent limit in section 1 did not mention special assessments; it only mentioned ad valorem property taxes. And, the two-thirds vote provision in section 4 only mentioned "special taxes," and did not use the words "assessments" or "special assessments." Consequently, a series of appellate court decisions between 1979 and 1982 held that Proposition 13 did not apply to special assessments.

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[16] For example, this statement from a Web site called "Ballotpedia": "If Proposition 1A had passed, $10 billion in „temporary" sales, use, income and vehicle taxes imposed as part of the 2009-2010 budget agreement would each have been *extended for one or two years*, resulting in a further tax increase of some $16 billion." (Italics added.) (Ballotpedia, California Proposition 1A, Temporary Tax Increase (May 2009) <http://ballotpedia.org/wiki/index.php/California_Proposition_1A (May 2009)>. (As of July 27, 2012.)

The predictable result came to pass. As proponents of Proposition 218 would point out in 1996, special districts increased their assessments by over 2400 percent over 15 years, while cities raised benefit assessments by almost 10 times. And so, in 1996, Proposition 218 was proposed as a constitutional amendment to plug the loophole the courts had discovered (or, depending on your point of view, punched) in Proposition 13 by allowing unrestricted special assessments.

Both sides submitted ballot materials. Ballot materials are windows into voter intent (see *Strong v. State Bd. of Equalization* (2007) 155 Cal.App.4th 1182, 1188, fn. 3), and the words "annex" or "annexation" do not appear in Proposition 218, or in any of the ballot materials provided to the voters, pro, con, or otherwise.

The ballot arguments in favor of Proposition 218 emphasized the guarantee of the right to vote on taxes even if denominated "fees," including the right to vote on utility taxes. ("Proposition 218 guarantees your right to vote on taxes imposed on your water, gas, electric, and telephone bills.") They also emphasized that Proposition 218 was necessary to do what Proposition 13"s backers hoped would have been accomplished in the first place. ("Proposition 218 simply extends the long standing constitutional protection against politicians imposing tax increases without voter approval.")

The main emphasis was on plugging the loophole that allowed assessments to be imposed without a vote: "After voters passed Proposition 13, politicians created a loophole in the law that allows them to raise *taxes without voter approval by calling taxes 'assessments' and 'fees.'* [¶] Once this loophole was created, one lawyer working with politicians wrote, assessments „are now limited only by the limits of human imagination." [¶] How imaginative can the politicians be with assessments? Here are a few examples among thousands: . . . ." (Italics added.) The ballot argument then listed as among the abuses of assessments a "view tax," assessments for an equestrian center, assessments for a park 27 miles away, and for a college football field in the Central Valley."

The rebuttal to the argument in favor of Proposition 218 focused largely on the mechanics of the measure‟s voting provisions, in which votes on assessments are proportional to a landowner‟s exposure to the assessment. Thus the phrase "voting power" was a main argument in the rebuttal, stressing that Proposition 218 could reduce the "voting power" of nonlandowners. The rebuttal also emphasized the prospect of service cutbacks, and the inability of local governments to impose emergency assessments in the wake of "earthquakes floods and fires." And, echoing a point also made by the analyst, the rebuttal stressed that Proposition 218 would require more elections and hence generate its own administrative costs.

In response, the backers of Proposition 218 repeated the theme that Proposition 218 would not have been necessary at all except for the interim circumvention of Proposition 13. ("Proposition 218 simply gives taxpayers the right to vote on taxes and stops politicians‟ end-runs around Proposition 13.") They ended with the general theme of voting on taxes. ("Do you believe taxpayers should have the right to vote on taxes?")[17]

In none of this do we find any discussion – any mention – of annexation.[18] Proposition 218‟s silence on the subject of annexations is indicative of the voters‟ understanding of what they were doing. The gravamen of the Proposition was ending what its proponents saw as the end-run around Proposition 13 by the gambit of imposing special assessments without any vote at all. Annexations were simply not on the radar of the initiative‟s proponents.

But if the ballot arguments are not clear enough, the existence of the *Dorff* case, decided in 1979, shows plainly that Proposition 218 was not intended to apply to

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[17] The ballot materials were considered by the trial court and are thus part of the regular appellate record. Huntington Beach also filed in this court, on March 26, 2012, an unopposed request for judicial notice of various related legislative materials. The motion is granted as to all materials therein.

[18] There are no references to annexations in the legislative analyst‟s summary either.

the tax effects of annexations. More than a decade and a half *prior* to Proposition 218, *Dorff* directly held that Proposition 13 did not preclude the application of a preexisting property tax to land previously not part of an annexing water district to pay for that water district"s outstanding obligations.

As in the case before us, in *Dorff* the *effect* of the annexation was to apply a preexisting tax to property previously free of that tax. But the court noted Proposition 13 had not directly addressed the problem of whether its exception for payment of indebtedness approved before Proposition 13 applied only to property subject to such taxation before its date. The *Dorff* court reasoned the absence of "a more clear-cut mandate" on the issue did not prohibit the levy of the annexing water district"s tax to the parcels being annexed. (*Id*. at p. 115.)

Dorff recognized that annexations could have possible adverse tax effects on property being annexed, and these adverse tax effects *were known as early as 1979*, and courts had held them not to offend Proposition 13. Had Proposition 218 been intended to satisfy or avoid the effects of *Dorff*, we would have expected *some* attempt somewhere in Proposition 218 to address the issue. We have found none.

The Citizens Association relies on *AB Cellular, supra,* 150 Cal.App.4th 747 for the proposition that the tax effects of annexation require a vote under Proposition 218. But *AB Cellular* is not an annexation case involving the application of a tax to a new territory. It is a calculation case, in which the same electorate kept paying the same tax, only more of it. *AB Cellular* involved the methodology of how, and on how much air time, a city collected its cell phone tax. The court held the *methodology* of calculation had changed, requiring a Proposition 218 election.

The *AB Cellular* court used the phrase "tax base" to refer to the quantum of cell phone calls that would be subject to the city"s tax, much the same way that the income tax requires taxpayers to pay a tax on wages but not gifts. So, for example, the city"s "tax base" for purposes of the cell phone tax went from calls originating and

terminating within the city to simply all calls, or "air time." (See *AB Cellular, supra*, 150 Cal.App.4th at p. 753.) In that context, the court observed: "In practical terms, a tax is increased if the math behind it is altered so that either a larger tax rate or a larger tax base is part of the calculation." (*Id*. at p. 763.)

To be sure, one could say that Huntington Beach"s "tax base" has been increased (one might as well also say extended) by the addition of Sunset Beach. But application of the very different "tax base" terminology of *AB Cellular* to annexations is anything but clear cut. As used in *AB Cellular*, the phrase "tax base" applied to a "base" of cell phone calls, not the extension of a city"s boundaries by an annexation statute. While the case would be compatible with the application of Proposition 218 to annexations, it does not compel that result. And given the problems of structure and implied repeal discussed above, we decline to extend the rule of AB Cellular to annexations.

In all of this, we are not unmindful that section 5 of Proposition 218 requires liberal construction "to effectuate its purposes of limiting local government revenue and enhancing taxpayer consent." But, a rule of liberal construction cannot trump the rule against implied repeal, much less require us to blind ourselves to the history and language of the proposition. The very structure of Proposition 218 – which would have had to take into account the difference between two-thirds requirement for special taxes and a majority requirement for ordinary taxes – is simply inimical to its application.

One other loose end remains. County LAFCOs have the *discretionary* authority to condition annexations upon "the approval by the voters of general or special taxes." (§ 56886, subd. (s) [using "may"]; accord, 89 Ops.Cal.Atty.Gen. 173, 174 (the Sansone Opinion) [county LAFCO has authority to condition approval of incorporation of a city upon approval by city"s voters of a general tax for the proposed city].) On the other hand, LAFCOs *must* approve "island" annexation if the relevant criteria are present

(§ 56375.3 [using "shall"]), the idea being that island annexations must be allowed without elections. The question thus arises as to whether OC LAFCO might have conditioned the annexation of Sunset Beach by Huntington Beach on a vote by the citizens of Sunset Beach on the two "new" taxes which would apply to them in the wake of annexation.

The question is academic here. The theory of the Citizens Association has been that the annexation statute can only be reconciled with Proposition 218 by *compelling* OC LAFCO to condition the annexation on a vote. However, since Proposition 218 does not apply to annexations of either the voted-on or involuntary island variety, there was no constitutional *compulsion* to hold an election. Whether OC LAFCO *could have* conditioned annexation on approval of the voters is not properly before us.

IV. DISPOSITION

The trial court was correct. Proposition 218 does not apply to annexations. The judgment is affirmed. Respondents shall recover their costs on appeal.

BEDSWORTH, J.

WE CONCUR:

RYLAARSDAM, ACTING P. J.

ARONSON, J.

SCANNED

Superior Court of California
County of San Bernardino
247 W. Third Street, Dept. S-26
San Bernardino, CA 92415-0210

FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF SAN BERNARDINO
SAN BERNARDINO DISTRICT
JUN 10 2019
BY
ERIN MUELLER, DEPUTY

SUPERIOR COURT OF CALIFORNIA

COUNTY OF SAN BERNARDINO, SAN BERNARDINO DISTRICT

SAN ANTONIO HEIGHTS ASSOCIATION, Petitioner, v. COUNTY OF SAN BERNARDINO, LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY; CITY OF UPLAND Respondents	Case No.: CIVDS 1715504 (Related Case No. CIVDS- 1712771) **STATEMENT OF DECISION**

I

Background

In 2016, the City of Upland (the "City") determined it was no longer economically feasible to provide fire protection and emergency medical services to City residents. Accordingly, the City sought to outsource such services to the San Bernardino County Fire Protection District (the "District"). To accomplish this, an application was submitted

to the Local Agency Formation Commission for San Bernardino County ("San Bernardino LAFCO") to initiate proceedings to annex the City to the District and into the District's "Valley Service Zone" and "Service Zone FP-5." During the annexation proceedings, San Bernardino LAFCO determined that a nearby unincorporated area of the county known as San Antonio Heights, which was already part of the District but was not part of the services zones, should be annexed into the service zones along with the City. San Bernardino LAFCO ultimately approved the reorganization.

Before the annexation proceedings began, the District had imposed a tax on County residents within the District's Valley Service Zone and Service Zone FP-5 to pay for fire protection and emergency services. Upon annexation, this tax was extended to residents of the newly annexed territory.

An organization of residents in San Antonio Heights, known as the San Antonio Heights Association (SAHA), objected to the tax on the ground that taxpayers in San Antonio Heights were not provided an opportunity to vote on the tax. SAHA filed a lawsuit in this court, seeking to invalidate the tax. (San Bernardino Superior Court Case No. CIVDS- 1712771—the "Tax Case.") SAHA sought a preliminary injunction to enjoin the tax, but the court denied the preliminary injunction, based largely on the rule of law announced in *Citizens Association of Sunset Beach v. Orange County Local Agency Formation Commission* (2013) 209 Cal.App.4th 1182, 1186. In *Sunset Beach*, the Court of Appeal upheld taxes imposed on residents living in a previously untaxed area known as Sunset Beach, when Sunset Beach became incorporated into the City of Huntington Beach, even though taxpayers living in Sunset Beach never had an opportunity to vote on the pre-existing Huntington Beach tax.

Nevertheless, the tax imposed on taxpayers in the City and in San Antonio Heights would be valid under *Sunset Beach* only if the underlying annexation is valid; nothing in *Sunset Beach* suggests that taxpayers could not challenge a tax *indirectly*, by challenging the validity of an underlying annexation. Accordingly, after this court denied the preliminary injunction in the Tax Case, SAHA filed the present action challenging not only the tax, but also challenging the annexation that provided the basis for the extension of the tax under *Sunset Beach*. (San Bernardino Superior Court No. CIVDS-1715504—the "Annexation Case.")[1] Pending a determination in the Annexation Case, the parties agreed stay the Tax Case.

II

Summary of Decision

While the annexation of the City to the *District* was proper, the subset of that annexation—annexation of the City and San Antonio Heights into the District's Valley Service *Zone* and Service *Zone* FP-5—was not, for two related reasons. First, the annexation of the City was not only to the District but also into the District's *service zones*, but, as explained below, under Government Code sections 56017 and 56036, annexations can be made to *districts* but not into *zones*. Second, the annexation expanded the District's service zones to include the City and San Antonio Heights, but, under Health & Safety Code section 13592, Local Agency Formation Commissions "have *no power* . . . to review and approve . . . a proposal to change the boundaries of a *zone* . . . ." (Emphasis added.)

The *District*, however, has an independent statutory power to expand its service zones to include new areas. The *District* could have expanded the boundaries of its

[1] These lawsuits are often called "Reverse Validation" actions. (See Code Civ. Proc., § 863.)

service zones to include the City and San Antonio Heights simultaneously with the annexation of the City to the District. But the District did not do that.[2] Instead, it relied on the purported annexation into the zones where the tax had been previously imposed. While the broader annexation of the City to the *District* is valid, the narrower annexation of the City and San Antonio Heights into the service zones *within* the District is not.

III

Standard of Judicial Review

Local Agency Formation Commissions act in a quasi-legislative capacity when exercising discretion in making determinations on proposals. (*Sierra Club v. San Joaquin Local Agency Formation Comm'n* (1999) 21 Cal.4th 489, 495.) Their decisions are generally upheld, so long as statutory procedures are followed and any substantial evidence supports the decision. Technical noncompliance with certain statutory procedures will not invalidate the affected proceedings. Government Code section 56107 provides:

> (a) This division shall be liberally construed to effectuate its purposes. No change of organization or reorganization ordered under this division and no resolution adopted by the commission making determinations upon a proposal shall be invalidated because of any defect, error, irregularity, or omission in any act, determination, or procedure which does not adversely and substantially affect the rights of any person, city, county, district, the state, or any agency or subdivision of the state.
>
> (b) All determinations made by a commission under, and pursuant to, this division shall be final and conclusive in the absence of fraud or prejudicial abuse of discretion.
>
> (c) In any action or proceeding to attack, review, set aside, void, or annul a determination by a commission on grounds

[2] Such proceedings were undertaken later, presumably as a prophylactic measure in the event this court were to rule in SAHA's favor in this case. Those proceedings are now the subject of separate litigation.

> of noncompliance with this division, any inquiry shall extend only to whether there was fraud or a prejudicial abuse of discretion. Prejudicial abuse of discretion is established if the court finds that the determination or decision is not supported by substantial evidence in light of the whole record.

In this case, there is no allegation of fraud. The issue is whether there was a prejudicial abuse of discretion. As explained below, annexation into *zones* is unauthorized by statute, and Local Agency Formation Commissions are specifically *disempowered* from approving *expansions* of zones. Even with the great deference courts must give to decisions by Local Agency Formation Commissions, and with the ability to overlook technical deviations from statutory provisions that do not result in substantial prejudice, these unauthorized actions constitute a prejudicial abuse of the agency's discretion.

IV

Annexation to the District was Valid, But Not into the District's Service Zones.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, California Government Code section 56000 *et seq.* ("Cortese-Knox") governs reorganizations of public agencies. The definitions of two terms used in this statutory scheme demonstrate that annexation of the City and San Antonio Heights into the District's service zones was not statutorily authorized. The two statutory terms are "annexation" and "district."

First, Government Code section 56017 states:

> "Annexation" means the inclusion, attachment, or addition of territory to a city or *district*. [Emphasis added.]

Second, Government Code section 56036(a) states:

> "District" or "Special District" are *synonymous* and mean an agency of the state, formed . . . for the local performance of governmental . . . functions within limited boundaries . . . . [Emphasis added.]

Finally, Government Code section 53036(b) states:

> "District" or "special district" includes a county service area, but *excludes* all of the following:
>
> . . .
>
> (10) A *zone* of any special district. [Emphasis added.]

These three statutory provisions, construed together, demonstrate that the portion of the annexation which placed the City and San Antonio Heights into the District's Valley Service Zone and Service Zone FP-5 was improper: First, annexation means addition of territory to a *district*. Second, while a district includes a county service area, it *excludes* a *zone* of any *special district*, and the term "special district" is *synonomous* with the term district. Therefore, this *aspect* of the annexation was invalid because it annexed the City and San Antonio Heights into *zones* of the District.

While Cortese-Knox governs "any *change* of organization or reorganization of a district" (emphasis added), a related but *different* statutory scheme —the Fire Protection District Law of 1987, Health & Safety Code sections 13800 *et seq.* (the "Fire Protection District Law") [3]—governs the "*organization and powers* of fire protection districts." (Health & Saf. Code, § 13803, subd. (a), emphasis added.) Under Health & Safety Code section 13802, the term "district" means a "fire protection district" and the term "zone" means a service zone formed pursuant to Chapter 10 of the Fire Protection District Law, commencing with section 13950. Chapter 10 is entitled "Service Zones," and section 13950 provides that a fire protection district "may form one or more service zones" when it "determines that it is in the public interest to provide different services, to

[3] The Fire Protection District Law of 1987 is also known as the Bergeson Fire District Law. (*Ibid.*)

provide different levels of service, or to raise additional revenues within specific areas of the district." To form a *new* service zone within a fire protection district:

> The district board shall initiate proceedings for the formation of a new zone by adopting a resolution which shall do all of the following:
>
> (1) State that the proposal is made pursuant to this chapter.
> (2) Set forth a description of the boundaries of the territory to be included in the zone.
> (3) State the different services, different levels of service, or additional revenues which the zone will provide.
> (4) Set forth the methods by which those services or levels of service will be financed.
> (5) State the reasons for forming the zone.
> (6) Propose a name or number for the zone.
> (7) Fix the date, time, and place for the public hearing on the formation of the zone.

(Health & Safety Code § 13950, subd. (b).)

A district board may also "*change the boundaries* of a service zone . . . by following the procedures in Section 13950." (Health & Safety Code § 13951, emphasis added.) These statutes would authorize the District to change the boundaries of its service zones, to include both the City and San Antonio Heights once San Bernardino LAFCO finalized the annexation of the City to the District.[4] But the District did not take such action,[5] and section 13952 does not confer on San Bernardino LAFCO the authority to undertake it: "A local agency formation commission [such as San Bernardino LAFCO] *shall have no power or duty* to review and approve or disapprove a proposal to create a service zone, a proposal to change the boundaries of a zone, or a proposal to dissolve a zone." (*Id.* at § 13952, emphasis added.) Thus the approval of the geographic expansion of the service zones within the District by San Bernardino

[4] Presumably, these actions could have occurred concurrently.

[5] See fn. 2.

LAFCO was simply beyond its statutory authority. By doing so, San Bernardino LAFCO committed a prejudicial abuse of its discretion.

V

Conclusion

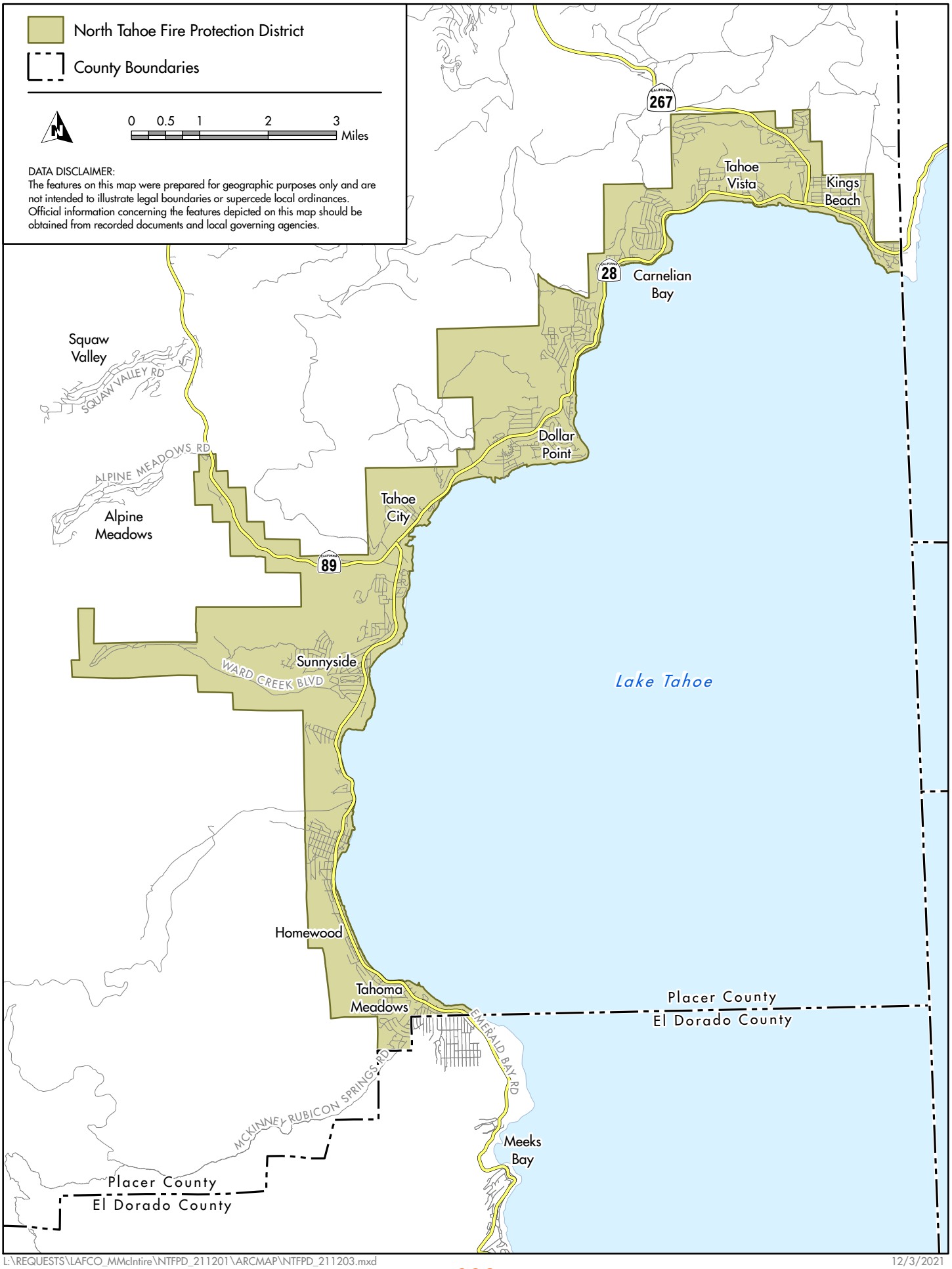
As explained above, the annexation of the City to the *District* was valid, but the annexation of the City and San Antonio Heights into the District's *services zones* was not, because annexation into zones is not statutorily authorized. That aspect of the annexation is therefore void. While the District has separate statutory authority to expand its service zones, it did not do so.[6] SAHA is ordered to prepare a proposed judgment.

Dated: June 10, 2019

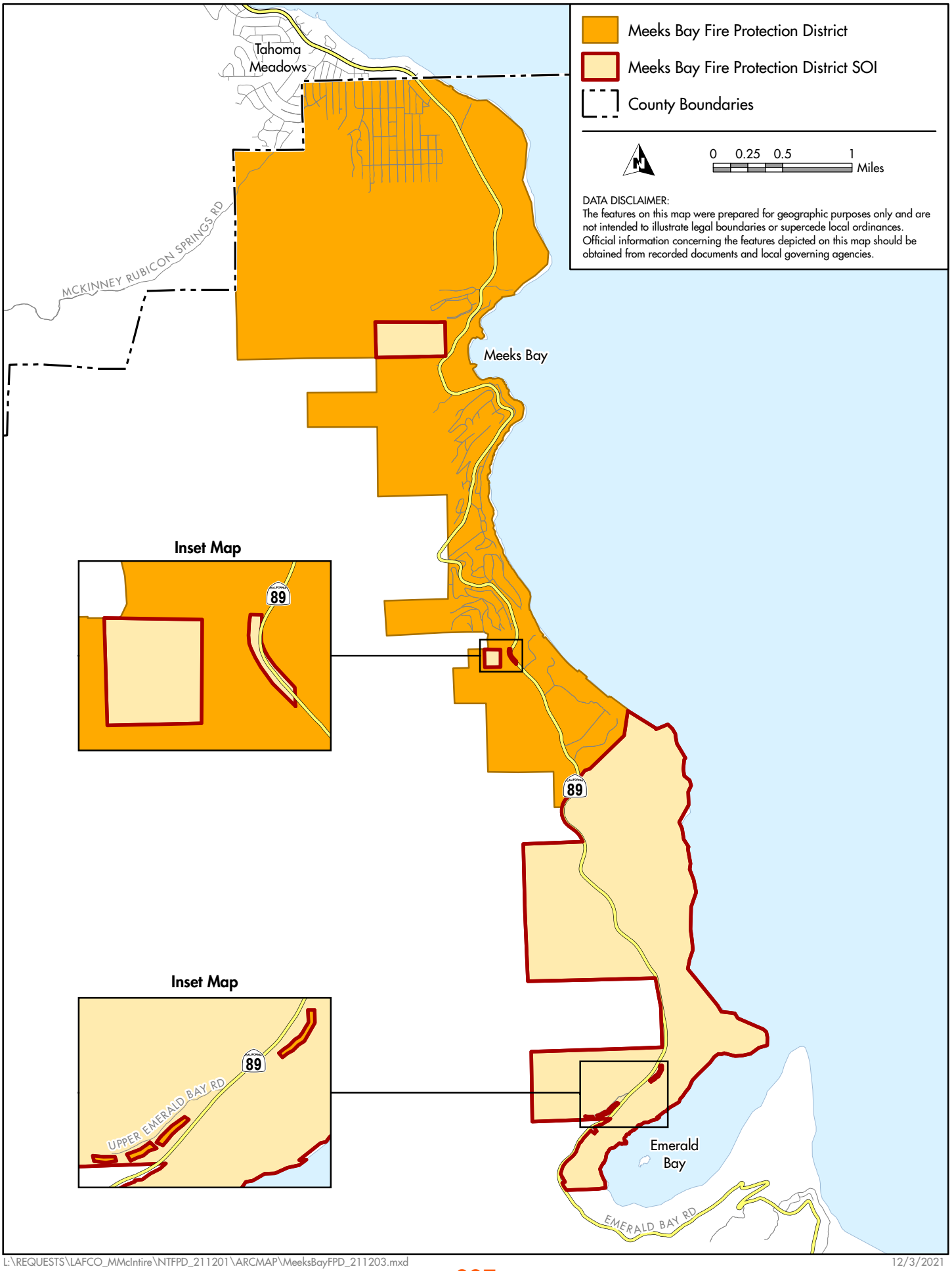
David Cohn,
Judge of the Superior Court

[6] See fn. 2.

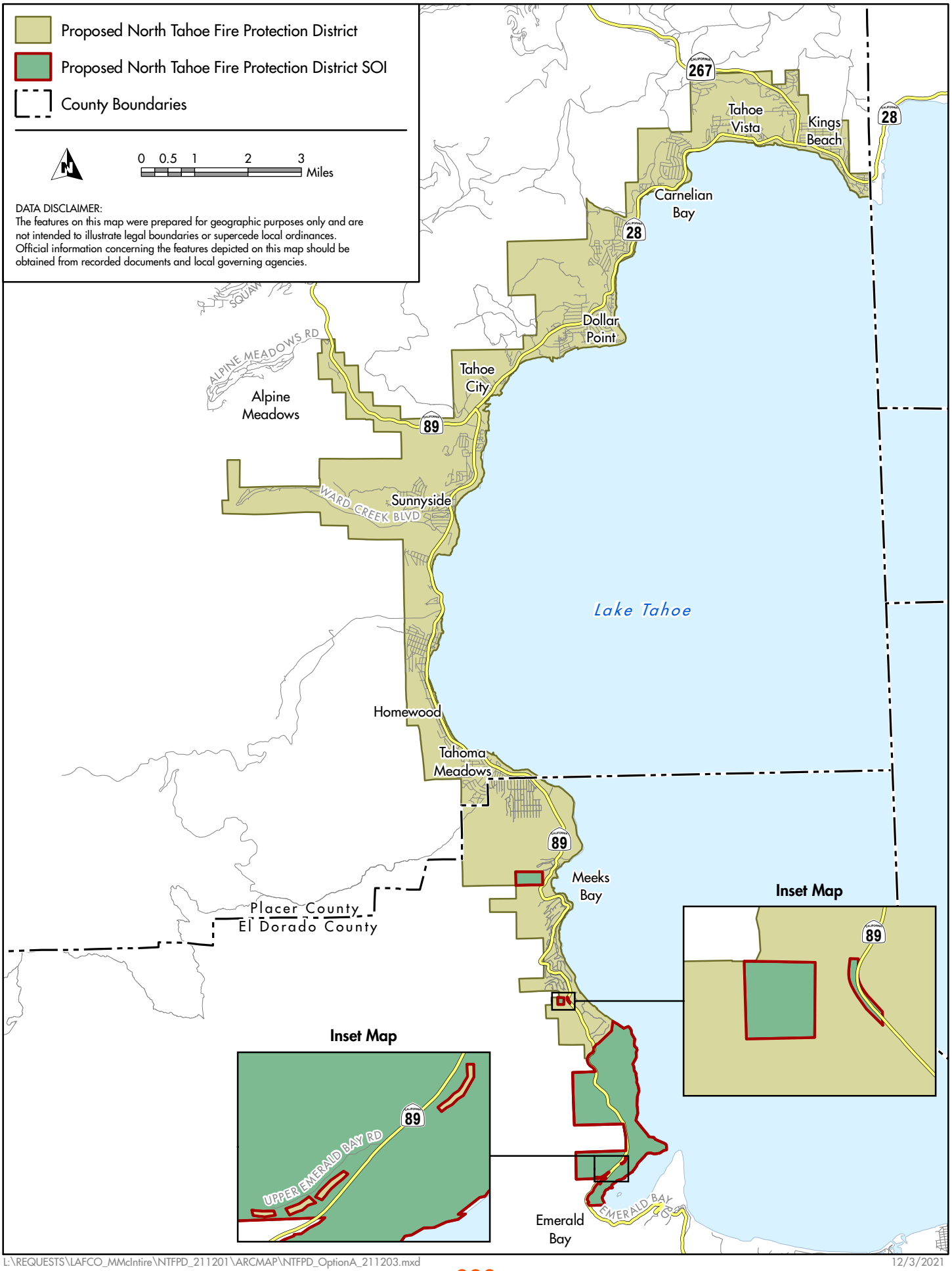
North Tahoe Fire Protection District & SOI



Meeks Bay Fire Protection District & SOI



Proposed North Tahoe Fire Protection District & SOI



Meeks Bay Fire Protection District

FINANCIAL STATEMENTS

AUDIT REPORT

June 30, 2023

PnPCPA

February 28, 2024

Meeks Bay Fire Protection District

Tahoma, CA 96142

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of Meeks Bay Fire Protection District as of and for the year-ended June 30, 2023, as listed in the Table of Contents. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meeks Bay Fire Protection District as of June 30, 2023, and the respective changes in financial position, and cash flows where applicable for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that,

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individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Matters

The District has not presented Management's Discussion and Analysis or budgetary comparison information that accounting principles generally accepted in the United States of America require 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 financial statements in an appropriate operational, economic, or historical context.

PNPCPA

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Meeks Bay Fire Protection District

Audit Report
June 30, 2023

TABLE OF CONTENTS

Page

Independent Auditor's Report 1

Financial Statements

Government Funds Financial Statements

Fund Balance Sheet 5

Statement of Revenues and Expenditures 7

Government-Wide Financial Statements

Statement of Net Position 10

Statement of Activities 11

Notes to Financial Statements 12

GOVERNMENT FUNDS FINANCIAL STATEMENTS

Meeks Bay Fire Protection District

Balance Sheet
June 30, 2023

	General Fund
ASSETS	
Assets:	
Cash	1,259,228
Accounts Receivable	-
Deposits & Prepaid Expenses	-
TOTAL ASSETS	1,259,228
LIABILITIES & FUND BALANCES	
Liabilities:	
Accounts Payable	121,483
Unearned Revenue	14,905
Accrued Payables	-
TOTAL LIABILIITES	136,388
Fund Balances:	
Unassigned	123,358
Unspendable	-
Committed	999,482
Total Fund Balance	1,122,840
TOTAL LIABILITIES & FUND BALANCE	$ 1,259,228

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

Meeks Bay Fire Protection District

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

	June 30, 2023
Total Fund Balances - Governmental Funds	$ 1,122,840
Capital Assets used in Governmental Funds are not financial resources and therefore are not reported as assets in the Governmental Funds.	
Total Historical Cost of Capital Assets	1,706,345
Less: Accumulated Depreciation	(1,049,087)
Compensated Absences are reported in the Government-Wide Statement of Net Assets, but they do not require the use of current financial resources. Therefore, the liability is not reported in Governmental Funds.	-
Net Other Postemployment Benefits Obligation is available in the current period and therefore is not reported as a Asset in the Governmental Funds. Net Other Postemployment Benefits Obligation at June 30 were:	(53,345)
Deferred Outflows not due and receivable in the current period and therefore are not reported as an asset in the governmental funds. This is comprised of GASB 68 Pension Outflows. Deferred Outflows at June 30 was:	972,248
Deferred Inflows are not due in the current period and therefore, are not reported as liabilities in the governmental funds.This is comprised of GASB 68 Pension Inflows. Deferred Inflows at June 30 was:	(277,202)
Long-term liabilities are not due in the current period and therefore, are not reported as liabilities in the governmental funds.	(2,435,554)
Net Position	$ (13,755)

The accompanying notes are an integral part of these financial statemnets

Meeks Bay Fire Protection District

Statement of Revenues, Expenditures & Change in Fund Balance
For the Year Ended
June 30, 2023

REVENUE	General Fund
Tax Revenue	$ 1,123,708
Direct Assesment	449,806
Special Tax	281,047
Interest & Investment Earnings	17,893
Miscellaneous	79,202
Charges for Services	45,975
Operating Grants and Contributions	1,804
TOTAL REVENUE	1,999,435
EXPENDITURES	
Capital Assets	27,324
Insurance	24,967
Maintenance	26,050
Professional Fees	1,530,940
Salaries and Employee Benefits	269,307
Services, Supplies and Refunds	228,739
TOTAL EXPENDITURES	2,107,327
Excess (Deficit) Revenues over Expenditures	(107,892)
CHANGE IN FUND BALANCE	(107,892)
FUND BALANCE, BEGINNING OF YEAR	1,230,732
FUND BALANCE, END OF YEAR	$ 1,122,840

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

Meeks Bay 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, 2023
Net Change in Fund Balances - Total Governmental Funds	$ (107,892)
Amounts reported for governmental activities in the Statement of Activities are different as follows:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense during the year	
Current Year Capital Outlays	27,323
Less: Current Year Depreciation Expense	(57,662)
In the Governmental Funds CalPers expenditures are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, CalPers expenditures are measured by the amounts expensed during the year	159,117
In the Governmental Funds revenues are measured by the amount of financial resources received. In the Government-Wide Statement of Activities, revenues are measured by the amounts earned during the year	-
In the Governmental Funds compensated absences (sick pay and vacation) are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, compensated absences are measured by the amounts earned during the year	-
Repayment of principle on long-term liabilities is an expenditure for Governmental funds, but the repayment reduces long-term liabilities on the Government-Wide Statement of Net Position. Principle payments made on long-term liabilities during the year consist of:	-
In the Government Funds Retiree healthcare expenditures is measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities,Retiree healthcare expense is measured by the amounts accrued during the year. Retiree healthcare paid was more of (less) than accrued.	(6,218)
Change in Net Position of Governmental Activities	$ 14,668

The accompanying notes are an integral part of these financial statements

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Meeks Bay Fire Protection District

Statement of Net Position
June 30, 2023

ASSETS	
Current Assets:	
Cash	$ 1,259,228
Accounts Receivable	-
Deposits & Prepaid Expenses	-
Total Current Assets	1,259,228
Capital Assets:	
Land	6,000
Buildings & Improvements	341,370
Firefighting Equipment	1,331,652
Construction in Progess	27,323
Less: Accumulated Depreciation	(1,049,087)
Total Capital Assets	657,258
TOTAL ASSETS	1,916,486
DEFERRED OUTFLOW	
GASB 74	50,388
GASB 68 Pension	921,860
TOTAL DEFERRED OUTFLOW	972,248
TOTAL ASSETS AND DEFERRED OUTFLOWS	2,888,734
LIABILITIES	
Current Liabilities:	
Accounts Payable	121,483
Accrued Payables	-
Unearned Revenue	14,905
Total Current Liabilities	136,388
Long-term Liabilities:	
Net Other Post Employment Benefit	53,345
Net Pension Liability	2,435,554
Total Long-term Liabilities	2,488,899
TOTAL LIABILITIES	2,625,287
DEFERRED INFLOWS	
OPEB	-
GASB 68 Pension	277,202
TOTAL DEFERRED INFLOWS	277,202
TOTAL LIABILITIES AND DEFERRED INFLOWS	2,902,489
NET POSITION	
Net Investment in Capital Assets	657,258
Unrestricted	(671,013)
TOTAL NET POSITION	$ (13,755)

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

Meeks Bay Fire Protection District
Statement of Activities
For the Year-Ended
June 30, 2023

		Operating Revenues		
	Expenses	**Charges for Services**	**Grants and Contributions**	Excess of Revenues/(Expenses)
Governmental Activities				
Public Protection	1,871,628	$ 45,975	$ 1,804	$ (1,823,849)
Interest on Long-Term Debt	-	-	-	-
Depreciation (Unallocated)	57,662	-	-	(57,662)
Total Governmental Activites				(1,881,511)
General Revenues:				
Tax Revenue				1,123,708
Direct Assesment				449,806
Special Tax				281,047
Interest & Investment Earnings				17,893
Miscellaneous				23,725
Total General Revenues				1,896,179
NET CHANGE IN NET POSITION				14,668
NET POSITION, BEGINNING OF YEAR				(28,423)
NET POSITION, END OF YEAR				$ (13,755)

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

Meeks Bay Fire Protection District

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The Meeks Bay Fire Protection District (District) is a legal subdivision of California, organized in 1973, by the El Dorado County Board of Supervisors Resolution 556-73 approving the District's formation to provide fire protection services. The District's powers are exercised through an elected Board of Directors composed of five members.

The District's mission is to protect its community, it's people, and environment by providing the highest level of fire suppression, emergency medical, rescue, disaster, hazardous materials and fire prevention services to all residents and visitors in the District.

Note 1 - Significant Accounting Policies

Accounting Principles

The financial statements of the District have been prepared in conformity with general accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA) are the accepted standard-setting bodies for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below

Basis of Accounting and Measurement Focus

The accounts of the District are organized on the basis of funds, or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Financial Statement Presentation

Government-Wide Financial Statements

The District Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-

Meeks Bay Fire Protection District

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The District's governmental-wide fund balance is classified in the following categories:

Net Investment in Capital Assets - Includes amount of the fund balance that is invested in capital assets net of any related debt.

Restricted - Includes amounts that can be spent only for the specific purposes stipulated by a formal action of the government's highest level of decision-making authority, external resource providers, constitutionally, or through enabling legislation.

Unrestricted - Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Nonspendable - Includes amounts that are not in a spendable form or are required to be maintained intact.

Restricted - Includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation.

Committed - Includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government take the same formal action that imposed the constraint originally.

Meeks Bay Fire Protection District

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Assigned - Includes amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates authority.

Unassigned - Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

Budgets and Budgetary Accounting

An annual budget is adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's Board of Directors must adopt a preliminary budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing board satisfied these requirements.

This budget is reviewed by the District Board of Directors during the year to give consideration to unanticipated income and expenditures. The final revised budget is presented for the General Fund as required supplementary information in the financial statements.

Pooled Cash and Investments

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the investment pool. Interest earned on the investment pool is distributed to the participating funds monthly using a formula based on the average daily balance of each fund

The California Government Code requires California banks and savings and loan associations to secure the County's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such a collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the County's name.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at cost, as the fair market value adjustment at the yearend was immaterial.

Accounts Receivable

On an accrual basis, revenues are recognized in the fiscal year in which the services are rendered. The District has not established an allowance for uncollectable receivables for Governmental or Grant Funds since prior experience has shown that uncollectable receivables are not significant.

Prepaid Expenditures

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when

Meeks Bay Fire Protection District

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

purchased or during the benefiting period. The District has chosen to report the expenditures in the period benefited.

Capital Assets

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over and estimated useful life of 5 to 10 years depending on the asset class. The District currently does not have formal capitalization and depreciation policies.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred outflow/inflows of resources, represents an acquisition/disposition of net position that applies to future period(s) and will not be recognized as an outflow/inflow of resources until that time.

Liability for Compensated Absences

The District is required to recognize a liability for employees' rights to receive compensation for future absences. All vacation and vested sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position

Property Taxes

One of the District's sources of revenue is the District's share of local property taxes (ad valorem on real property) and voter-approved special taxes. Voter-approved special taxes are assessed and collected by El Dorado County at the same time and on the same rolls as local property taxes. Taxes are levied on July 1 each year on taxable real and personal property which is situated in the District as of the preceding January 1 (lien date). A supplemental tax may be levied when property changes hands or new construction is completed. Property taxes are payable in two installments due November 1 and February 1, and become delinquent on December 10 and April 10 for each respective installment. Taxes on unsecured property (personal property and leasehold) are due January 1 of each year based on the preceding fiscal year's secured tax rate and become delinquent on August 31.

Local property taxes are allocated on the Teeter Plan which results in the District receiving the cash equivalent of 100% of the taxes for that year regardless of their collection status. The County retains all penalties and interest which are collected with delinquent taxes.

The District presently has a direct assessment with a tax rate of $85 per parcel and a special tax of $45 per parcel to augment the shortfall in revenue in order to maintain and improve the delivery of fire

Meeks Bay Fire Protection District

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

prevention, fire suppression and first responder medical services. The District also has an additional benefit assessment, as of August 10, 2009, that was levied at the rate of $190 per single family equivalent benefit unit that can be adjusted annually based on the San Francisco Bay Area Consumer Price Index, not to exceed 4% per year, provided that any change in the CPI in excess of 4% shall be cumulatively reserved as the "unused CPI" and shall be used to increase the maximum authorized assessment to be adjusted by 4% for the CPI increase in any year in which the CPI is less than 4%. The direct assessment, special tax, and benefit assessment were all approved by voters. The District receives these taxes as they are collected.

Development Fees

On June 25, 1997 the District Board of Directors adopted ORDINANCE NO. 97-1 establishing requirements for fire service fees for any new residential and commercial building built in the District. The fee is similar to fees charged elsewhere in El Dorado County, and is set to recover costs associated with the increased impact of additional structures to the District.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Cash

Summary of Cash

	June 30, 2023
County Cash	957,150
LAIF	$ 302,078
Total	$ 1,259,228

Cash in County Treasury

The District maintains substantially all of its cash with the county treasurer as an involuntary participant of a common investment pool. Interest is deposited into participating funds. The balance available for withdrawl is based on the accounting records maintained by the county treasurer, which is recorded on the amortized cost basis.

Cash in Commercial Banks

Cash balances held in commercial bank accounts are insured to $250,000 by the Federal Deposit Insurance Corporation. These amounts are held within various financial institutions.

Meeks Bay Fire Protection District

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Cash in State Treasury

The District maintains cash with LAIF as a common investment pool. Interest is deposited into participating funds. The balance available for withdrawl is based on the accounting records maintained by the State treasurer, which is recorded on the amortized cost basis

Risk Disclosures

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures.

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 market interest rates. The District manages its exposure to interest rate risk by investing in the County Pool and having the pool purchase a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Credit Risk – Credit Risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool. Bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not exposed to credit risk.

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to custodial risk.

Concentration of credit risk – This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

Foreign Currency Risk – This risk is the risk that exchange rate will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign credit risk.

Meeks Bay Fire Protection District

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 3 –Accounts Receivable

On June 30, 2023, the District had $- in Accounts Receivable. On June 30, 2022 the District had $- in Accounts Receivable.

Note 4 – Compensated Absences

As the District no longer has employees the liability for compensated absences was $ - as of June 30, 2023.

Note 5 - Other Post Employment Benefits

Plan Description

In addition to pension benefits described in Note 6, the District provides lifetime healthcare benefits through CalPERS Health Benefits Program, which covers both active and retired members.

Funding Policy

The contribution requirements of the District and plan members are established and may be amended by the District's Board of Directors.

On an ongoing basis, the District will be reviewing its assumptions, comparing them to actual experience and recalculating the needed funding with the goal of payment for post employment benefits out of interest earned on designated funds.

Meeks Bay Fire Protection District uses an Actuarial Measurement Date that is 12 months prior to its Fiscal Year-End. This means that these actuarial results measured as of June 30, 2022 will be used on a look back basis for the June 30, 2023 Fiscal Year-End.

Key Results	**Current Year** *June 30, 2022 Measurement Date for June 30, 2023 Fiscal Year-End*	**Prior Year** *June 30, 2021 Measurement Date for June 30, 2022 Fiscal Year-End*
Total OPEB Liability (TOL)	$649,685	$657,765
Fiduciary Net Position (FNP)	$596,340	$752,206
Net OPEB Liability (NOL)	$53,345	($94,441)
Service Cost *(for year following)*	$0	$0
Estimated Pay-as-you-go Cost *(for year following)*	$53,112	$50,766
GASB 75 OPEB Expense *(for year ending)*	$6,218	$326,915

Refer to results section beginning on page 10 or the glossary on page 26 for descriptions of the above items.

Key Assumptions	**Current Year** *June 30, 2022 Measurement Date for June 30, 2023 Fiscal Year-End*	**Prior Year** *June 30, 2021 Measurement Date for June 30, 2022 Fiscal Year-End*
Valuation Interest Rate	6.75%	6.75%
Expected Rate of Return on Assets	6.75%	6.75%
Long-Term Medical Trend Rate	4.00%	4.00%
Projected Payroll Growth	2.75%	2.75%

Meeks Bay Fire Protection District

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

B. ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 27 (ASOP 27). Among other things, ASOP 27 provides that economic assumptions should reflect a consistent underlying rate of general inflation. For that reason, we show our assumed long-term inflation rate below.

INFLATION: We assumed 2.50% per year used for pension purposes. Actuarial standards require using the same rate for OPEB that is used for pension.

INVESTMENT RETURN / DISCOUNT RATE: We assumed 6.75% per year net of expenses. This is based on assumed long-term return on employer assets.. We used the "Building Block Method". (See Appendix C, Paragraph 53 for more information). Our assessment of long-term returns for employer assets is based on long-term historical returns for surplus funds invested pursuant to California Government Code Sections 53601 et seq.

TREND: We assumed 4.00% per year. Our long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. We do not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

PAYROLL INCREASE: We assumed 2.75% per year. Since benefits do not depend on salary (as they do for pensions), this assumption is only used to determine the accrual pattern of the Actuarial Present Value of Projected Benefit Payments.

FIDUCIARY NET POSITION (FNP): The following table shows the beginning and ending FNP numbers that were provided by Meeks Bay Fire Protection District.

Fiduciary Net Position as of June 30, 2022

	06/30/2021	*06/30/2022*
Cash and Equivalents	$0	$0
Contributions Receivable	$0	$0
Total Investments	$790,701	$651,817
Capital Assets	$0	$0
Total Assets	$790,701	$651,817
Benefits Payable	($38,495)	($55,477)
Fiduciary Net Position	$752,206	$596,340

Meeks Bay Fire Protection District

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

D. Description of Retiree Benefits

Following is a description of the current retiree benefit plan. The District provides an employer contribution for retiree medical benefits that is currently $143 per month but the amount is adjusted in accordance with Government Code Section 22892. This contribution is available to those who retire and meet the eligibility requirements under sections of the Government Code collectively known as PEMHCA. In addition to this benefit, the District provides a supplemental benefit as follows:

	All Participants
Benefit types provided	Medical only
Duration of Benefits	Lifetime
Required Service	5 years
Minimum Age	50
Dependent Coverage	Yes
District Contribution %	100% up to cap
District Cap	Calculated as prior year "Employer Share" plus 5% of current year premium

E. Summary of Valuation Data

Because this is a roll-forward valuation, this report is based on census data previously provided to us as of June, 2021 for the June 30, 2021 full valuation. Distributions of participants by age and service can be found on page 18. For non-lifetime benefits, the active count below excludes employees for whom it was not possible to receive retiree benefits (e.g. employees who were already older than the maximum age to which benefits are payable or who will not accrue the required service prior to reaching the maximum age).

	Valuation Year *June 30, 2021 Valuation Date* *June 30, 2022 Measurement Date*
Active Employees eligible for future benefits	
Count	0
Average Age	Not Applicable
Average Years of Service	Not Applicable
Retirees currently receiving benefits	
Count	5
Average Age	62.2

Note 6 - Public Employees' retirement Plan:

Plan Description - The Meeks Bay Fire Protection District's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Meeks Bay Fire Protection District's defined benefit pension plan is part if the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by the State statutes within the Public Employees' Retirement Law. The Meeks Bay Fire Protection District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts the benefits though local ordinance (other local methods). CalPERS

Meeks Bay Fire Protection District

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 95814.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Summary of Significant Accounting Policies

For Purposes of Measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this Purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used.

Validation Date (VD)	June 30, 2022
Measurement Date (MD)	June 30, 2023
Measurement Period (MP)	July 1, 2022 to June 30, 2023

General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

The Plan is a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2014 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For Public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned

Meeks Bay Fire Protection District

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

by the employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Actuarial Methods and Assumptions Used to determine Total Pension Liability

Actuarial Methods and Assumptions

The collective total pension liability for the June 30, 2023 measurement period was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023. The collective total pension liability was based on the following assumptions:

Investment rate of return	6.90%
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Mortality rate table[1]	Derived using CalPERS' Membership Data for all Funds
Post-retirement benefit increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

[1]The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Long-Term Expected Rate of Return

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

Discount Rate

Meeks Bay Fire Protection District

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The expected real rates of return by asset class are as followed:

Asset class	Assumed Asset Allocation	Real Return Years 1 - 10[1,2]
Global equity - cap-weighted	30.00 %	4.45 %
Global equity non-cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)

[1] An expected inflation of 2.30% used for this period.
[2] Figures are based on the 2021-22 Asset Liability Management study.

CalPERS is Scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle. Any changes to the discount rate will require Board action and proper stakeholder outreach.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in your GASB 68 accounting valuation report may differ from the plan assets reported in your funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in your funding actuarial valuation. In addition, differences may result from early CAFR closing and final reconciled reserves.

Meeks Bay Fire Protection District

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Allocation of Net Pension Liability and Pension Expense to Individual Plans

A key aspect of GASB 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. Paragraph 49 of GASB 68 indicates that for pools where contribution rates within the pool are based on separate relations ships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relationships through the plans they sponsor within the risk pool. Plan liability and asset-related information are used where available, and proportional allocations if individual plan amounts as of the valuation date are used where not available.
-Please refer to the CalPERS Public Agency Cost-Sharing Allocation Methodology Report that can be obtained at CalPERS' website under the GASB 68 section, and see Appendix D of this report for the calculation of the plan's proportionate share of the TPL and FNP.

The plan's proportion of aggregate employer contributions is equal to the plan's proportion of FNP calculated in (4).

Ending Balances - Net Pension Liability & Deferred Outflows/Deferred Inflows of Resources Related to Pensions - 6/30/2023 Reporting Date:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	245,867	-
Differences between Expected and Actual Experience	70,133	-
Differences between Projected and Actual Investment Earnings	389,066	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	277,202
Change in Employer's Proportion	12,424	-
Pension Contributions Made Subsequent to Measurement Date	204,369	-
	921,860	277,202
Net Pension Liability as of 6/30/2023	2,435,554	

NOTE: Detailed breakdown of ending balances by Miscellaneous vs Safety can be found in the **Jul 2022-Jun 2023 JE Flow** worksheet

Meeks Bay Fire Protection District

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Pension Expense as of June 30, 2023	45,253

At 6/30/2023, proportionate shares of Net Pension Liability/(Asset) by plan(s):

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	176,481
Safety	2,259,073
Total	**2,435,554**

Proportionate share of the Net Pension Liability/(Asset) for the Plan as of 6/30/2022 and 6/30/2023:

	Miscellaneous	Safety	Total
Proportion - June 30, 2022	0.00287%	0.03908%	0.02637%
Proportion - June 30, 2023	0.00377%	0.03288%	0.02109%
Change - Increase/(Decrease)	0.00090%	-0.00620%	-0.00528%

Note: Due to the nature of calculating proportionate share of the Net Pension Liability/(asset), total proportion for all employer plans will not equal the sum of the miscellaneous proportion % and the safety proportion %

Other deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	Miscellaneous	Safety	Total
2024	$ 1,315	$ 93,429	$ 94,744
2025	4,631	74,353	78,984
2026	3,155	26,018	29,173
2027	19,772	217,615	237,388
2028	-	-	-
Thereafter	-	-	-
	28,873	411,416	$ 440,288

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate:

	Discount Rate -1% 5.90%	Current Discount Rate 6.90%	Discount Rate +1% 7.90%
Employer's Net Pension Liability/(Asset) - **Miscellaneous**	297,243	176,481	77,125
Employer's Net Pension Liability/(Asset) - **Safety**	3,344,706	2,259,073	1,371,813
Employer's Net Pension Liability/(Asset) - **Total**	3,641,949	2,435,554	1,448,937

Note 7 – Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. For fiscal year 2022-2023, the District contracted with Allied World Assurance Company for property and liability insurance coverage and also for theft insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been significant change in coverage from the prior year.

Meeks Bay Fire Protection District

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Workers Compensation

For fiscal year 2022-2023 , the District participated in the Northern California Special Districts Insurance Authority (NCSDIA), an insurance purchasing pool. The intent of the NCSDIA pool is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the NCSDIA pool. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the NCSDIA pool. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the NCSDIA pool. Participation in the NCSDIA pool is limited to districts that can meet the NCSDIA criteria.

Note 8– Subsequent Events

The District's management has evaluated events and transactions subsequent to June 30, 2023 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through **February 28, 2024**, the date the financial statements became available to be issued. The entity has not evaluated subsequent events after **February 28, 2024**. The District did not have any subsequent events that require recognition or disclosure in the financial statements for the year ended June 30, 2023.

NORTH TAHOE FIRE PROTECTION DISTRICT

PLACER COUNTY, CALIFORNIA

BASIC FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORTS

For the Year Ended June 30, 2023

NORTH TAHOE FIRE PROTECTION DISTRICT

TABLE OF CONTENTS

		Page
	INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS	1-3
	MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4-13
	BASIC FINANCIAL STATEMENTS	
Exhibit A	STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET	14
Exhibit B	STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE	15
	NOTES TO BASIC FINANCIAL STATEMENTS	16-40
	REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)	
Schedule 1	SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL – GENERAL FUND (UNDAUDITED)	41
Schedule 2	SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)	42
Schedule 3	SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN (UNAUDITED)	43
Schedule 4	SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)	44-45
Schedule 5	SCHEDULE OF OPEB CONTRIBUTIONS	46
	INDEPENDENT AUDITORS' 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	47-49

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
North Tahoe Fire Protection District

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the North Tahoe Fire Protection District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the North Tahoe Fire Protection District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Governmental Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the North Tahoe Fire Protection District's internal control. Accordingly, no such opinions is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Tahoe Fire Protection District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information (unaudited)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-13, the budgetary comparison schedule on pages 41, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 42, the Schedule of Contributions to the Pension Plan on page 43, the Schedule of Changes in Net OPEB Liability and Related Ratios on pages 44-45, and the Schedule of OPEB Contributions on page 46 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 Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries 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 opinions or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinions or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 that testing, and not to provide an opinions on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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February 6, 2024

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North Tahoe Fire Protection District
Management Discussion and Analysis
June 30, 2023

Purpose

This discussion and analysis of the North Tahoe Fire Protection District's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023, and the District's financial status at June 30, 2023. Together with the District's Financial Statements and Independent Auditors' Report, and the required supplementary information, they form the District's annual report. This report is designed to provide our citizens, taxpayers, employees, and customers with a general overview of the District's finances and to show the District's accountability for the money it receives.

Financial Highlights

- As of June 30, 2023, the District's cash and investment balance is $13,176,197. Of this balance, $84,593 is restricted. Capital assets, net of accumulated depreciation, at June 30, 2023, total $9,233,273.
- The District used 100% of its property tax, special tax, and fire assessment revenues to fund operations and general fund activities.
- Approximately $2.5 million of property tax revenues that would have been otherwise allocated to the District will be reallocated to other governmental agencies. The State of California is shifting property taxes from local governments to an Education Revenue Augmentation Fund (ERAF). Revenue from ERAF is allocated to schools and community colleges to offset the funding these entities would receive from the state General Fund. The Placer County Redevelopment Successor Agency has frozen property tax appreciation at base values for defined redevelopment projects within the Fire District boundaries. Any revenue resulting from an increase in assessed value, less a 2% pass through, is paid to the redevelopment agency instead.
- For every dollar of payroll for Tier I Safety employees, the District is responsible to pay approximately $0.24 in retirement (PERS) expense. For every dollar of payroll for Tier II Safety employees, the District is responsible to pay approximately $0.22 in retirement expense. For every dollar of payroll for Tier III Safety employees, the District is responsible to pay approximately $0.13 in retirement expense. The District no longer has any active Tier I Miscellaneous employees. For every dollar of payroll for Tier II Miscellaneous employees, the District is responsible to pay approximately $0.15 in retirement expense. For every dollar of payroll for Tier III Miscellaneous employees, the District is responsible to pay approximately $0.07 in retirement expense.
- Regarding workers compensation, $7.64 of every $100.00 in gross payroll is allocated to safety personnel and $4.93 of every $100.00 in gross payroll to miscellaneous personnel.
- These, along with other employee-related fringe benefits, help to illustrate how employee costs are the largest and most significant portion of the District budget.
- With regards to PERS retirement, having a defined benefit plan historically resulted in broad swings in employer contributions directly tied to gains and losses out of District control. The District participates in a pooled plan with other agencies which has stabilized contribution rates in the short term. Similar pooling with other agencies has stabilized workers' compensation rates. District staff anticipates increases in both programs in the coming years.

North Tahoe Fire Protection District
Management Discussion and Analysis
June 30, 2023

Overview of the Financial Statements

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements* and *required supplementary information*. The basic financial statements include two kinds of statements that provide different views of the District.

- The *government-wide financial statements* consist of the Statement of Net Position and the Statement of Activities. These statements provide both long-term and short-term information about the District's overall financial status.
- The *fund financial statements* consist of the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance. These statements provide the District's activity on a fund basis. The *fund financial statements* tell how the District's services were financed in the short term, as well as what remains for future spending.

Government-wide Statements

The government-wide statements report information about the District's financial activities as a whole in a way that helps determine if the District is better or worse off as a result of the year's activities. The Statement of Net Position includes all of the District's assets and liabilities at the end of the year. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. These statements use the accrual basis of accounting, which is similar to the basis of accounting used by most private-sector companies.

These statements report the District's net assets and the changes in them. The District's net position – the difference between assets and liabilities – provide one measure of the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the property tax base and the condition of the District's facilities.

Fund Financial Statements

The fund financial statements are reported side-by-side with the Statement of Net Position and the Statement of Activities. These statements provide information by fund. The fund financial statements provide a short-term view of the District's operations and the service it provides, which is providing full service, all-risk fire protection, fire prevention, paramedic ambulance and rescue services within the boundaries of the District and contractual areas in El Dorado County, Meeks Bay Fire Protection District and Alpine Meadows. The District has only one fund, the General Fund, which serves as the general operating fund.

Financial Analysis of the District as a Whole

Registered voters within the District passed a special tax increase in August 2005 which provided $3,062,431 of revenue in the current year. Additionally, property owners within the District passed a special assessment in the fall of 2007 which provided $836,495 of revenue in the current year. In

North Tahoe Fire Protection District
Management Discussion and Analysis
June 30, 2023

2019/2020, the District began collecting taxes for the voter-approved Community Facilities District (CFD) No. 2012-1 (Ladder Truck O&M), which provided $21,193 of revenue in the current fiscal year. Following direction from the Board of Directors, the District has begun a program of rebuilding unrestricted reserves as a "rainy day" fund and intends to designate reserves for refurbishing and replacing the District's apparatus and fire stations in the future.

Condensed Financial Information

NET POSITION				
ASSETS:		2022		2023
Non-capital	$	12,218,769	$	14,864,316
Capital	$	9,517,684	$	9,233,273
Total Assets	$	21,736,453	$	24,097,589
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows	$	11,940,799	$	12,549,949
LIABILTIES:				
Current	$	2,166,947	$	1,904,586
Long-term	$	37,252,114	$	44,228,690
Total Liabilities	$	39,419,061	$	46,133,276
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows	$	7,290,865	$	1,924,793
NET POSITION:				
Net Investment in Capital Assets	$	1,738,750	$	1,827,256
Restricted	$	10,964	$	16,075
Unrestricted (Deficit)	$	(14,782,388)	$	(13,253,862)
Total Net Position	$	(13,032,674)	$	(11,410,531)

The figures noted above reflect an increase in Total Assets of 10.9%. This change is due to increased property tax revenues reflected in Cash and Investments, and an increase in Ambulance, Grant, and Contract revenues, which is explained in detail in the next section, Changes in Net Position – Governmental Activities section. The 17.0% increase in total liabilities is primarily the result of reporting the aggregate net pension liability (see Note 10 for specifics). Finally, an increase in Total Net Position of 12.4% is noted from the prior fiscal year. This is due to increased revenues offset by increased pension expense due to CalPERS investment return of (6.1%).

North Tahoe Fire Protection District
Management Discussion and Analysis
June 30, 2023

Changes in Net Position - Governmental Activities

The following presents a summary of revenues and expenses for the fiscal year ending June 30, 2023. The percentage is in relationship to the annual totals for revenue and expenses.

	2022		2023	
REVENUES:	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Taxes	$ 11,952,833	64%	$ 12,918,655	59%
Ambulance services	$ 2,407,268	13%	$ 3,416,087	16%
Interest/grants/other	$ 513,234	3%	$ 1,289,872	6%
Contract services	$ 3,804,679	20%	$ 4,202,249	19%
Total Revenues	$ 18,678,014	100%	$ 21,826,863	100%
EXPENSES:				
Salaries	$ 8,087,526	45%	$ 8,166,164	40%
Benefits	$ 5,606,852	31%	$ 6,743,016	33%
Operating expenses	$ 3,244,454	18%	$ 3,991,961	20%
Bad debt	$ 325,461	2%	$ 552,697	3%
Depreciation	$ 768,729	4%	$ 750,882	4%
Total Expenses	$ 18,033,022	100%	$ 20,204,720	100%
Change in Net Position	$ 644,992		$ 1,622,143	
Beginning Net Position	$ (13,677,666)		$ (13,032,674)	
Ending Net Position	$ (13,032,674)		$ (11,410,531)	

Property tax revenue remains the single largest source of revenue for the Fire District. In fiscal year 2022/2023, total property tax revenues increased $965,822 or 8.1% due to increased assessed property values. The District received some of the anticipated pass-through monies for the Placer County Redevelopment Successor Agency. Additionally, the District received some of the residual disbursement of these funds. During the previous year, the District received pass through monies as well as residual disbursement from the Placer County Redevelopment Successor Agency.

Revenue received from ambulance service fees increased by $1,008,819 in 2022/2023, which is a 41.9% increase over the prior fiscal year. The District continues to participate in both the Ground Emergency Medical Transportation (GEMT) and the Intergovernmental Transfer (IGT) reimbursement programs which are included in the ambulance services revenue total of $3,416,087. The GEMT program that had been put on hold was reinstated in 2022/2023 and the District was allowed to submit all prior year cost reports. That resulted in the District submitting the cost reports for fiscal years 2018/2019, 2019/2020, 2020/2021, 2021/2022 and July to December 2022. The final submission is only a 6-month submission instead of a full fiscal year because the new PP-GEMT IGT program began in January 2023. The District was reimbursed for all of these cost reports in 2022/2023, except for the final 6-month submission from July to December 2022, which resulted in a

total of $662,210 in revenue in 2022/2023. The IGT program resumed the full 12-month reimbursement period in 2022/2023 and resulted in $284,239 in revenue in this fiscal year.

Overall contract services revenues increased 10.4% or $397,570. Contract revenues are based partly on property taxes (as is the case in the District's contract with Alpine Springs County Water District and El Dorado County) and since Property Taxes revenues increased, we would expect to see an increase in these revenues. In fiscal year 2013/2014, the District entered into a contract with Meeks Bay Fire Protection District to provide Fire Management Services and other related services. In 2015, the District entered into an additional companion agreement with a labor group unification provision stating that as of July 1, 2016, all safety personnel would become employees of NTFPD. These payroll costs were incorporated into the contract, which resulted in a substantial increase from fiscal year 2015/2016. Personnel cost increased in 2022/2023 which would in turn cause an increase in the Meeks Bay contract amount. Also, the Office Manager for Meeks Bay Fire, the last active Meeks Bay employee, retired in November 2021. This position was not replaced and all administrative functions for Meeks Bay Fire were absorbed by the current North Tahoe employees. An agreement was made with the Meeks Bay Board of Directors that North Tahoe Fire would get reimbursed for the administrative work, until such time a new employee has been hired or the Districts consolidate, which resulted in an increase to the Meeks Bay cost share amount.

Another reason for the increase in the contract services revenue is due to the increase in the STR inspection revenue from Placer County in 2022/2023. In 2021/2022, Placer County STR inspections generated $167,351 in revenue and in 2022/2023 the revenue total was $482,301. This program has been revised multiple times since the inception by Placer County and because of this, the revenue streams to the District have not been consistent. We anticipate this same issue in 2023/2024. The District anticipates a decreased amount of revenue in future fiscal years.

Strike team revenue decreased in 2022/2023. In 2021/2022, strike team revenue generated $1,046,792 in revenue and in 2022/2023 the revenue total was $891,494, which was a 14.8% decrease. Notable events in 2021/2022 were the District's responses to the Tamarack and Caldor fires, both of which threatened the Tahoe Basin, as well as the Dixie fire, which is the single largest & most expensive non-complex wildfire in recorded California history. Luckily, in 2022/2023 the California fire season was milder than in previous years and the District was not deployed on as many strike teams, which is why there is a reduction in revenue. Strike team revenue is generated by providing mutual aid, "assistance for hire agreements," where the District provides fire apparatus and overhead personnel to state and federal forest agencies though cooperative agreements such as the California Fire Assistance Agreement and USFS Operating Agreements.

Grant revenues have increased in 2022/2023 by a total of $540,643. Much of this can be attributed to the hiring of the Forest Fuels Manager in the fourth quarter of 2021/2022 and allowing District forest fuels projects that were put on hold to resume. The District was also awarded two new forest fuels grants mid-year (SNPLMA R18 – WUI Fuels Reduction and SNPLMA R18 – Fire Adapted Communities) which resulted in an additional $133,908 of unbudgeted revenue in 2022/2023. In addition to the numerous forest fuels grants that the District supported during 2022/2023, the District also received a FEMA AFG grant for extrication equipment and cancer screening, as well as a partnership with the Tahoe Truckee Airport District for the purchase of AEDs and three Lucas Chest Compression Devices, and a partnership with the Tahoe Truckee Community Foundation to support workforce development.

North Tahoe Fire Protection District
Management Discussion and Analysis
June 30, 2023

Revenues increased by approximately 16.9% and expenses increased by approximately 12.0% over the previous fiscal year. Expressed as dollars, revenue increased $3,148,849, while expenses increased $2,171,698. The change in revenue was due to the increase in property taxes, ambulance service revenue, grant revenue and contract revenue. The increase in expenditures is due to increased pension expense after CalPERS saw a (6.1%) investment return, which includes the increase in the CalPERS Unfunded Accrued Liability (UAL) and employer contributions, as well as the health insurance premium increases. It is also attributed to an increase in grant expenses which is offset by the grant revenue increase as mentioned above. The district closed 2023 with $13,176,197 available in cash and investments, of which $84,593 is restricted.

General Fund Budgetary Highlights

A budget is prepared annually and includes proposed expenditures and the means of financing them for the upcoming year. This includes estimates for the current year and actual data for the preceding year. The budget is reviewed at a properly noticed Board meeting to obtain taxpayer comment. Prior to June 30th, the budget is legally enacted through passage of a resolution. The District's Board of Directors reviews reports of operations and examines any variance from the approved budget at least monthly. Formal budgetary integration is employed as a management control device during the year. Appropriations lapse at the end of each fiscal year. The District may authorize supplemental appropriations during the year.

Capital Asset & Debt Administration

On June 30, 2023, the District had $9,233,273 invested in capital assets. There were $402,929 in fixed asset purchases made during the 2022/2023 fiscal year and $68,524 in station improvements. Fixed asset additions made during the 2022/2023 year consisted of a tire machine and tire balancer, five Lucas Chest Compression Devices (three of which were made possible by the partnership with the Tahoe Truckee Airport District and two were donated by the Gary Sinise Foundation), a Braun Ambulance and a Chevrolet Tahoe. The station improvements consisted of the Station 54 modification, a new roof at Station 53 and the sewer repair at Station 55. The only disposal in 2022/2023 was the previous roof replacement at Station 53 that was not fully depreciated in the amount of $15,732.

	2022	2023
Land	$ 73,455	$ 73,455
Buildings and improvements	$ 10,939,663	$ 10,992,454
Equipment	$ 7,287,673	$ 7,690,602
CIP	$ -	$ -
Accumulated depreciation	$ (8,783,106)	$ (9,523,238)
Total	$ 9,517,685	$ 9,233,273

Long-Term Obligations

At year end, the majority of the District's long-term obligations consist of the financing obligation for Station 51, long term post-retirement benefits, apparatus, and accrued leave payouts. The total long-term liabilities at June 30, 2023, are $44,228,690.

Economic Factors

The Fire District completed the Station 51 Public Safety Center construction project in 2012/2013 and earned a LEED Gold accreditation. This project was accomplished in part with the cooperation of the Tahoe City Public Utility District who made the property available for $1.00 per year in a long-term arrangement. New Station 51 serves both as a Fire Station and as the District's Headquarters, thus centralizing executive, administrative and community services for our customers.

Most of the District's other fire stations were built in the 1950s and 1960s. As such, they were built with volunteer firefighters in mind versus full-time 24-hour staff and could not anticipate the garaging capacity required for today's larger fire equipment/apparatus. These older facilities fail to meet seismic standards, Best Management Practices (BMP) required by TRPA, parking, and ADA requirements. In addition, they were not designed with gender diversity requirements of a 24-hour work force and are operationally expensive to heat and repair. During 2019, the District began a remodel and retrofit of Station 53 (Homewood) that will address these issues less the elevated seismic standards for public safety facilities. The station 53 remodel was completed during the 2019/2020 fiscal year. This was another big step forward but the ongoing challenge of replacing aging infrastructure will continue to be an important initiative for many years with Station 52 (Kings Beach) and Station 54 (Dollar Point) as priorities. In 2022/2023, a station modification was completed at Station 54, to allow for a safer work environment for staff. While the modification addressed immediate concerns, this station will still remain on the list of priorities for the District to address in the future.

After the voter-approved special tax increase implemented in the 2005/2006 fiscal year, the District carefully followed a plan of re-building reserves. This effort was consistent with the District's campaign pledge to its constituents. Funds from that tax have also been allocated to maintain staffing levels, training, and equipment. While no specific reserve levels have been established by the Board Members, the District is at a point in its "unrestricted" category that more emphasis can be placed on establishing funds for re-building its aging infrastructure and increasing unrestricted reserves until we have an adequate "rainy day" fund.

Reserve funds were largely impacted in the past by broad swings in PERS contributions and "raids" on District revenue by the State of California and Placer County Redevelopment Agency. Beginning in the 2008/2009 fiscal year, the District levied a property owner approved Fire Suppression Assessment. Proceeds from this Assessment were used 1) to obtain, furnish, operate, and maintain fire suppression services and apparatus including, but not limited to, emergency communication systems, property inspection and chipping programs, fire engines and station equipment, and 2) to pay the cost of firefighting personnel as to assure that there are always enough personnel available to effectively respond to a fire emergency during periods of peak demand. An independent citizen's

financial oversight committee was formed to advise the Board on an annual expenditure plan for this assessment and the special tax.

The District has implemented a voter-approved Community Facilities District (CFD) No. 2012-1 (Ladder Truck O&M). Only larger, taller, buildings/structures and dense developments are required to join the CFD and provide funding. The purpose of this CFD is to provide funding for an aerial apparatus which is designed to provide greater fire suppression capabilities for these types of commercial developments. While the District may use this apparatus during various different types of incidents, its primary function would be to respond to larger, taller, dense properties within the District. The District began placing the CFD on the Placer County tax rolls in fiscal year 2019/2020.

The District's 15-year agreement with the Alpine Springs County Water District for full fire suppression and prevention services stipulates the District's requirement to staff the fire station in Alpine Meadows a minimum of 150 days per year for the term of the agreement. This agreement was renewed in January 2021. Revenues representing 80% of ASCWD property taxes are provided to offset these costs. The District has funded a storage building adjacent to the Alpine Meadows fire station to facilitate storage needs of the entire Fire District. The District's 2012 FEMA SAFER grant & subsequent 2015 FEMA SAFER retention grant provided funding for additional Firefighters in order to meet the NFPA 1710 response assembly standard and keep stations (including the Alpine Meadows station) staffed more regularly. As a result, the District has exceeded the minimum contractual days for staffing this fire station for the past nine years. Both SAFER grants have expired, and the District has applied for and hopes to secure additional grants, including SAFER, to be able to continue this pattern in the future.

The District will continue to provide the highest level of fire suppression, rescue and emergency medical services to property owners and visitors to the area. However, current revenues do not address the need for additional staffing, aging infrastructure, and specialized equipment such as an aerial ladder truck. It will provide for a gradual replacement of equipment and apparatus through a combination of "Municipal Leasing," "pay as you go" and grant funding techniques.

In April of 2014, the North Tahoe Fire Protection District (North Tahoe) and the Meeks Bay Fire Protection District (Meeks Bay) entered into a mutual aid management agreement, whereby North Tahoe will provide fire services management and related administrative and operational services to Meeks Bay.

The scope of services within the agreement includes a delegation of authority for all duties required by law previously performed by the Meeks Bay Fire Chief including, but not limited to, fire suppression operations, fire prevention, rescue services, training, emergency medical services, hazardous materials responses, forest fuels management, defensible space programs, equipment, facilities, supplementary staffing, and personnel management. The Meeks Bay Fire Protection District pays the full salary and benefits for one North Tahoe Division Chief, three Captains, and three Firefighters, as well as reimburses the District for direct and indirect costs associated with the management and labor agreements.

The State of California's adoption of the Insurance Services Office (ISO) 2012 Fire Suppression Rating Schedule (FSRS™) placed greater emphasis on Fire Prevention, public education, and

catastrophic wildfire avoidance. In turn, the District responded with programs that address these priorities in order to protect the economic and environmental interests in the communities we serve.

Fire prevention programs beyond current levels are necessary to avoid the risk of catastrophic fires. To offset the associated costs of such programs, District staff has implemented a cost recovery program that includes plan check and inspection fees to help fund the fire prevention bureau. The District's Capital Facilities and Mitigation Expenditure Plan and the Fire Facilities Impact Fee Study justify the need for these fees. The expenditure plan is updated annually with a five-year budget projection and current fee schedule and is adopted first by the North Tahoe Board of Directors and then by the Placer County Board of Supervisors. The impact fee study is updated every five years and is also approved in the same manner as the expenditure plan. These monies are intended to address, in part, the impacts that new projects and developments have on Fire District service delivery.

Significant effort has gone into reducing the threat of catastrophic wildfire through funding for fuels reduction and defensible space. The District employs a full time Forest Fuels Manager to oversee this critical program aimed at improved forest health, wildfire resiliency and climate change adaptation. The District funds a variety of these activities though our Benefit Assessment. The deliverable capacity of this program is exponentially increased by leveraging outside grant funding sources. To meet this end, the District continues an ongoing aggressive grant writing campaign and has developed strategic partnerships in Forest Fuels management with the Meeks Bay Fire Protection District, the North Tahoe Public Utility District, the Tahoe Truckee Community Foundation, the Tahoe Resource Conservation District, the California Tahoe Conservancy, as well as the Southern Nevada Bureau of Land Management, and the Federal Emergency Management Agency (FEMA). As fire knows no boundaries, so should our prevention activities.

In fall of 2018, the Insurance Services Office (ISO) performed a field visit and review (audit) of North Tahoe Fire Protection District, Meeks Bay Fire Protection District, and the Alpine Springs County Water District. This was the first time that they considered all three districts together as what they call a Fire Protection Service Area: North Tahoe FPSA. The Districts historical Class 4 (PPC 04/8B) improved to a Public Protection Class 3 (PPC 03/3Y) with notable improvements in many categories, including personnel, training, and apparatus. Only 3,409 fire agencies across the country are considered Class 3 fire departments. Many insurance companies use the ISO PPC for establishing fire insurance rates for their customers, often times Class 1 – 3 are banded together as the top tier. Following the last few years of devastating wildfires in California, including the August Complex Fire (2020) and the Dixie Fire (2021), the first and second largest wildfires fires in recorded California history, many insurance companies have decided not to renew fire insurance policies in high fire danger areas as we have within the District. Despite the Districts Class 3 ISO PPC rating, many residents continue to have challenges finding suitable fire insurance with affordable premiums.

The District adopted a GASB 45 compliance plan in 2009/2010 that addresses the financial liability the District will face in funding post-employment benefits such as medical insurance. The District sets aside revenue annually, as the budget will allow, helping offset the costs associated with future retirements. The District completes an annual valuation of this Plan in compliance with the California Employers' Retiree Benefit Trust (CERBT) Fund.

GASB 45 was replaced by GASB 75 for fiscal years beginning after June 15, 2017. The primary objective of this statement is to improve accounting and financial reporting for postemployment benefits other than pensions. GASB 75 resulted in a single method of attributing the actuarial present value of projected benefit payments to periods of employee service, as well as immediate recognition in OPEB expenses. As a result of the implementation of GASB 75, several new note disclosures and journal entries were required in these financial statements. The District will continue to complete a bi-annual valuation based on the guidelines established by GASB 75.

The District implemented GASB 68 in fiscal year 2014/2015. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense. For defined benefit pensions, such as ours, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Finally, the District's wage and benefit contracts (MOU) with our employee groups were renewed December 1, 2018. These MOUs are for a five-year term (December 1, 2018 – December 31, 2023). These contracts contain pay and benefit packages which are based upon an employee's date of hire and/or entry into the CalPERS system. Employees hired prior to December 31, 2012, are classified as "Classic Members" by PERS; as are employees hired after January 1, 2013, who were previously classified as "Classic Members" by PERS, due to their prior service with another PERS agency. Employees hired after January 1, 2013, with a break in service of more than six months or with no prior service with a PERS agency, are classified as "PEPRA" members by PERS. Salary and Benefit costs associated with PEPRA employees are considerably less per employee than for Classic Members.

Contacting the District's Management

If you have questions about this report or need additional information, contact North Tahoe Fire Protection District at PO Box 5879, Tahoe City, CA 96145.

NORTH TAHOE FIRE PROTECTION DISTRICT

Exhibit A

STATEMENT OF NET POSITION
AND GOVERNMENTAL FUND BALANCE SHEET

June 30, 2023

	Governmental Fund		Government-wide Financial Statements
ASSETS	Balance Sheet	Adjustments (Note 4)	Statement of Net Position
Cash and cash equivalents	$ 1,432,025	$ -0-	$ 1,432,025
Investments	11,659,579	-0-	11,659,579
Restricted investments	84,593	-0-	84,593
Accounts receivable	300,571	535,147	835,718
Grants receivable	210,303	-0-	210,303
Other receivables	642,098	-0-	642,098
Land	-0-	73,455	73,455
Capital assets, net of accumulated depreciation	-0-	9,159,818	9,159,818
Total Assets	$ 14,329,169	$ 9,768,420	$ 24,097,589
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	$ -0-	$ 10,705,918	$ 10,705,918
Deferred outflows related to OPEB	-0-	1,844,031	1,844,031
Total Deferred Outflows of Resources	$ -0-	$ 12,549,949	$ 12,549,949
LIABILITIES			
Accounts payable	$ 216,790	$ -0-	$ 216,790
Accrued expenses	453,193	98,480	551,673
Other liabilities	446,864	-0-	446,864
Compensated absences	190,811	907,784	1,098,595
Net OPEB Liability	-0-	15,639,682	15,639,682
Aggregate net pension liability	-0-	20,773,655	20,773,655
Long-term debt:			
Due within one year	-0-	498,448	498,448
Due after one year	-0-	6,907,569	6,907,569
Total Liabilities	$ 1,307,658	$ 44,825,618	$ 46,133,276
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	$ -0-	$ 1,924,793	$ 1,924,793
Total Deferred Inflows of Resources	$ -0-	$ 1,924,793	$ 1,924,793
FUND BALANCE/NET POSITION			
Fund Balance:			
Non-spendable	$ 1,152,972	$ (1,152,972)	$ -0-
Restricted	16,075	(16,075)	-0-
Assigned	134,449	(134,449)	-0-
Unassigned	11,718,015	(11,718,015)	-0-
Total Fund Balance	13,021,511	(13,021,511)	-0-
Total Liabilities and Fund Balance	$ 14,329,169		
Net Position:			
Net investment in capital assets		1,827,256	1,827,256
Restricted		16,075	16,075
Unrestricted (deficit)		(13,253,862)	(13,253,862)
Total Net Position (Deficit)		$ (11,410,531)	$ (11,410,531)

The accompanying notes are an integral part of this statement.

NORTH TAHOE FIRE PROTECTION DISTRICT

Exhibit B

STATEMENT OF ACTIVITIES
AND GOVERNMENTAL FUND REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE

For the Year Ended June 30, 2023

	Governmental Fund		Government-wide Financial Statements
	Revenue, Expenditures and Change in Fund Balance	Adjustments (Note 5)	Statement of Activities
Revenue:			
Taxes	$ 12,918,655	$ -0-	$ 12,918,655
Ambulance services	2,885,400	530,687	3,416,087
Service and contract fees	4,202,249	-0-	4,202,249
Grants	815,299	-0-	815,299
Mitigation fees	128,444	-0-	128,444
Other	147,756	36,203	183,959
Interest	162,170	-0-	162,170
Total Revenue	21,259,973	566,890	21,826,863
Expenditures/Expenses:			
Salaries and wages	8,061,753	103,974	8,165,727
Employee benefits	5,519,410	1,223,606	6,743,016
Total salaries and wages and benefits	13,581,163	1,327,580	14,908,743
Maintenance and operations	1,388,124	-0-	1,388,124
General and administrative	654,977	-0-	654,977
Uniforms and supplies	332,409	-0-	332,409
Utilities	175,438	-0-	175,438
Professional fees	424,636	-0-	424,636
Bad debts	-0-	552,697	552,697
Depreciation	-0-	751,319	751,319
Loss on disposal of capital assets	-0-	4,545	4,545
Grant expense	763,058	-0-	763,058
Capital outlay	220,669	(220,669)	-0-
Debt service:			
Principal	587,496	(587,496)	-0-
Interest	252,879	(4,105)	248,774
Total Expenditures/Expenses	18,380,849	1,823,871	20,204,720
Revenues Over (Under) Expenditures/Expenses			
Change in Net Position	2,879,124	(1,256,981)	1,622,143
Fund Balances/Net Position:			
Beginning of the Year (Deficit)	10,142,387	(23,175,061)	(13,032,674)
End of the Year (Deficit)	$ 13,021,511	$ (24,432,042)	$ (11,410,531)

The accompanying notes are an integral part of this statement.

Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

1. Summary of Significant Accounting Policies

North Tahoe Fire Protection District (the "District") was created on June 29, 1993 as a consolidation of the North Tahoe Fire Protection District and the Tahoe City Fire Protection District. The District operates under the State of California Fire Protection District Law of 1987 and State Senate Bill 515. The District operates under a board-fire chief form of government and provides fire suppression, fire prevention, ambulance, emergency medical services and rescue services to Placer County residents living in the North Lake Tahoe area.

The District's basic financial statements include the accounts of all operations.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental type organizations. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of such significant policies:

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when they are earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year in which they are levied. Grants and contracts are recognized as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statements are prepared using a different measurement focus than the governmental fund financial statements (see further detail below). Therefore, a reconciliation has been provided to better identify the relationship between the government-wide financial statements and the governmental fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or soon enough thereafter to pay liabilities of the current period.

The District generally considers all revenues available if collected within 90 days after year-end. Principal revenue sources of the District that are susceptible to accrual include property taxes, ambulance and emergency medical services, interest income, and contract fees. Mitigation fees and reimbursable revenues are not susceptible to accrual as they are generally not measurable until received in cash. The period of availability is increased to 90 days because the collection period for ambulance and emergency services revenues generally extends beyond 60 days. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures

related to compensated absences paid 90 days after year-end, are recorded only when payment is due.

Since the District is engaged in a single governmental program, the District has elected to combine the fund financial statements with the government-wide financial statements using a columnar format that reconciles individual line items of the fund financial statements to the government-wide statements in a separate column.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

The District's accounting system is operated on a fund basis. A fund is a separate accounting entity with a self-balancing set of accounts. A fund is maintained for the purpose of carrying on specific activities or to obtain certain objectives. The District uses one fund. The following fund and fund type is used by the District:

Governmental Fund Type

General Fund - Used to account for all unrestricted resources of the District. The general fund is accounted for using the current financial resources measurement focus. Only current assets and current liabilities are generally included in the balance sheet. Its operating statement presents sources and uses of available resources during a given period.

Budgets and Budgetary Accounting

By state law, the District's governing board must adopt a preliminary budget prior to the beginning of each fiscal year. A final budget must be adopted by October 1st. The budget must be adopted in a properly noticed meeting.

Actual revenues and expenditures are compared to budgeted amounts monthly as a management control device for all budgeted funds. The District monitors capital expenditures by comparison to specific project appropriation accounts.

Restricted Investments

Restricted investments consist of funds held in the Placer County Investment Pool on behalf of the North Tahoe Firefighters Association ("NTFA"). The corresponding liability to the NTFA is recorded as "other liabilities" in the accompanying financial statements.

Capital Assets

Capital assets are reported in the government-wide Statement of Net Position but are not reported in the fund financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

All capital assets, except for land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the estimated useful lives ranging from 3 to 40 years.

Compensated Absences

It is the District's policy to permit employees to accumulate vacation benefits of up to 960 hours, which will be paid to the employee upon separation from District service. In addition, certain District employees are eligible to accumulate compensatory (comp) time up to 216 hours. Accumulated vacation and comp time that is expected to be liquidated within 90 days after the year-end is considered to be current and is reported as an expenditure and a liability of the fund financial statements. The entire compensated absence liability and expense is reported on the government-wide financial statements.

The District's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest but unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the District has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made in the accompanying financial statements.

Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	July 1, 2021 to June 30, 2022

Post-Employment Benefits Other Than Pensions

In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions ("OPEB"). This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to OPEB. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees. The District engaged Total Compensation Systems, Inc. (TCS) to analyze liabilities associated with its current retiree health program.

For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	July 1, 2021 to June 30, 2022

Net Position (Deficit)

At June 30, 2023, the District had an unrestricted (deficit) of ($13,253,862). This deficit is primarily a result of implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* as well as GASB Statement No. 75, *Accounting and Financial Reporting for Other Post-Employment Benefits*. The District expects that these deficits will be funded with future subsidies.

Fund Balance

In the fund financial statements, in accordance with GASB issued statement No. 54, *Fund Balance Reporting and Governmental Fund type Definitions*, Fund Balance is classified into the following five components:

* *Non-spendable fund balance*—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund). Non-spendable fund balances consist of accounts, grants and other receivables of $1,152,972 as of June 30, 2023.
* *Restricted fund balance*—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. The Restricted Fund balance represents the portion of fund balance restricted by mitigation fees. Mitigation fees are charged on all new building and construction in the District's service area. The fees, in accordance with Placer County ordinance, can be used only for new construction and development of fire protection facilities, apparatus and services. The restricted fund balance is $16,075 as of June 30, 2023.

* *Committed fund balance*—amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint. The District has no committed fund balance as of June 30, 2023.
* *Assigned fund balance*—amounts a government *intends* to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The District has $134,449 assigned to the Community Facilities District as of June 30, 2023. See Note 16.
* *Unassigned fund balance*—amounts that are available for any purpose; these amounts are reported only in the general fund. The unassigned fund balance is $11,718,015 as of June 30, 2023.

Net Position

Net Position represents the District's financial and capital resources and is calculated as the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Investments

A summary of cash held by the District at June 30, 2023 is as follows:

Cash on deposit	$ 1,432,025

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. All District deposits in excess of insurance from the Federal Deposit Insurance Corporation are collateralized with eligible securities, in amounts equal to at least 110% of the District's carrying value of the deposits (demand deposits and certificates of deposit). Such collateral, as permitted by the State of California, is held in each respective bank's collateral pool at a Federal Reserve Bank, or member bank other than the depository bank, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds.

With the exception of deposit insurance provided by the Federal Deposit Insurance Corporation, none of the District's bank balances at June 30, 2023 are exposed to custodial credit risk with deposits uninsured and collateralized with securities held by the pledging financial institution or its agent but not in the District's name.

Investments

Pursuant to the District's Investment Policy, the District is allowed to invest in the Placer County investment pool, Tax and Revenue Anticipation Note and Guaranteed Investment Contract. The District investments consist of deposits held in the Placer County investment pool. The District had no funds invested in the Guaranteed Investment Contract during the year ended June 30, 2023.

The District's investments are recorded at fair value at June 30, 2023 as follows:

	Maturities	Fair Value
Placer County Investment Pool	Less than 1 year	$11,744,172

Interest Rate Risk

The District does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's investments in the Placer County investment pool have not been rated by a nationally recognized statistical agency.

3. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2023:

a) Placer County Pooled Investment Fund of $11,659,579 (including $84,593 of restricted investments) is valued using the underlying quoted market prices (Level 2 inputs).

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

4. Explanation of the Differences between the Governmental Fund Balance Sheet and the Statement of Net Position

The District's "Total fund balance" of $13,021,511 in Exhibit A differs from "Net Position" of ($11,410,531) reported in Exhibit B. This difference results from the long-term economic focus of the statement of Net Position versus the current financial resources focus of the governmental fund balance sheet. An explanation of the reconciliation adjustments between the statements is described below:

Ambulance billing receivables, grant reimbursements, and service contracts not collected within 90 days after the District's fiscal year are not considered "available" revenues in the Governmental Funds and, therefore, have not been recorded in the Governmental Funds.	$ 535,147

When capital assets (land, construction in progress, buildings, and equipment) are purchased or constructed, the costs of those assets are reported as expenditures in the Governmental Funds. The statement of Net Position includes these capital assets.

Land	$ 73,455
Construction in progress	$ -0-
Depreciated capital assets	$ 18,683,056
Accumulated depreciation	(9,523,238)
	$ 9,159,818

Deferred outflows of resources related to pensions and OPEB will not be realized as current financial resources and are not reported in the Governmental Funds. The statement of Net Position includes these deferred outflows of resources.

Deferred outflows related to pensions	$ 10,705,918
Deferred outflows related to OPEB	$ 1,844,031

Interest payable on long-term debt is not accrued in the Governmental Funds, but is recognized as an expenditure when due.	$ 98,480

Certain liabilities and deferred inflows of resources are not payable from current financial resources and therefore are not reported in the Governmental Funds. Those liabilities and deferred inflows of resources consist of:

Compensated absences	$ 907,784
Net OPEB Liability	$ 15,639,682
Aggregate net pension liability	$ 20,773,655
Notes payable	$ 7,406,017
Deferred inflows related to pensions	$ 1,924,793
Deferred inflows related to OPEB	$ -0-

5. Explanation of Differences between Governmental Fund Operating Statement and the Statement of Activities

The District's "Revenues over expenditures" of $2,879,124 in Exhibit B differs from the "change in Net Position" of $1,622,143 reported in the Statement of Activities. The difference arises from the long-term economic focus of the statement of activities versus the current financial resources focus of the Governmental Funds. The components of the difference are described below:

Ambulance billing receivables, grant reimbursements, and service contracts not collected within 90 days after the District's fiscal year ends are not considered "available" revenues in the Governmental Funds:

Change in accounts receivable	$ (5,059)
Ambulance billing receivables written off as not collectable are not considered "available" revenues in the Governmental Funds	535,746
	$ 530,687

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures of the Governmental Funds:

Change in salaries payable	$ 103,974

Change in compensated absences payable and deferred outflows and inflows of resources associated with long term net pension liability and net OPEB liability	$ 1,223,606

Ambulance billing revenues written off as uncollectable (bad debt expense) do not use current financial resources and are not reported as expenditures of the Governmental Funds:

Ambulance billing receivables written off as not collectable	$ 535,746
Change in the allowance for doubtful accounts	16,951
	$ 552,697

When capital assets are purchased or constructed in the Governmental Funds, the resources expended for those assets are reported as expenditures in the Governmental Funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreased by the amount of depreciation expense charged for the year:

Depreciation expense	$ 751,319
Loss on disposal of capital assets	$ 4,545
Capital outlay	$ (220,669)

Principal payments made on long-term debt is reported as expenditures in the Governmental funds. However, this balance should be removed from the statement of activities to report on the accrual basis of accounting	$ (587,496)

Interest on long-term debt is not accrued in the Governmental Funds, but is recognized as an expenditure when due. However, in the Statement of Activities, interest expense is recognized as it accrues, regardless of when it is due. The net change in accrued interest is reported in the Statement of Activities	$ (4,105)

6. Proceeds of Taxes Limitation and Property Taxes

Article XIIIB of the California Constitution, as implemented by SB1352 of 1980, specifies that proceeds of taxes of governmental entities may increase by an amount not to exceed the change in population, and the changes in the United States Consumer Price Index or California per capita personal income, whichever is less.

The proceeds of taxes limitation for the fiscal year corresponding to that of the State of California (July 1, 2022 to June 30, 2023) is $26,553,847.

Property taxes attach as an enforceable lien on property as of the first Monday in March. Property taxes are payable in two installments and are delinquent after December 10th and April 10th. The District collects its share of property taxes through Placer County. Property tax revenues are recognized when levied to the extent that they result in current receivables.

7. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balances	Additions/ Depreciation	Disposals/ Transfers	Ending Balances
Capital assets not depreciated:				
Land	$ 73,455	$ -0-	$ -0-	$ 73,455
Total capital assets not depreciated	73,455	-0-	-0-	73,455
Capital assets being depreciated:				
Buildings and improvements	10,939,662	68,524	(15,732)	10,992,454
Equipment	7,287,672	402,929	-0-	7,690,601
Total capital assets being depreciated	18,227,334	471,453	(15,732)	18,683,055
Less accumulated depreciation for:				
Buildings and improvements	(3,940,300)	(377,985)	11,186	(4,307,099)
Equipment	(4,842,805)	(373,334)	-0-	(5,216,138)
Total accumulated depreciation	(8,783,105)	(751,319)	11,186	(9,523,238)
Total capital assets being depreciated, net	9,444,229	(279,865)	(4,546)	9,159,818
Capital assets, net	$ 9,517,684	$ (279,865)	$ (4,546)	$ 9,233,273

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

8. Long-Term Debt

Long-term debt is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable to Community First National Bank; interest rate of 2.94%; annual principal and interest payments of $39,634 due August 24; final payment due August 24, 2025; secured by an ambulance.	$ 147,522	$ -0-	$ (35,290)	$ 112,232	$ 36,330
Note payable to Community First National Bank; interest rate of 2.92%; annual principal and interest payments of $99,022 due February 17; final payment due February 17, 2023; secured by two District fire engines.	$ 96,214	$ -0-	$ (96,214)	$ -0-	$ -0-
Note payable to Community First National Bank; interest rate of 2.96%; annual principal and interest payments of $56,637 due October 21; final payment due October 21, 2025; secured by District fire engine.	$ 210,703	$ -0-	$ (50,390)	$ 160,313	$ 51,884
Note payable to Community Leasing Partners; interest rate of 4%; annual principal and interest of $46,285 due November 1, 2026; secured by a district ambulance.	$ -0-	$ 214,579	$ (46,705)	$ 167,873	$ 39,512
Note payable to Community First National Bank; interest rate of 3.5%; annual principal and interest payments of $35,316 due August 6; final payment due August 6, 2023; secured by District ambulance.	$ 67,046	$ -0-	$ (32,940)	$ 34,106	$ 34,107
Note payable to the California Economic and Infrastructure Bank; interest rate of 3.27%; final payment due Aug. 1, 2038; secured by the new District Station.	$ 7,257,450	$ -0-	$ (325,957)	$ 6,931,493	$ 336,615
	$ 7,778,935	$ 214,579	$ (587,496)	$ 7,406,017	$ 498,448

Principal and interest maturities of long-term debt due during the next five years and thereafter are as follows:

Year Ending June 30	Principal	Interest
2024	$ 498,448	$ 216,085
2025	479,551	209,399
2026	495,262	195,711
2027	415,219	183,246
2028	382,851	172,228
2029-2038	5,134,686	1,047,039
	$ 7,406,017	$ 2,023,708

9. Compensated Absences

The District offers certain qualifying employees comp time and paid vacation. Changes in obligations for vacation and comp time at June 30, 2023, are as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion
Accrued vacation	$ 867,710	$ 726,419	$ (656,483)	$ 937,646	$ 148,555
Accrued comp time	189,917	222,174	(251,142)	160,949	42,256
Total	$ 1,057,627	$ 948,593	$ (907,625)	$1,098,595	$ 190,811

10. Employee Retirement System

A. Plan Description

The District contributes to two defined benefit pension plans: the Safety Plan of the North Tahoe Fire Protection District (the "Safety Plan") and the Miscellaneous Plan of the North Tahoe Fire Protection District (the "Miscellaneous Plan"). Each plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Each plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. Since each of the Plans has less than 100 active members, it is required to participate in a cost-sharing risk pool. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Placer County ordinance and Board of Director approval. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS'

annual financial report for each plan may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814.

Effective January 1, 2010, the District amended its contract with CalPERS to include a second tier retirement plan for all new hires between January 1, 2010 and December 31, 2012. Employees classified as classic members under CalPERS are also included in this category.

Effective January 1, 2013, as part of the CalPERS reform, a new tier created was for all new members joining CalPERS.

B. Funding Policy

Active members in the Safety Plan and the Miscellaneous Plan are required to contribute a percentage of their annual covered salary towards their retirement plan. Beginning January 1, 2013, Safety Tier I and Tier II members paid 5% and Miscellaneous Tier I and Tier II members paid 4% of their employee contributions. Effective March 2014, Safety Tier I and Tier II members paid an additional 4% of their employee contributions for a total of 9% as well paying 1% of the employer's contributions. Similarly, Miscellaneous Tier I and Tier II members paid an additional 4% of their employee contributions for a total of 8%. Effective January 2015, Safety Tier I and Tier II members paid 9% of their employee contributions as well as 2% of the employer's contributions. Similarly, Miscellaneous Tier I and Tier II members paid 8% of their employee contributions. Members to both plans after January 1, 2013 are considered Tier III (PEPRA) members. Safety Tier III members contribute 13% and Miscellaneous Tier III members contribute 6.75% to their respective plans.

The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2022/23 was 24.43% for the Tier I Safety Plan, 22.29% for the Tier II Safety Plan, 13.13% for the PEPRA Safety Plan, 0% for the Tier I Miscellaneous Plan (as there were no longer active employees within this tier), 15.31% for the Tier II Miscellaneous Plan and 7.47% for the PEPRA Miscellaneous Plan. In addition, contributions to unfunded liabilities of $1,373,870 and $115,338 were required to be made for the Tier I Safety Plan and Tier I Miscellaneous Plan, respectively. The contribution requirements of both the Safety Plan and the Miscellaneous Plan members are established by State statute and the employer contribution rate and unfunded liability contribution is established and may be amended by CalPERS.

C. Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The following tables show the District's proportionate share of the collective net pension liabilities over the measurement period.

Miscellaneous Plan			
	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability/(Asset) (c)=(a)-(b)
Balance at: 6/30/21 (MD)	$ 3,831,206	$ 3,177,773	$ 653,433
Balance at: 6/30/22 (MD)	4,240,645	3,087,481	1,153,164
Net Changes during 2021-22	$ 409,439	$ (90,292)	$ 499,731

Safety Plan			
	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability/(Asset) (c)=(a)-(b)
Balance at: 6/30/21 (MD)	$ 67,785,202	$ 58,377,538	$ 9,407,664
Balance at: 6/30/22 (MD)	73,997,308	54,376,817	19,620,491
Net Changes during 2021-22	$ 6,212,106	$ (4,000,721)	$ 10,212,827

At June 30, 2023, the District reported net pension liabilities for its proportionate share of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$ 1,153,164
Safety	19,620,491
Total	$ 20,773,655

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2022, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each Plan as of 2023 was as follows:

	Miscellaneous	Safety
Proportion – June 30, 2023	0.02464%	0.28553%

For the year ended June 30, 2023, the District recognized pension expense of $2,405,360.

As of June 30, 2023, the District reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 835,179	$ 228,573
Changes of assumptions	2,096,505	-0-
Difference between projected and actual investment earnings	3,309,579	-0-
Difference between employer's contributions and proportionate share of contributions	75,769	1,539,614
Change in employer's proportion	1,637,651	156,606
Employer contributions subsequent to the measurement date	2,751,235	-0-
Total	$ 10,705,918	$ 1,924,793

Amounts reported as deferred outflows and deferred inflows of resources related to pensions, other than the employer-specific item of $2,751,235, will be recognized in future pension expense as follows:

Fiscal Year Ended June 30:	Miscellaneous	Safety	Total
2024	$ 67,487	$ 1,683,305	$ 1,750,792
2025	42,017	1,421,308	1,463,324
2026	17,508	779,038	796,546
2027	129,195	1,890,033	2,019,228
2028	-0-	-0-	-0-
Thereafter	-0-	-0-	-0-
	$ 256,206	$ 5,773,684	$ 6,029,890

D. Actuarial Method and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2022 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry age normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	6.90% from 7.15% at June 30, 2021
Inflation	2.30%
Salary Increases	Varies by entry age and service
Investment Rate of Return	6.90% net of pension plan investment and administrative expenses; includes Inflation
Mortality Rate Table *1	Derived using CALPERS' membership date for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.3% until purchasing power protection allowance floor on purchasing power applies, 2.30% thereafter

*1 The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing morality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2001, including

updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

E. Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.90 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real arithmetic rates of return for each major asset class are summarized in the following table:

Asset Class	New Strategic Allocation	Real Return Years 1-10
Global equity – cap-weighted	30.00%	4.54
Global equity – non-cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

		Discount Rate – 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Plan's Net Pension Liability/(Asset)	Miscellaneous Plan	$ 1,731,241	$ 1,153,164	$ 677,551
	Safety Plan	$ 29,839,404	$ 19,620,491	$ 11,268,839

F. Payables to the Pension Plan

At June 30, 2023, the employer's contribution for the final payroll of the fiscal year had not been paid and was included in accounts payable for $48,022.

11. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District is a member of a Joint Powers Authority for the operation of common risk management and insurance programs. The program covers workers' compensation insurance. The Authority is governed by Executive Boards consisting of representatives from member districts. The Executive Boards control the operations of the Authority, including selection of management and approval of operating budgets.

The relationship between the District and the Joint Powers Authority is such that the Authority is not a component unit of the District for financial reporting purposes.

For workers' compensation insurance, the District has joined together with other special districts within the state to form the Fire District Association of California Fire Association Self Insurance System ("FDAC-FASIS"). The District pays estimated annual premiums to the FDAC-FASIS based upon estimated payroll classified into rate categories set by FDAC-FASIS and an experience modification based upon the District's loss history over the past three years. Actual premium due is determined after the fiscal year end and is based upon actual payroll. The FDAC-FASIS is entitled to assess additional premiums or to refund premiums based upon a pro rata allocation of the District's premium paid to total premiums paid. The District is not assessed additional premiums or refunded premiums on an individual basis based upon claims or loss experience. The FDAC-FASIS agrees to pay all amounts legally required by California workers' compensation laws.

For property, liability, directors and officers, and errors and omissions insurance, the District purchases commercial insurance through the Special District Risk Management Authority, a joint powers agency formed pursuant to *California Government Code* Section 6500 et. seq., comprised of California special districts, agencies and cities.

12. Other Post-Employment Benefits

A. Plan Description

In addition to the pension benefits described in Note 10, the District administers a defined benefit OPEB plan through CalPERS, an agent multiple-employer retirement system for all eligible retired employees and their dependents. Benefit provisions are established and may be amended by District agreements and memorandums of understanding between the District, its management employees and unions representing its employees, which are approved by the District Board of Directors. The plan does not issue a stand-alone financial report.

The District provides eligible retirees medical benefits through the California Public Employees' Retirement system healthcare program (PEMHCA). It pays retiree healthcare benefits up to a cap for eligible retirees, dependent on bargaining unit and hire date.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions ("OPEB") and would replace GASB statements 45 and 57. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to OPEB. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees (including early retirees), whether they pay directly or indirectly. This is the fourth year of implementation for the District.

At June 30, 2022, the following numbers of participants were covered by the benefit terms:

	Number of Covered Participants
Inactive employees receiving benefits	32
Inactive employees entitled to but not receiving benefits	-0-
Participating active employees	59

B. Funding Policy

The District currently pays for these costs on a "pay as you go basis", in addition to making annual contributions to the CalPERS California Employers' Retiree Benefit Trust (CERBT). For fiscal year 2022, the District's contributions were $520,739 which consisted of $470,739 in cash benefit payments and a $50,000 contribution to the trust.

C. Net OPEB Liability

As of June 30, 2023, the District reported a net OPEB liability of $15,639,682. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

The following table summarizes the changes in the net OPEB liability:

Changes in Net OPEB Liability as of June 30, 2022	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021	$ 19,758,445	$ 605,033	$ 19,153,412
Changes for the year:			
Service cost	1,222,983	-0-	1,222,983
Interest on total OPEB liability	459,497	(80,460)	539,957
Employer contributions	-0-	520,739	(520,739)
Employee contributions	-0-	-0-	-0-
Assumption changes	(4,793,739)	-0-	(4,793,739)
Experience changes	37,654	-0-	37,654
Expected investment income	-0-	-0-	-0-
Investment gains/losses	-0-	-0-	-0-
Administrative expenses	-0-	(154)	154
Benefit payments	(470,739)	(470,739)	-0-
Actual minus expected benefit payments	-0-	-0-	-0-
Net change during 2021-22	(3,544,344)	(30,614)	(3,513,730)
Balance at June 30, 2022	$ 16,214,101	$ 574,419	$ 15,639,682

D. OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of $2,166,926. At June 30, 2023, the District reports deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience (gains)/losses	$ 336,354	$ -0-
Assumption changes	859,865	-0-
Investment (gains)/losses	50,367	-0-
District contributions subsequent to the measurement date	597,445	-0-
Total	$ 1,844,031	$ -0-

District contributions of $597,445 (including a $50,000 payment to the trust) reported as deferred outflows of resources to OPEB and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in future OPEB expense as follows:

To be recognized fiscal year ending June 30:	Deferred Outflows of Resources
2024	$ 528,531
2025	529,690
2026	526,889
2027	544,373
2028	467,757
Thereafter	(1,350,654)
Total	$ 1,246,586

E. Actuarial Methods and Assumptions

The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. For the measurement period ending June 30, 2022 (the measurement date), the net OPEB liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry age normal in accordance with the requirement of GASB Statement No. 75
Actuarial Assumptions	
Discount Rate	3.82% per year net of expenses
Inflation	2.50%
Salary Increases	2.75%
Healthcare Cost Trend	4%
Mortality Rate Table	Derived using CALPERS' 2017 Mortality Data
Retirement Rates	Firefighters Hired before 2010: 2017 CalPERS 3% @ 50 Rates Hired 1/1/2010 to 12/31/2012: 2017 CalPERS 3% @ 55 Rates Hired after 2012: 2017 CalPERS 2.7% @ 57 Rates Miscellaneous Employees Hired after 2012: 2017 CalPERS 2% @ 62 Rates
Service Requirement	100% at 5 years of service

The investment return is based on assumed long-term return on plan assets assuming 100% funding through CERBT using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major class of asset. The ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The table below reflects the long-term expected real rate of return by asset class.

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Equities	59.00	7.5450
All Fixed Income	25.00	4.2500
Real Estate Investment Trusts	8.00	7.2500
All Commodities	3.00	7.5450
Treasury Inflation Protected Securities (TIPS)	5.00	3.0000

Discount Rate - The discount rate used to measure the total OPEB liability was 3.82%. The District assumed that contribution would be sufficient to fully fund the obligation over a period not to exceed 30 years. The district used 34 year real rates of return for each asset class along with the assumed long-term inflation assumptions to set the discount rate. The District offset the expected investment return by investment expense of 50 basis points.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following represents the net OPEB liability of the District as of the measurement date, calculated using the discount rate of 3.82 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.82 percent) or 1 percentage-point higher (4.82 percent) than the current rate:

	Discount Rate – 1% (2.82%)	Current Discount Rate (3.82%)	Discount Rate +1% (4.82%)
Net OPEB Liability	$ 18,606,252	$ 15,639,682	$ 13,513,221

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trends - The following presents the total OPEB liability of the District as of the measurement date, calculated using the healthcare cost trend of 4 percent, as well as what the total OPEB liability would be if it were calculated using a trend that is 1 percentage-point lower (3 percent) or 1 percentage-point higher (5 percent) than the current rate:

Net OPEB Liability	$ 12,811,395	$ 15,639,682	$ 19,087,556

F. OPEB Plan Fiduciary Net Position

Detailed information about OPEB plan fiduciary net position is available in the separately issued CalPERS financial Report.

13. Alpine Springs County Water District

In September 2006, the District entered into a revised agreement with Alpine Springs County Water District ("Alpine Springs") in which the District agreed to provide all fire protection, fire prevention, fire suppression, rescue and emergency medical services for the indicated area. In return Alpine Springs agreed to lease to the District the Alpine Meadows Fire Station and attached fixtures for one dollar per year for the duration of the agreement. Additionally, Alpine Springs agreed to transfer to the District possession and title to the existing fire apparatus, tools and equipment and all fire station furnishings and equipment.

The agreement was renewed in January 2021 and terminates in December 2036. Upon termination of this agreement, the District shall return possession of the fire station to Alpine Springs. Additionally, the District shall transfer to Alpine Springs its right, title and interest to and possession of the fire apparatus, tools and equipment and all fire station furnishings

and equipment. Aforementioned property shall be in like kind condition as when received by the District, ordinary wear and tear excepted. Alternatively, the District may elect to pay Alpine Springs a sum equal to the then fair market value of any such property not returned to Alpine Springs.

14. Meeks Bay Fire Protection District

In April 2014, the District entered into an agreement with Meeks Bay Fire Protection District ("Meeks Bay") in which the District agreed to provide fire services management and related services to Meeks Bay. In return Meeks Bay shall pay the District for performance of services. Additionally, Meeks Bay agreed to provide office facilities and supplies and office managerial support as well as providing an appointed fire chief's vehicle, fuel, vehicle insurance and maintenance.

In 2015, the District entered into an additional companion agreement with a labor group unification provision stating that as of July 1, 2016, all safety personnel will become employees of NTFPD. These payroll costs were incorporated into the contract.

This agreement will automatically renew for each fiscal year commencing July 1 and ending June 30 unless terminated by either party.

15. Fire Station

The District underwent construction to relocate Station 51 in Tahoe City from the downtown area to Fairway Drive. The total cost of the facility was $10,140,844.

In May 2010, the District entered into a lease with the California Infrastructure and Economic Development Bank (CIEDB). The District will lease the facilities located at 288 Northshore Blvd., King's Beach, 5424 W. Lake Blvd., Homewood, 159 Observation Drive, Tahoe City, and 240 Carnelian Bay Road, Carnelian Bay from CIEDB as a material consideration for the financing of the construction of the facility up to $10 million. The District will make bi-annual payments calculated from the remaining principal balance. Payments are to approximate $585,000 per year through August 1, 2038. The first payment was made in August 2012.

As part of the construction of the station, the District entered into a lease with Tahoe City Public Utility District to lease the land for the station. The term of the lease is for a period of sixty years commencing on December 1, 2009. The District will be charged $1 per annum during the term of the lease.

16. Community Facilities District

During 2012, a voter-approved Community Facilities District (CFD) was created to provide funding of an aerial apparatus by the levy of an additional tax on specific developments within the District. As of June 30, 2019, one development was required to join and pay the tax. The balance is recorded as a liability until requirements are met and the amount can be

recognized as revenue. The District began placing the CFD on the Placer County tax rolls in fiscal year 2019/2020. The tax was levied against an additional 20 properties for a total of $21,193 during the year ended June 30, 2023. These funds, less any expenses incurred during the fiscal year, are recorded as a net asset. The balance in this account will continue to accumulate each year until there are sufficient funds to purchase an aerial apparatus.

17. Subsequent Events

Subsequent events have been evaluated by management through February 6, 2024, the date that the statements were available for issuance.

Required Supplementary Information (Unaudited)

NORTH TAHOE FIRE PROTECTION DISTRICT

Schedule 1

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE, BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended June 30, 2023
(Unaudited)

	Budgeted Amounts		Actual Amounts,	Budget to GAAP	Actual Amounts,
	Original	Final	Budgetary Basis	Differences	GAAP Basis
Revenues:					
Taxes	$ 12,524,165	$ 12,524,165	$ 12,918,655	$ -0-	$ 12,918,655
Ambulance services	1,881,676	1,881,676	2,928,317	(42,918)	2,885,400
Service and contract fees	3,775,776	3,775,776	4,499,776	(297,527)	4,202,249
Grants	1,117,266	1,117,266	815,299	-0-	815,299
Mitigation fees	110,000	110,000	128,444	-0-	128,444
Other	110,424	110,424	147,756	-0-	147,756
Interest	25,000	25,000	162,170	-0-	162,170
Total Revenues	19,544,307	19,544,307	21,600,418	(340,446)	21,259,973
Expenditures:					
Salaries and wages	9,967,104	9,967,104	7,735,754	325,999	8,061,753
Employee benefits	5,743,609	5,743,609	5,475,676	43,734	5,519,410
Total salaries and wages and benefits	15,710,713	15,710,713	13,211,430	369,733	13,581,163
Maintenance and operations	1,325,778	1,325,778	1,388,124	-0-	1,388,124
General and administrative	615,121	615,121	654,977	-0-	654,977
Uniforms and supplies	647,371	647,371	332,409	-0-	332,409
Utilities	187,010	187,010	175,438	-0-	175,438
Professional fees	587,462	587,462	424,636	-0-	424,636
Grant expense	1,082,379	1,082,379	763,058	-0-	763,058
Capital outlay	195,367	195,367	220,669	-0-	220,669
Debt service:					
Principal	422,170	422,170	587,496	-0-	587,496
Interest	418,134	418,134	252,879	-0-	252,879
Total Expenditures	21,191,505	21,191,505	18,011,118	369,733	18,380,849
Revenues Over (Under) Expenditures	$ (1,647,198)	$ (1,647,198)	$ 3,589,300	$ (710,179)	2,879,124
Fund Balance, July 1, 2022					10,142,387
Fund Balance, June 30, 2023					$ 13,021,511

(1) The District budgets for ambulance service, service and contract fees, and grants revenues on the cash basis, rather than the modified accrual basis.	$ (340,446)
(2) The District budgets for salaries and wages, employee benefits, and compensated absences on the cash basis, rather than the modified accrual basis.	369,733
Net Decrease in Fund Balance - Budget to GAAP	$ (710,179)

NORTH TAHOE FIRE PROTECTION DISTRICT

Schedule 2

Schedule of District's Proportionate Share of the Net Pension Liability
Last 10 Years *
(Unaudited)

Miscellaneous Plan

Fiscal Year	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered-employee payroll	Net pension liability proportion as a percentage of covered-employee payroll	Fiduciary net position as a percentage of the total pension liability
2015	0.03109%	$ 768,359	$ 366,542	210%	70.65%
2016	0.03287	812,938	280,756	290%	69.52
2017	0.02680	929,734	645,358	144%	67.25
2018	0.02609	1,028,400	523,457	196%	66.87
2019	0.02630	991,350	727,872	136%	68.34
2020	0.02586	1,035,593	788,439	131%	68.69
2021	0.02553	1,076,873	882,656	122%	68.86
2022	0.03441	653,433	969,176	67%	82.94
2023	0.02464	1,153,164	960,128	120%	72.80

Safety Plan

Fiscal Year	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered-employee payroll	Net pension liability proportion as a percentage of covered-employee payroll	Fiduciary net position as a percentage of the total pension liability
2015	0.26823%	$ 10,061,279	$ 3,017,608	333%	76.20%
2016	0.27199	11,207,127	3,722,320	301%	74.68
2017	0.26310	13,627,308	4,903,959	278%	71.23
2018	0.25261	15,093,885	6,110,713	247%	70.71
2019	0.25141	14,751,818	6,449,276	229%	73.70
2020	0.24802	15,482,669	6,726,664	230%	74.12
2021	0.24817	16,533,706	6,814,800	243%	73.84
2022	0.26806	9,407,665	7,421,807	127%	86.12
2023	0.28553	19,620,491	7,661,645	256%	73.48

*Fiscal 2015 was the 1st year of implementation; therefore, only nine years shown

NORTH TAHOE FIRE PROTECTION DISTRICT

Schedule 3

Schedule of Contributions to the Pension Plan
Last 10 Years*
(Unaudited)

Miscellaneous Plan

Fiscal Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2015	$ 98,650	$ (98,650)	$ -0-	$ 366,542	-27%
2016	80,469	(80,469)	-0-	280,756	-29%
2017	96,782	(96,782)	-0-	645,358	-15%
2018	103,375	(103,375)	-0-	523,457	-20%
2019	133,028	(133,028)	-0-	727,872	-18%
2020	147,779	(147,779)	-0-	788,439	-19%
2021	184,841	(184,841)	-0-	882,656	-21%
2022	191,821	(191,821)	-0-	969,176	-20%
2023	199,276	(199,276)	-0-	960,128	-21%

Safety Plan

Fiscal Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2015	$1,266,407	$(1,266,407)	$ -0-	$ 3,017,608	-42%
2016	1,436,135	(1,436,135)	-0-	3,722,320	-39%
2017	1,619,780	(1,619,780)	-0-	4,903,959	-33%
2018	1,850,916	(1,850,916)	-0-	6,110,713	-30%
2019	2,002,879	(2,002,879)	-0-	6,449,276	-31%
2020	2,267,120	(2,267,120)	-0-	6,726,665	-34%
2021	1,934,125	(1,934,125)	-0-	6,814,800	-28%
2022	2,108,072	(2,108,072)	-0-	7,421,807	-28%
2023	2,298,281	(2,298,281)	-0-	7,661,645	-30%

*Fiscal 2015 was the 1st year of implementation; therefore, only nine years shown

Notes to Required Supplementary Information

1. Change in Benefit Terms:
   The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 as they have minimal cost impact.
2. Changes in Assumptions:
   The discount rate changed from 7.5% (net of administrative expense) in 2015 to 7.65 percent in 2016 to 7.15 percent in 2018 to 6.19% in 2022 per GASB Statement Number 68.

NORTH TAHOE FIRE PROTECTION DISTRICT

Schedule 4

Schedule of Changes in Net OPEB Liability and Related Ratios
Last 10 Years*
(Unaudited)

Measurement Period	2023	2022	2021	2020
Total OPEB Liability				
Service cost	$ 1,222,983	$ 1,205,707	$ 810,708	$ 781,960
Interest on total OPEB liability	459,497	427,159	488,887	458,105
Assumption changes	(4,793,739)	437,445	3,641,276	622,571
Experience (gains)/losses	-0-	33,621	-0-	242,564
Benefit payments	(470,739)	(434,189)	(356,532)	(286,210)
Expected minus actual benefit payments	37,654	119,425	63,646	7,804
Net Change in total Open Liability	(3,544,344)	1,789,168	4,647,985	1,826,794
Total OPEB Liability - beginning	19,758,445	17,969,277	13,321,292	11,494,498
Total OPEB Liability – ending (a)	$ 16,214,101	$ 19,758,445	$ 17,969,277	$ 13,321,292
Plan Fiduciary Net Position				
Employer contributions	$ 520,739	$ 484,189	$ 406,532	$ 336,210
Net investment income	(80,460)	119,670	13,766	18,618
Benefit payments	(470,739)	(434,189)	(356,532)	(286,210)
Administrative expenses	(154)	(166)	(182)	(65)
Other	-0-	-0-	-0-	-0-
Net change in plan fiduciary net position	(30,614)	169,504	63,584	68,553
Plan fiduciary net position – beginning	605,033	435,529	371,945	303,392
Plan fiduciary net position – ending (b)	$ 574,419	$ 605,033	$ 435,529	$ 371,945
Net OPEB liability – ending (a) – (b)	$ 15,639,682	$ 19,153,411	$ 17,533,748	$ 12,949,347
Plan fiduciary net position as a percentage of the total OPEB liability	3.67%	3.16%	2.42%	2.79%
Covered-employee payroll	$ 8,621,773	$ 8,390,983	$ 7,697,457	$ 7,515,104
Net OPEB Liability as a percentage of covered-employee payroll	181%	228%	228%	172%

*Fiscal 2018 was the 1st year of implementation; therefore, only five years shown

NORTH TAHOE FIRE PROTECTION DISTRICT

Schedule 4

Schedule of Changes in Net OPEB Liability and Related Ratios
Last 10 Years*
(Unaudited)

(Continued) **Measurement Period**	**2019**	**2018***
Total OPEB Liability		
Service cost	$ 341,056	$ 331,928
Interest on total OPEB liability	273,095	452,345
Assumption changes	4,177,475	-0-
Experience (gains)/losses	-0-	-0-
Benefit payments	(258,055)	(248,130)
Expected minus actual benefit payments	-0-	-0-
Net Change in total Open Liability	4,533,571	536,146
Total OPEB Liability - beginning	6,960,927	6,424,781
Total OPEB Liability – ending (a)	$ 11,494,498	$ 6,960,927
Plan Fiduciary Net Position		
Employer contributions	$ 308,055	$ 248,130
Net investment income	18,711	22,542
Benefit payments	(258,055)	(248,130)
Administrative expenses	(436)	(189)
Other	186	-0-
Net change in plan fiduciary net position	68,461	22,353
Plan fiduciary net position – beginning	234,931	212,578
Plan fiduciary net position – ending (b)	$ 303,392	$ 234,931
Net OPEB liability – ending (a) – (b)	$ 11,191,106	$ 6,725,996
Plan fiduciary net position as a percentage of the total OPEB liability	2.71%	3.37%
Covered-employee payroll	$ 7,177,148	$ 6,634,170
Net OPEB Liability as a percentage of covered-employee payroll	156%	101%

*Fiscal 2018 was the 1st year of implementation; therefore, only five years shown

NORTH TAHOE FIRE PROTECTION DISTRICT

Schedule 5

Schedule of OPEB Contributions
Last 10 Years*

Measurement Date		Actuarial Determined Contribution (ADC)	Contribution in relation to the ADC	Contribution deficiency (excess)	Covered Payroll	Contributions as a % of covered-employee payroll
2017	$	241,130	241,130	-0-	6,634,170	3.63%
2018	$	258,055	308,055	-0-	7,177,148	3.60%
2019	$	286,210	336,210	(50,000)	7,515,104	3.81%
2020	$	356,532	406,532	(50,000)	7,697,457	4.63%
2021	$	434,189	484,189	(50,000)	8,390,983	5.17%
2022	$	470,739	520,739	(50,000)	8,621,773	5.46%

*Omitted years: GASB statement No. 75 was implemented during the year ended June 30, 2018

Notes to Schedule

Methods and assumptions to determine OPEB liability:

Valuation date	June 30, 2021
Actuarial cost method	Entry Age
Discount rate	3.82%
Projected salary increases	2.75%
Inflation	2.50%
Healthcare cost trend	4.00%
Mortality rate table	Derived using CalPERS' 2017 Mortality Data
Retirement rates	Fire: Hired < 1/1/10: 2017 CalPERS 3.0%@50 Rates for Fire Employees Hired 1/1/10 to 12/31/12: 2017 CalPERS 3.0%@55 Rates for Fire Employees Hired > 12/31/12: 2017 CalPERS 2.7%@57 Rates for Fire Employees Miscellaneous: 2017 CalPERS 2.0%@62 Rates for Miscellaneous Employees
Service Requirement	100% if hired prior to 12/31/2009. Employees hired after 12/31/2009 qualify for 50% of premium at 5 years of District service plus 10% per additional year to 100% at 10 or more years of service, and employees hired after 12/1/2018 qualify for 50% of premium at 10 years of District service plus 10% per additional year to 100% at 15 or more years of service.

NORTH TAHOE FIRE PROTECTION DISTRICT

PLACER COUNTY, CALIFORNIA

INDEPENDENT AUDITORS' 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

For the Year Ended June 30, 2023

McClintock
ACCOUNTANCY CORPORATION

305 West Lake Boulevard
P.O. Box 6179
Tahoe City, Ca 96145

To the Board of Directors
North Tahoe Fire Protection District

We have audited, in accordance with the 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, the financial statements of governmental activities and the major fund of North Tahoe Fire Protection District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 6, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Tahoe Fire Protection District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Tahoe Fire Protection District's internal control. Accordingly, we do not express an opinion on the effectiveness of North Tahoe Fire Protection District's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Tahoe Fire Protection District's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McClintock Accountancy Corporation

McCLINTOCK ACCOUNTANCY CORPORATION
Tahoe City, California
February 6, 2024

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North Tahoe Fire Protection District & SOI

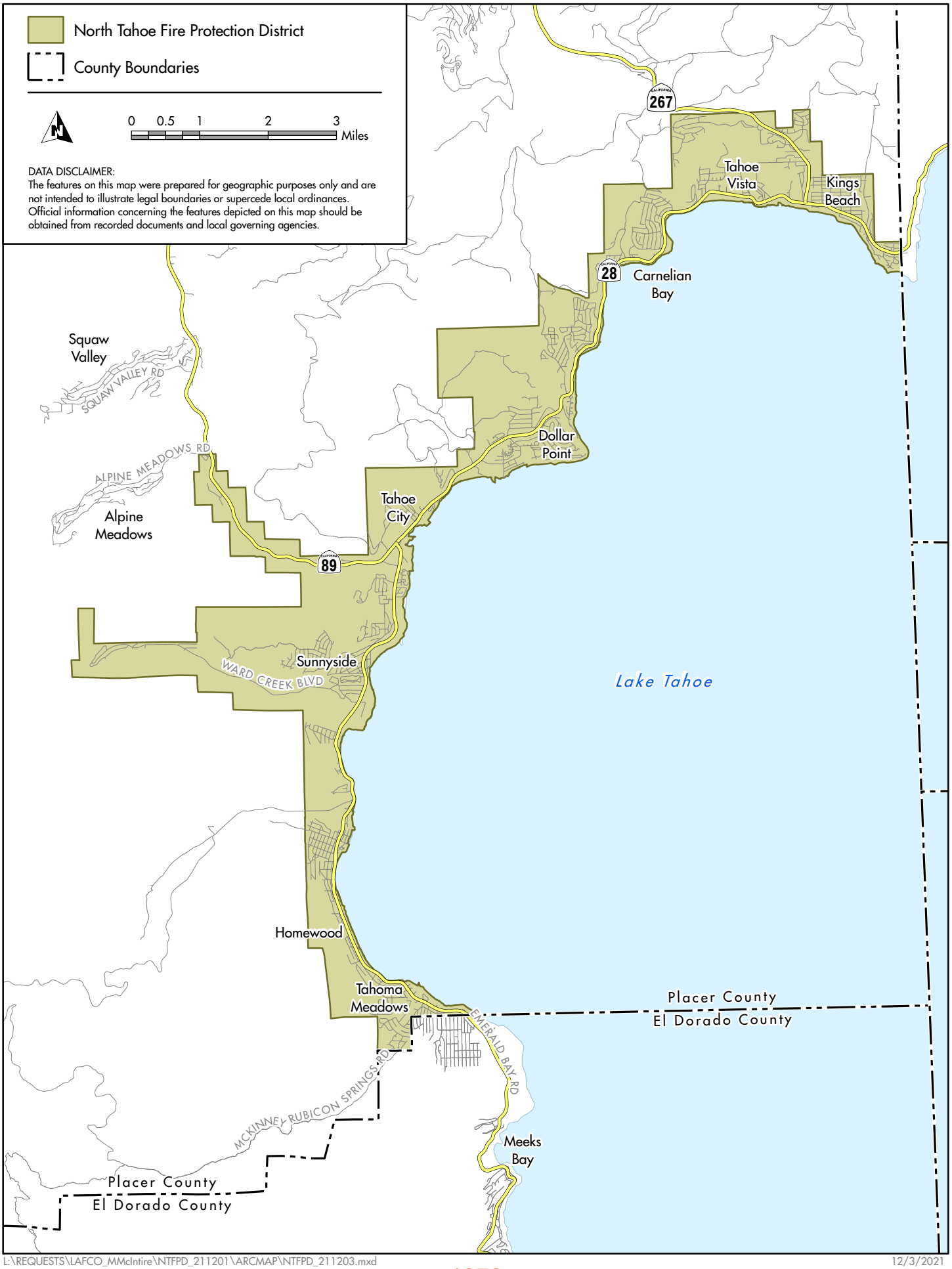


Table 1

North Tahoe FPD and Meeks Bay FPD

Proposed Meeks Bay Annexation Analysis

General Assumptions

Year of Study	2024	
Annual Change in AV for Property Tax Calculations		
FY 2024-25 and future fiscal years (All MB/NT TRAs if No Annexation Occurs)	2.0%	/1
FY 2024-25 and future fiscal years (Existing MB TRAs if Annexed)	3.2%	/2
Annual Change in Direct Charge Revenues		
FY 2024-25 and future fiscal years	2.4%	/1
Annual Change in Fire Personnel and Other Employee Costs		
FY 2024-25 and future fiscal years	5.0%	/3
Annual Change in Other Operating Revenues/Expenses		
FY 2024-25 and future fiscal years	1.0%	/1
Annual Change in Potential Non-Recurring Revenues/Expenses		
FY 2024-25 and future fiscal years	0.0%	
One-time Payment from El Dorado County to North Tahoe Fire Protection District		
Upon Annexation from TOT Revenues	$992,000	/4

/1 Based on assumptions used in the Placer County Fire Zones of Benefit Fiscal Impact Analysis (2021).
/2 Based on tax sharing agreement approved by El Dorado County related to base and incremental tax allocations upon annexation of Meeks Bay Fire to North Tahoe Fire, as shown in Table 1a.
/3 Based on the 2024-2028 MOU for NTFPD.
/4 Per El Dorado County Resolution 076-2024, El Dorado County will provide a one-time payment of $992,000 from the County's TOT revenues, upon annexation of all parcels within the existing MBFPD boundaries to NTFPD to provide financial assistance through the reorganization transition.

Source: Placer County; NTFPD; Bureau of Labor Statistics; Goodwin Consulting Group, Inc. *05/24/2024*

Table 1a

North Tahoe FPD and Meeks Bay FPD

Proposed Meeks Bay Annexation Analysis

Summary of Tax Rate Area and Property Tax Allocation Factors

Tax Rate Area (TRA)	Pre-ERAF Allocation Base	Pre-ERAF Allocation Incremental	ERAF Shift	Post-ERAF Allocation Base	Post-ERAF Allocation Incremental	FY 2023-24 Base Net Taxable Assessed Value	Estimated FY 2024-25 Taxable Assessed Value /1	FY 2023-24 Base Allocation to NTFPD	FY 2024-25 Incremental Allocation to NTFPD	FY 2024-25 Estimated Allocation to NTFPD
Meeks Bay TRAs (to be Annexed)										
069-003	0.06329	0.10913	0.08906	0.05765	0.09941	$29,113,646	$29,783,260	$16,785	$666	$17,451
069-007	0.08082	0.10913	0.08906	0.07362	0.09941	$902,356,243	$923,110,437	$664,335	$20,632	$684,967
069-014	0.09610	0.10913	0.08906	0.08754	0.09941	$299,830	$306,726	$262	$7	$269
069-015	0.07764	0.10913	0.08906	0.07073	0.09941	$541,768,846	$554,229,529	$383,174	$12,387	$395,561
069-017	0.13000	0.13000	0.08906	0.11842	0.11842	$9,785,624	$10,010,693	$11,588	$267	$11,855
075-050	0.13000	0.13000	0.08906	0.11842	0.11842	$5,491,281	$5,617,580	$6,503	$150	$6,652
Total						$1,488,815,470	$1,523,058,226	$1,082,648	$34,108	$1,116,755
% Increase - FY 2024-25 and future fiscal years (Existing MB TRAs if Annexed)										**3.2%**

/1 Assumes a 10% turnover rate for existing properties, which values are increased by 5% per year. All non-turnover properties are subject to the legislated 2% increase in assessed values.

Source: El Dorado County; Placer County; Goodwin Consulting Group, Inc. *05/24/2024*

Table 2

North Tahoe FPD and Meeks Bay FPD

Proposed Meeks Bay Annexation Analysis

Demographic Assumptions

	Base Case		Alt Scenario
Fire District Organization Scenario	**North Tahoe Fire**	**Meeks Bay Fire**	**North Tahoe with Meeks Bay Annexation**
2024 Demographic Statistics			
Estimated Residential Population	15,000	1,000	16,000
Estimated Employee Population	8,656	100	8,756
Persons Served (Residents + 50% of Employees)	19,328	1,050	20,378

Source: Environics; Goodwin Consulting Group, Inc. *05/24/2024*

Table 3

North Tahoe FPD and Meeks Bay FPD

Proposed Meeks Bay Annexation Analysis

FY 2023-24 Budgeted Revenues

Fire District Organization Scenario	Base Case North Tahoe Fire	Meeks Bay Fire	Total	Alt Scenario North Tahoe with Meeks Bay Annexation	Difference
Current Secured/Unsecured Property & Supplement	$7,930,891	$1,127,832	$9,058,723	$9,058,723	$0
Direct Charges (Special Taxes and Assessments)	$4,033,611	$752,739	$4,786,350	$4,574,762 /1	($211,588)
RDA Related Revenues	$1,266,970	$0	$1,266,970	$1,266,970	$0
Ambulance Services	$1,700,000	$0	$1,700,000	$1,700,000	$0
Meeks Bay Service Contract & Cost Share	$1,802,315	$0	$1,802,315	$0	($1,802,315) /2
Other Service Contracts	$897,076	$0	$897,076	$897,076	$0
Permits & Inspections	$376,000	$0	$376,000	$376,000	$0
Non-Recurring Revenues /3	$2,904,790	$363,837	$3,268,627	$3,268,627	$0
Subtotal	**$20,911,653**	**$2,244,408**	**$23,156,061**	**$21,142,158**	**($2,013,903)**
Less: Non-Recurring Revenues /3	($2,904,790)	($363,837)	($3,268,627)	($3,268,627)	$0
Total Net Revenue	**$18,006,863**	**$1,880,571**	**$19,887,434**	**$17,873,531**	**($2,013,903)**

/1 Adjustments to MB Direct Charges upon annexation:

	# of Taxable Parcels	*Average Assessment per Parcel*	*Total Assessment*
Pre-Annexation	2,180	$345.29	$752,739
Average Reduction to MB rates upon Annexation		($35.00)	
Assumed Vacancy Rate (from NTFPD)	20%		
Post-Annexation (Occupied Parcels ONLY)	1,744	$310.29	$541,151
Difference	(436)		($211,588)

/2 Includes revenues that 1) would be reduced or 2) would no longer be applicable under the proposed annexation scenario.

/3 Represents one-time or non-recurring revenue sources (e.g., grants, Strike Team or other reimbursements, etc.).

Source: NTFPD; MBFPD; Goodwin Consulting Group, Inc. *05/24/2024*

Table 4

North Tahoe FPD and Meeks Bay FPD

Proposed Meeks Bay Annexation Analysis

FY 2023-24 Budgeted Expenses

Fire District Organization Scenario	Base Case North Tahoe Fire	Meeks Bay Fire	Total	Alt Scenario North Tahoe with Meeks Bay Annexation	Difference
Salaries & Employee Benefits	$14,895,776	$259,040	$15,154,816	$15,151,216	($3,600) /1
Services and Supplies	$863,771	$192,166	$1,055,937	$1,055,937	$0 /1
Equipment and Maintenance	$560,058	$75,381	$635,439	$635,439	$0
Capital Assets/Non-Recurring Expenses	$2,781,323	$23,778	$2,805,101	$2,805,101	$0 /1
Other Expenses	$1,585,725	$1,739,043	$3,324,768	$1,673,453	($1,651,315) /1
Subtotal (Excl. Transfers from Reserve Fund)	**$20,686,653**	**$2,289,408**	**$22,976,061**	**$21,321,146**	**($1,654,915)**
Less: One-Time/Non-Recurring Expenses /2	($2,781,323)	($23,778)	($2,805,101)	($2,805,101)	$0
Total Net Expense	**$17,905,330**	**$2,265,630**	**$20,170,960**	**$18,516,045**	**($1,654,915)**

/1 Includes expenses that 1) would be reduced or 2) would no longer be applicable under the proposed annexation scenario.
/2 Represents one-time or non-recurring expenses (e.g., expenses funded by grants or other non-recurring revenues, etc.).

Source: NTFPD; MBFPD; Goodwin Consulting Group, Inc. *05/24/2024*

Table 5
North Tahoe FPD and Meeks Bay FPD
Proposed Meeks Bay Annexation Analysis
FY 2023-24 Operating Fiscal Impact

Fire District Organization Scenario	Base Case North Tahoe Fire	Meeks Bay Fire	Total	Alt Scenario North Tahoe with Meeks Bay Annexation	Difference
Revenues					
Current Secured/Unsecured Property & Supplement	$7,930,891	$1,127,832	$9,058,723	$9,058,723	$0
Direct Charges (Special Taxes and Assessments)	$4,033,611	$752,739	$4,786,350	$4,574,762	($211,588)
RDA Related Revenues	$1,266,970	$0	$1,266,970	$1,266,970	$0
Ambulance Services	$1,700,000	$0	$1,700,000	$1,700,000	$0
Meeks Bay Service Contract & Cost Share	$1,802,315	$0	$1,802,315	$0	($1,802,315) /1
Other Service Contracts	$897,076	$0	$897,076	$897,076	$0
Permits & Inspections	$376,000	$0	$376,000	$376,000	$0
Subtotal	$18,006,863	$1,880,571	$19,887,434	$17,873,531	($2,013,903)
Expenses					
Salaries & Employee Benefits	($14,895,776)	($259,040)	($15,154,816)	($15,151,216)	($3,600) /1
Services and Supplies	($863,771)	($192,166)	($1,055,937)	($1,055,937)	$0 /1
Equipment and Maintenance	($560,058)	($75,381)	($635,439)	($635,439)	$0
Other Expenses	($1,585,725)	($1,739,043)	($3,324,768)	($1,673,453)	($1,651,315) /1
Subtotal	($17,905,330)	($2,265,630)	($20,170,960)	($18,516,045)	($1,654,915)
Operating Fiscal Impact	**$101,533**	**($385,059)**	**($283,526)**	**($642,514)**	**($358,988)**
Net Operating Fiscal Impact					
Average Impact per Person Served	*$5*	*($367)*		*($32)*	

/1 Includes revenues and/or expenses that 1) would be reduced or 2) would no longer be applicable under the proposed annexation scenario.

Source: Goodwin Consulting Group, Inc. *05/24/2024*

Table 6

North Tahoe FPD and Meeks Bay FPD

Proposed Meeks Bay Annexation Analysis

FY 2023-24 Potential Non-Recurring Fiscal Impact

Fire District Organization Scenario	Base Case North Tahoe Fire	Meeks Bay Fire	Total	Alt Scenario North Tahoe with Meeks Bay Annexation	Difference
Revenues	$2,904,790	$363,837	$3,268,627	$3,268,627	$0
Expenses	($2,781,323)	($23,778)	($2,805,101)	($2,805,101)	$0
Operating Fiscal Impact	**$123,467**	**$340,059**	**$0**	**$463,526**	**$0**
Net Operating Fiscal Impact					
Average Impact per Person Served	*$6*	*$324*		*$23*	

Source: Goodwin Consulting Group, Inc. *05/24/2024*

Table 7

North Tahoe FPD and Meeks Bay FPD

Proposed Meeks Bay Annexation Analysis

FY 2023-24 Combined Operating and Potential Non-Recurring Fiscal Impact

Fire District Organization Scenario	Base Case North Tahoe Fire	Meeks Bay Fire	Total	Alt Scenario North Tahoe with Meeks Bay Annexation	Difference
Revenues /1					
Operating Revenues (Table 5)	$18,006,863	$1,880,571	$19,887,434	$17,873,531	($2,013,903)
Potential Non-Recurring Revenues (Table 6)	$2,904,790	$363,837	$3,268,627	$3,268,627	$0
Subtotal	$20,911,653	$2,244,408	$23,156,061	$21,142,158	($2,013,903)
Expenses /1					
Operating Expenses (Table 5)	($17,905,330)	($2,265,630)	($20,170,960)	($18,516,045)	($1,654,915)
Potential Non-Recurring Expenses (Table 6)	($2,781,323)	($23,778)	($2,805,101)	($2,805,101)	$0
Subtotal	($20,686,653)	($2,289,408)	($22,976,061)	($21,321,146)	($1,654,915)
Operating Fiscal Impact	**$225,000**	**($45,000)**	**$180,000**	**($178,988)**	**($358,988)**
Net Operating Fiscal Impact					
Average Impact per Person Served	*$12*	*($43)*		*($9)*	

/1 Includes revenues and/or expenses that 1) would be reduced or 2) would no longer be applicable under the proposed annexation scenario.

Source: Goodwin Consulting Group, Inc. *05/24/2024*

Table 8

North Tahoe FPD and Meeks Bay FPD

Proposed Meeks Bay Annexation Analysis

Base Case: North Tahoe FPD Operations and Reserve Projections

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
Revenues											
Current Secured/Unsecured Property & Supplement	$7,930,891	$8,089,509	$8,251,299	$8,416,325	$8,584,651	$8,756,345	$8,931,471	$9,110,101	$9,292,303	$9,478,149	$9,667,712
Direct Charges (Special Taxes and Assessments)	$4,033,611	$4,130,418	$4,229,548	$4,331,057	$4,435,002	$4,541,442	$4,650,437	$4,762,047	$4,876,336	$4,993,369	$5,113,209
RDA Related Revenues	$1,266,970	$1,279,640	$1,292,436	$1,305,360	$1,318,414	$1,331,598	$1,344,914	$1,358,363	$1,371,947	$1,385,666	$1,399,523
Ambulance Services	$1,700,000	$1,717,000	$1,734,170	$1,751,512	$1,769,027	$1,786,717	$1,804,584	$1,822,630	$1,840,856	$1,859,265	$1,877,858
Meeks Bay Service Contract & Cost Share	$1,802,315	$1,820,338	$1,838,542	$1,856,927	$1,875,496	$1,894,251	$1,913,194	$1,932,326	$1,951,649	$1,971,165	$1,990,877
Other Service Contracts	$897,076	$906,047	$915,107	$924,258	$933,501	$942,836	$952,264	$961,787	$971,405	$981,119	$990,930
Permits & Inspections	$376,000	$379,760	$383,558	$387,393	$391,267	$395,180	$399,132	$403,123	$407,154	$411,226	$415,338
Subtotal	$18,006,863	$18,322,711	$18,644,659	$18,972,832	$19,307,359	$19,648,369	$19,995,996	$20,350,377	$20,711,650	$21,079,959	$21,455,447
Expenses											
Salaries & Employee Benefits	($14,895,776)	($15,640,565)	($16,422,593)	($17,243,723)	($18,105,909)	($19,011,204)	($19,961,764)	($20,959,853)	($22,007,845)	($23,108,238)	($24,263,649)
Services and Supplies	($863,771)	($906,960)	($952,308)	($999,923)	($1,049,919)	($1,102,415)	($1,157,536)	($1,215,413)	($1,276,183)	($1,339,992)	($1,406,992)
Equipment and Maintenance	($560,058)	($565,659)	($571,315)	($577,028)	($582,799)	($588,627)	($594,513)	($600,458)	($606,463)	($612,527)	($618,652)
Other Expenses	($1,585,725)	($1,601,582)	($1,617,598)	($1,633,774)	($1,650,112)	($1,666,613)	($1,683,279)	($1,700,112)	($1,717,113)	($1,734,284)	($1,751,627)
Subtotal	($17,905,330)	($18,714,765)	($19,563,814)	($20,454,448)	($21,388,738)	($22,368,859)	($23,397,092)	($24,475,835)	($25,607,604)	($26,795,041)	($28,040,921)
Operating Fiscal Impact	**$101,533**	**($392,054)**	**($919,155)**	**($1,481,616)**	**($2,081,380)**	**($2,720,490)**	**($3,401,096)**	**($4,125,458)**	**($4,895,954)**	**($5,715,083)**	**($6,585,474)**
Fund Balance Analyses /1											
Beginning Balance	$13,021,511	$13,123,044	$12,730,990	$11,811,835	$10,330,220	$8,248,840	$5,528,350	$2,127,254	($1,998,204)	($6,894,157)	($12,609,240)
Operating Surplus/(Deficit)	$101,533	($392,054)	($919,155)	($1,481,616)	($2,081,380)	($2,720,490)	($3,401,096)	($4,125,458)	($4,895,954)	($5,715,083)	($6,585,474)
Ending Balance	$13,123,044	$12,730,990	$11,811,835	$10,330,220	$8,248,840	$5,528,350	$2,127,254	($1,998,204)	($6,894,157)	($12,609,240)	($19,194,714)
Outstanding Pension Liability as of June 30, 2023 /2	$20,773,655										

/1 Beginning balances include existing balances in the reserve fund.

/2 Assumes ongoing pay-as-you-go funding on an annual basis for pension liability, which is included in the Salaries and Employee Benefits line item.

Source: Goodwin Consulting Group, Inc. *05/24/2024*

Table 9
North Tahoe FPD and Meeks Bay FPD
Proposed Meeks Bay Annexation Analysis
Meeks Bay FPD Operations and Reserve Projections

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
Revenues											
Current Secured/Unsecured Property & Supplement	$1,127,832	$1,150,389	$1,173,396	$1,196,864	$1,220,802	$1,245,218	$1,270,122	$1,295,524	$1,321,435	$1,347,864	$1,374,821
Direct Charges (Special Taxes and Assessments)	$752,739	$770,805	$789,304	$808,247	$827,645	$847,509	$867,849	$888,677	$910,006	$931,846	$954,210
RDA Related Revenues	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Ambulance Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Meeks Bay Service Contract & Cost Share	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Service Contracts	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Permits & Inspections	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal	$1,880,571	$1,921,193	$1,962,700	$2,005,112	$2,048,447	$2,092,726	$2,137,971	$2,184,202	$2,231,441	$2,279,709	$2,329,031
Expenses											
Salaries & Employee Benefits	($259,040)	($271,992)	($285,592)	($299,871)	($314,865)	($330,608)	($347,138)	($364,495)	($382,720)	($401,856)	($421,949)
Services and Supplies	($192,166)	($201,774)	($211,863)	($222,456)	($233,579)	($245,258)	($257,521)	($270,397)	($283,917)	($298,113)	($313,018)
Equipment and Maintenance	($75,381)	($76,135)	($76,896)	($77,665)	($78,442)	($79,226)	($80,018)	($80,819)	($81,627)	($82,443)	($83,268)
Other Expenses	($1,739,043)	($1,756,433)	($1,773,998)	($1,791,738)	($1,809,655)	($1,827,752)	($1,846,029)	($1,864,489)	($1,883,134)	($1,901,966)	($1,920,985)
Subtotal	($2,265,630)	($2,306,335)	($2,348,349)	($2,391,730)	($2,436,541)	($2,482,844)	($2,530,707)	($2,580,200)	($2,631,398)	($2,684,377)	($2,739,220)
Operating Fiscal Impact /1	**($385,059)**	**($385,141)**	**($385,648)**	**($386,619)**	**($388,094)**	**($390,117)**	**($392,736)**	**($395,998)**	**($399,957)**	**($404,668)**	**($410,189)**
Fund Balance Analyses /2											
Beginning Balance	$1,122,840	$737,781	$352,640	($33,008)	($419,627)	($807,720)	($1,197,838)	($1,590,574)	($1,986,572)	($2,386,529)	($2,791,197)
Operating Surplus/(Deficit)	($385,059)	($385,141)	($385,648)	($386,619)	($388,094)	($390,117)	($392,736)	($395,998)	($399,957)	($404,668)	($410,189)
Ending Balance	$737,781	$352,640	($33,008)	($419,627)	($807,720)	($1,197,838)	($1,590,574)	($1,986,572)	($2,386,529)	($2,791,197)	($3,201,386)
Outstanding Pension Liability as of June 30, 2023 /3	$2,435,554										

/1 Annual deficits, if any, could have been mitigated from contributions from the El Dorado County General Fund.
/2 Beginning balances include existing balances in the reserve fund.
/3 Assumes ongoing pay-as-you-go funding on an annual basis for pension liability, which is included in the Salaries and Employee Benefits line item.

Source: Goodwin Consulting Group, Inc. *05/24/2024*

Table 10

North Tahoe FPD and Meeks Bay FPD

Proposed Meeks Bay Annexation Analysis

Alt Scenario: North Tahoe with Meeks Bay Annexation Operations and Reserve Projections

	2023-24	*2024-25*	*2025-26*	*2026-27*	*2027-28*	*2028-29*	*2029-30*	*2030-31*	*2031-32*	*2032-33*	*2033-34*
Revenues											
Current Secured/Unsecured Property & Supplement											
NT TRAs	$7,930,891	$8,089,509	$8,251,299	$8,416,325	$8,584,651	$8,756,345	$8,931,471	$9,110,101	$9,292,303	$9,478,149	$9,667,712
MB TRAs	$1,127,832	$1,163,923	$1,201,168	$1,239,606	$1,279,273	$1,320,210	$1,362,456	$1,406,055	$1,451,049	$1,497,482	$1,545,402
Subtotal	$9,058,723	$9,253,431	$9,452,467	$9,655,931	$9,863,924	$10,076,554	$10,293,928	$10,516,156	$10,743,352	$10,975,631	$11,213,114
Direct Charges (Special Taxes and Assessments)	$4,574,762	$4,684,557	$4,796,986	$4,912,114	$5,030,005	$5,150,725	$5,274,342	$5,400,926	$5,530,548	$5,663,282	$5,799,200
RDA Related Revenues	$1,266,970	$1,279,640	$1,292,436	$1,305,360	$1,318,414	$1,331,598	$1,344,914	$1,358,363	$1,371,947	$1,385,666	$1,399,523
Ambulance Services	$1,700,000	$1,717,000	$1,734,170	$1,751,512	$1,769,027	$1,786,717	$1,804,584	$1,822,630	$1,840,856	$1,859,265	$1,877,858
Meeks Bay Service Contract & Cost Share	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Service Contracts	$897,076	$906,047	$915,107	$924,258	$933,501	$942,836	$952,264	$961,787	$971,405	$981,119	$990,930
Permits & Inspections	$376,000	$379,760	$383,558	$387,393	$391,267	$395,180	$399,132	$403,123	$407,154	$411,226	$415,338
Other Operating Revenues /1		$992,000									
Total	$17,873,531	$19,212,435	$18,574,724	$18,936,568	$19,306,138	$19,683,610	$20,069,164	$20,462,985	$20,865,262	$21,276,189	$21,695,963
Expenses											
Salaries & Employee Benefits	($15,151,216)	($15,908,777)	($16,704,216)	($17,539,426)	($18,416,398)	($19,337,218)	($20,304,079)	($21,319,282)	($22,385,247)	($23,504,509)	($24,679,734)
Services and Supplies	($1,055,937)	($1,108,734)	($1,164,171)	($1,222,379)	($1,283,498)	($1,347,673)	($1,415,057)	($1,485,809)	($1,560,100)	($1,638,105)	($1,720,010)
Equipment and Maintenance	($635,439)	($641,793)	($648,211)	($654,693)	($661,240)	($667,853)	($674,531)	($681,277)	($688,089)	($694,970)	($701,920)
Other Expenses	($1,673,453)	($1,690,188)	($1,707,089)	($1,724,160)	($1,741,402)	($1,758,816)	($1,776,404)	($1,794,168)	($1,812,110)	($1,830,231)	($1,848,533)
Subtotal	($18,516,045)	($19,349,492)	($20,223,687)	($21,140,659)	($22,102,538)	($23,111,559)	($24,170,070)	($25,280,537)	($26,445,546)	($27,667,815)	($28,950,198)
Operating Fiscal Impact	**($642,514)**	**($137,057)**	**($1,648,963)**	**($2,204,091)**	**($2,796,400)**	**($3,427,950)**	**($4,100,906)**	**($4,817,551)**	**($5,580,283)**	**($6,391,626)**	**($7,254,235)**
Fund Balance Analyses /2											
Beginning Balance	$14,144,351	$13,501,837	$13,364,781	$11,715,818	$9,511,727	$6,715,326	$3,287,377	($813,530)	($5,631,081)	($11,211,364)	($17,602,991)
Operating Surplus/(Deficit)	($642,514)	($137,057)	($1,648,963)	($2,204,091)	($2,796,400)	($3,427,950)	($4,100,906)	($4,817,551)	($5,580,283)	($6,391,626)	($7,254,235)
Ending Balance	$13,501,837	$13,364,781	$11,715,818	$9,511,727	$6,715,326	$3,287,377	($813,530)	($5,631,081)	($11,211,364)	($17,602,991)	($24,857,226)
Outstanding Pension Liability as of June 30, 2023 /3	$23,209,209										

/1 One-time payment from El Dorado County upon annexation of all parcels within the existing MBFPD boundaries to provide financial assistance to NTFPD through the reorganization transition.
/2 Beginning balances include existing balances in the reserve fund.
/3 Assumes ongoing pay-as-you-go funding on an annual basis for pension liability, which is included in the Salaries and Employee Benefits line item.

Source: Goodwin Consulting Group, Inc. *05/24/2024*

Table 11

North Tahoe FPD and Meeks Bay FPD

Proposed Meeks Bay Annexation Analysis

Alt Scenario: North Tahoe with Meeks Bay Annexation Operations and Reserve Projections (Operating and Potential Non-Recurring Revenues and Expenses)

	2023-24	*2024-25*	*2025-26*	*2026-27*	*2027-28*	*2028-29*	*2029-30*	*2030-31*	*2031-32*	*2032-33*	*2033-34*
Revenues											
Operating	$17,873,531	$19,212,435	$18,574,724	$18,936,568	$19,306,138	$19,683,610	$20,069,164	$20,462,985	$20,865,262	$21,276,189	$21,695,963
Potential Non-Recurring	$3,268,627	$3,268,627	$3,268,627	$3,268,627	$3,268,627	$3,268,627	$3,268,627	$3,268,627	$3,268,627	$3,268,627	$3,268,627
Subtotal	$21,142,158	$22,481,062	$21,843,351	$22,205,195	$22,574,765	$22,952,237	$23,337,791	$23,731,612	$24,133,889	$24,544,816	$24,964,590
Expenses											
Operating	($18,516,045)	($19,441,847)	($20,413,940)	($21,434,637)	($22,506,368)	($23,631,687)	($24,813,271)	($26,053,935)	($27,356,631)	($28,724,463)	($30,160,686)
Potential Non-Recurring	($2,805,101)	($2,805,101)	($2,805,101)	($2,805,101)	($2,805,101)	($2,805,101)	($2,805,101)	($2,805,101)	($2,805,101)	($2,805,101)	($2,805,101)
Subtotal	($21,321,146)	($22,246,948)	($23,219,041)	($24,239,738)	($25,311,469)	($26,436,788)	($27,618,372)	($28,859,036)	($30,161,732)	($31,529,564)	($32,965,787)
Operating Fiscal Impact	**($178,988)**	**$234,113**	**($1,375,689)**	**($2,034,543)**	**($2,736,705)**	**($3,484,551)**	**($4,280,581)**	**($5,127,424)**	**($6,027,843)**	**($6,984,748)**	**($8,001,198)**
Fund Balance Analyses /1											
Beginning Balance	$14,144,351	$13,965,363	$14,199,477	$12,823,787	$10,789,245	$8,052,540	$4,567,989	$287,408	($4,840,016)	($10,867,859)	($17,852,607)
Operating Surplus/(Deficit)	($178,988)	$234,113	($1,375,689)	($2,034,543)	($2,736,705)	($3,484,551)	($4,280,581)	($5,127,424)	($6,027,843)	($6,984,748)	($8,001,198)
Ending Balance	$13,965,363	$14,199,477	$12,823,787	$10,789,245	$8,052,540	$4,567,989	$287,408	($4,840,016)	($10,867,859)	($17,852,607)	($25,853,805)
Outstanding Pension Liability as of June 30, 2023 /2	$23,209,209										

/1 Beginning balances include existing balances in the reserve fund.
/2 Assumes ongoing pay-as-you-go funding on an annual basis for pension liability, which is included in the Salaries and Employee Benefits line item.

Source: Goodwin Consulting Group, Inc. *05/24/2024*

PROJECT COMMENT FORM

LAFCO requests your review and comment of the following project. Comments received by December 9, 2022, will be included in the staff report to the Commission.

Project Name:	**2022-01 Reorganization of the Meeks Bay and North Tahoe Fire Protection Districts (FPD)**
Applicant/Petitioners:	Meeks Bay FPD and North Tahoe FPD
Location:	Tahoe Basin, El Dorado, and Placer County
Purpose:	North Tahoe FPD will continue to provide fire services

Estimated Date of LAFCO Hearing: January 11, 2023

1. The information contained in the accompanying documents appears accurate to the best of my knowledge. Yes X No _____
   Comments:_____
   _____

2. Is your agency/department working with the applicant on related entitlements, agreements, etc.? Yes _____ No X
   Please describe:
   _____
   _____

3. The proposal would have an effect on my department or agency. Yes X No _____ Please describe:
   Assessor Data and Maps will need to be updated to change the TRA for all affected parcels.
   The change may affect appraised values, etc.

4. Additional information or comments: _____
   _____
   _____

Form completed by: Karen Hyder / Assessor's Dept / El Dorado County
Name/Agency and Department

Please Return this form to Placer LAFCO by December 9, 2022
lafco@placer.ca.gov

Before the Board of Supervisors
County of Placer, State of California

In the matter of:
A Resolution related to the Meeks Bay Fire Protection District dissolution and annexation of District Areas to the North Tahoe Fire Protection District and Annual Property Tax Increment Transfer.

Resolution No.: 2024-135

The following Resolution was duly passed by the Board of Supervisors of the County of Placer

at a Regular Meeting held July 09, 2024, by the following vote:

AYES: GORE, LANDON, HOLMES, GUSTAFSON, JONES

NOES: NONE

ABSENT: NONE

THE FOREGOING INSTRUMENT IS A CORRECT COPY OF THE ORIGINAL ON FILE IN THIS OFFICE
ATTEST

MEGAN WOOD
Clerk of the Board of Supervisors, County of Placer, State of California

Deputy Clerk

Signed and approved by me after its passage.

Chair, Board of Supervisors

Attest:

Clerk of said Board

WHEREAS, the North Tahoe Fire Protection District ("NTFPD") has been providing fire protection and advanced life support services to the Lake Tahoe West Shore area of El Dorado County through a shared services agreement with Meeks Bay Fire Protection District ("MBFPD") since 2014; and

WHEREAS, the MBFPD and NTFPD have applied to the Placer County Local Agency Formation Commission ("Placer LAFCo") (LAFCo Project Number 2022-01) to propose the dissolution of the MBFPD and annexation of said District Area to NTFPD ("LAFCo Application"), as depicted in **Exhibit 1**; and

WHEREAS, pursuant to Revenue and Taxation Code Section 99(b)(5), in the event that a jurisdictional change would affect the service area or service responsibility of one or more special districts, such as this LAFCo Application, the board of supervisors of the county or counties in which the districts are located shall, on behalf of the district or districts, negotiate any exchange of property tax revenues; and

WHEREAS, a request was made to both the Board of Supervisors of Placer County and the Board of Supervisors of the County of El Dorado to conduct such negotiations pursuant to Revenue and Taxation Code sections 99 and 99.01; and

WHEREAS, negotiations for a redistribution of property tax revenues have concluded, and the property tax revenue distribution plan was conceptually approved by the MBFPD Board of Directors and the NTFPD Board of Directors on March 20, 2024, and March 26, 2024, respectively; and

WHEREAS, California Revenue and Taxation Code Section 99.02(b) authorizes local agencies to agree to transfer of any portion of property tax revenues that are allocable from tax rate areas shared by the local agencies and Revenue and Taxation Code Section 99.02(e) requires that each affected local agency hold a duly noticed public hearing to consider the effects of any proposed tax revenue transfer on fees, charges, assessments, taxes, or other revenues; prior to approval of such transfer; and

WHEREAS, on May 14, 2024, the County of El Dorado Board of Supervisors held a noticed public hearing to consider the effect of the proposed transfer on fees, charges, assessments, taxes, or other revenues and thereafter adopted Resolution No. 074-2024 and Exhibit A thereto (hereinafter referred to collectively as "EDC Resolution" and attached hereto as **Exhibit 2**); and

WHEREAS, the EDC Resolution identifies the distribution of El Dorado County General Fund Annual Tax Increment to the NTFPD per existing Tax Rate Area; and

WHEREAS, the Placer County Board of Supervisors held a noticed public hearing, pursuant to Government Code Section 6061, on July 9, 2024, to consider the effect of the proposed transfer on fees, charges, assessments, taxes, or other revenues; and

WHEREAS, to assess the effect of the proposed transfer, Placer County retained the services of Goodwin Consulting Group, an experienced public sector financial consulting firm, to prepare an independent fiscal impact analysis ("Fiscal Analysis"); and

WHEREAS, the Fiscal Analysis prepared by Goodwin Consulting Group recommended NTFPD make future operations changes and/or gains in new efficiencies during the next ten (10) years to keep up with projected increases to expenses for service costs for the expanded boundaries of NTFPD, if the same is approved by LAFCo; and

WHEREAS, pursuant to Revenue and Taxation Code Section 99.01, the Placer County Board of Supervisors recognizes the NTFPD Board of Directors' reaffirmation determination made at its March 26, 2024, regular meeting (NTFPD Resolution No. 30-2022), and NTFPD's choice to negotiate on its own behalf regarding the proposed dissolution of the MBFPD and annexation of said District's Area into the NTFPD. As such, any potential future fiscal deficit because of the same will be the sole responsibility of the NTFPD; and

WHEREAS, the Placer County Board of Supervisors' actions herein shall not serve as precedent and shall not be construed as an expectation the Placer County Board of Supervisors shall be responsible or obligated to share its tax revenue Increment with NTFPD now or in the future should a potential fiscal deficit arise, present or future, as a result of completion of the LAFCo Application.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors, County of Placer, State of California as follows:

1. Pursuant to Revenue and Taxation Code Section 99.02(e), the Placer County Board of Supervisors ("Board") has considered the effect of the proposed transfer on fees, charges, assessments, taxes, or other revenues and makes the following findings pursuant to Revenue and Taxation Code Section 99.02(f):

    a. The Board has reviewed **Exhibit 2** in its entirety and relies upon the calculations set forth therein. The Board approves and/or otherwise concurs with the proposed transfer of the identified Annual Tax Increment to the NTFPD as set forth and calculated in **Exhibit 2**.

    b. Pursuant to **Exhibit 2**, the Board relies upon the findings set forth in EDC's Resolution, Section 2(b).

    c. Subject to the above findings (a) and (b) and the recitals in this resolution and based on the recommendations of the Fiscal Analysis, the proposed transfer set forth in **Exhibit 2** will not impair the ability of the County of Placer or NTFPD to provide existing services.

    d. The proposed transfer would not result in a reduction of property tax revenues to school entities pursuant to the calculations set forth in **Exhibit 2**.

BE IT FURTHER RESOLVED, the Placer County Board of Supervisors approves and/or otherwise concurs with the transfer of the Annual Tax Increment and acceptance of the same in reliance of El Dorado County's calculations of the same as set forth and to be distributed as shown in **Exhibit 2**.

BE IT FURTHER RESOLVED, that pursuant to Revenue and Taxation Code Section 99.02(c) and 99.02(e), the Placer County Board of Supervisors hereby notifies the County Auditor of the Board's concurrence with the proposed Annual Tax Increment transfer as set forth in **Exhibit 2** and directs the County Auditor to make necessary adjustments to accept the transfer of the same.

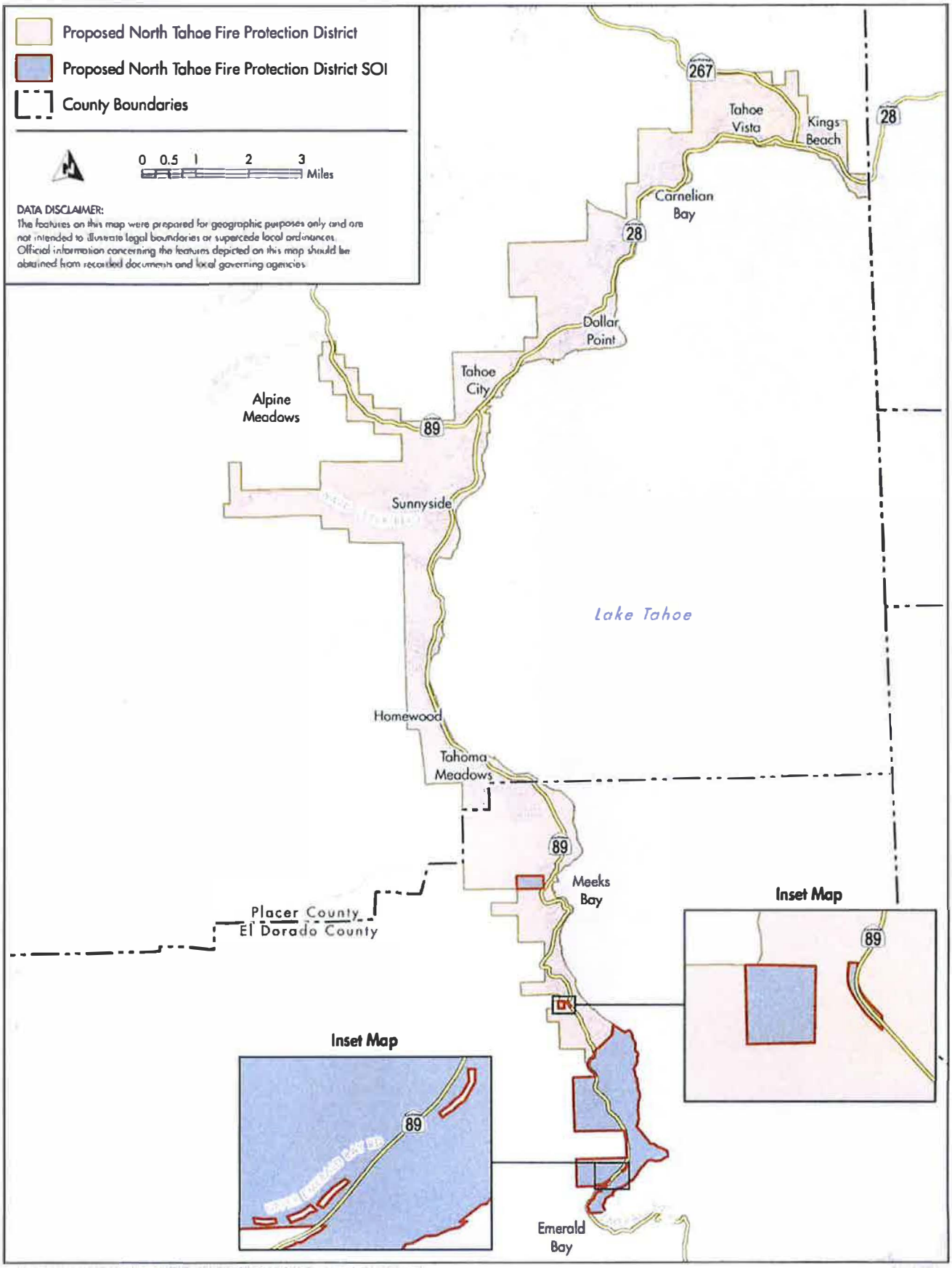
BE IT FURTHER RESOLVED, that Placer County recognizes that no Annual Tax Increment transfer will occur unless or until the completion of the proceedings set forth in the LAFCo Application.

BE IT FURTHER RESOLVED, that the Clerk to the Placer County Board of Supervisors is hereby directed to transmit a certified executed copy of this resolution to the affected agencies and the Placer County LAFCo.

Exhibit 1: Proposed Reorganization Area Boundary with Sphere of Influence Map
Exhibit 2: El Dorado County Resolution No. 074-2024 and its Exhibit A

Attachment A - Exhibit 1: Proposed Reorganization Area Boundary with Sphere of Influence Map

Proposed North Tahoe Fire Protection District & SOI



Attachment A - Exhibit 2: El Dorado County Resolution No. 074-2024 and its Exhibit A

RESOLUTION NO. 074-2024

OF THE BOARD OF SUPERVISORS OF THE COUNTY OF EL DORADO

Meeks Bay Fire Protection District dissolution and annexation of District Area to the North Tahoe Fire Protection District; LAFCO Project No. 2022-01.

WHEREAS, request has been made to the Board of Supervisors of the County of El Dorado for negotiations with respect to property tax revenue in accordance with Section 99 and 99.01 of the Revenue and Taxation Code; and

WHEREAS, this request related to the dissolution of the Meeks Bay Fire Protection District and the annexation of all parcels within the Meeks Bay Fire Protection District, into the North Tahoe Fire Protection District (Placer LAFCO Project Number 2022-01); and

WHEREAS, negotiations for a redistribution of property tax revenues (base and annual tax increment) have been concluded, and the property tax revenue distribution plan was conceptually approved by the Meeks Bay Fire Protection District Board of Directors and the North Tahoe Fire Protection District Board of Directors on March 20, 2024 and March 26, 2024, respectively; and

WHEREAS, the conceptually-approved revenue distribution plan includes the transfer of a portion of the County's General Fund Annual Tax Increment; and

WHEREAS, California Revenue and Taxation Code Section 99.02(b) authorizes local agencies to agree to an exchange of their property tax revenues that are allocable from tax rate areas shared by the local agencies and Revenue and Taxation Code Section 99.02(e) requires that each affected local agency hold a duly noticed public hearing to consider the effects of any proposed base property tax revenue transfer on fees, charges, assessments, taxes, or other revenues prior to approval of such transfer; and

WHEREAS, the Board of Supervisors has conducted a public hearing May 14, 2024, to consider the effect of the proposed transfer on fees, charges, assessments, taxes, or other revenues. Notice of the hearing was published pursuant to Section 6061 of the Government Code; and

WHEREAS, this transfer shall not serve as a precedent and shall not be construed to set an expectation for the Board to consent to similar transfers in the future.

NOW, THEREFORE, BE IT RESOLVED by the El Dorado County Board of Supervisors that:

1. The Annual Tax Increment with respect to the parcels to be annexed to the North Tahoe Fire Protection District shall, upon completion of the dissolution of the Meeks Bay Fire Protection District and annexation by the North Tahoe Fire Protection District, be distributed as shown on Exhibit A.
2. Pursuant to Revenue and Taxation Code section 99.02(f), the County hereby makes the following findings with regard to this transfer of the County General Fund Annual Tax Increment to the North Tahoe Fire Protection District:
    a. Revenues are available for this purpose. The proposed transfer is limited to a small portion of future revenue growth in the territory to be annexed. The County's base property tax revenue will not be affected. The value of the foregone future revenue is de minimis and will be offset by the projected property tax revenue growth in future fiscal years.
    b. The transfer will not result in any increase in the ratio between the amount of County General Fund revenues that are generated by regulatory licenses, use charges, user fees, or assessments

and the amount of revenues of the County used to finance its current level of service. The County will not increase any fee, fine, charge, or assessment as a result of this transfer. The impact of the transfer is de minimus and will not result in a reduction in property tax revenues below current levels.

c. The transfer will not impair the ability of the County to provide existing services. The proposed transfer is limited to a small portion of future revenue growth in the territory to be annexed. The County's base property tax revenue will not be affected. The value of the foregone future revenue is de minimis and will be offset by the projected property tax revenue growth in future fiscal years.

d. The transfer will not result in a reduction of property tax revenues to school entities. The proposed transfer affects only the County's General Fund Annual Tax Increment and will not reduce property tax revenues to schools.

3. County shall not be obligated to effect the transfer of General Fund Annual Tax Increment authorized hereunder unless and until North Tahoe Fire Protection District has provided documentation to County that it has conducted a public hearing pursuant to Revenue and Taxation Code section 99.02(e), and that notice of such hearing has been published pursuant to section 6061 of the California Government Code.

BE IT FURTHER RESOLVED that the Clerk to the Board of Supervisors is hereby directed to transmit notice of this resolution to the affected agencies, the Placer County Local Agency Formation Commission, and the El Dorado County Local Agency Formation Commission.

PASSED AND ADOPTED by the Board of Supervisors of the County of El Dorado at a regular meeting of said Board, held the 14th day of May, 2024, by the following vote of said Board:

Ayes: Thomas, Hidahl, Turnboo, Parlin, Laine
Noes: None
Absent: None

Attest:
Kimberly Dawson
Clerk of the Board of Supervisors

By: Kyra Schoyfield
Deputy Clerk

Wendy Thomas
Chair, Board of Supervisors
Wendy Thomas

ANNUAL PROPERTY TAX INCREMENT DISTRIBUTION

EXHIBIT A

LAFCO Project #: 2022-01
Project Name: Meeks Bay FPD Dissolution and Annexation into North Tahoe FPD
Annexation Per R&T Code Section 99
Existing Tax Rate Area # (TRA): 069-014

Agency	County Agency Number	SBE District Code Number	Current Share of Tax Levy in Exisiting TRA (note 1)	Possible Exchange of Tax Increment Shares	Possible New Future Tax Increment Shares
County General Fund	11101	N/A	44.8600%	-1.3030%	43.5570%
County Capital Outlay Fund	11111	N/A	0.9330%	0.0%	0.9330%
Road District Tax	11112	N/A	4.3490%	0.0%	4.3490%
CSA#3 - Mosquito Abatement	13102	0114	1.0240%	0.0%	1.0240%
Meeks Bay Fire Protection District	14407	0062	9.6100%	-9.6100%	0.0000%
North Tahoe Fire Protection District	N/a	N/a	0.0000%	10.9130%	10.9130%
Tahoe Joint Resource Conservation	14601	0051	0.1470%	0.0%	0.1470%
County Water Agency	14801	0207	1.4770%	0.0%	1.4770%
Total Local Agencies:			**62.4000%**	**0.0000%**	**62.4000%**
Tahoe-Truckee Joint Unified School	15303	0042	30.614%	0.0000%	30.6140%
Los Rios Jt Community College	15402	0046	6.9860%	0.0000%	6.9860%
Total School Agencies:			**37.6000%**	**0.0000%**	**37.6000%**
Grand Total:			**100.0000%**	**0.0000%**	**100.0000%**

ANNUAL PROPERTY TAX INCREMENT DISTRIBUTION

EXHIBIT A

LAFCO Project #: 2022-01
Project Name: Meeks Bay FPD Dissolution and Annexation into North Tahoe FPD
Annexation Per R&T Code Section 99
Existing Tax Rate Area # (TRA): 069-015

Agency	County Agency Number	SBE District Code Number	Current Share of Tax Levy in Exisiting TRA (note 1)	Possible Exchange of Tax Increment Shares	Possible New Future Tax Increment Shares
County General Fund	11101	N/A	35.9634%	-3.1489%	32.8145%
County Capital Outlay Fund	11111	N/A	0.7459%	0.0%	0.7459%
Road District Tax	11112	N/A	3.6090%	0.0%	3.6090%
CSA#3 - Mosquito Abatement	13102	0114	0.8252%	0.0%	0.8252%
CSA#5, Tahoma-Tahoe Cedars Area	13103	0121	1.6327%	0.0%	1.6327%
Meeks Bay Fire Protection District	14407	0062	7.7641%	-7.7641%	0.0000%
North Tahoe Fire Protection District	N/a	N/a	0.0000%	10.9130%	10.9130%
Tahoe Joint Resource Conservation	14601	0051	0.1175%	0.0%	0.1175%
Tahoe -Truckee Joint Sanitation	14701	0082	1.7296%	0.0%	1.7296%
County Water Agency	14801	0207	1.1775%	0.0%	1.1775%
Tahoe City PUD, Annex II	14807	0204	14.2715%	0.0%	14.2715%
Total Local Agencies:			**67.8364%**	**0.0000%**	**67.8364%**
Tahoe-Truckee Joint Unified School	15303	0042	26.1878%	0.0000%	26.1878%
Los Rios Jt Community College	15402	0046	5.9758%	0.0000%	5.9758%
Total School Agencies:			**32.1636%**	**0.0000%**	**32.1636%**
Grand Total:			**100.0000%**	**0.0000%**	**100.0000%**

ANNUAL PROPERTY TAX INCREMENT DISTRIBUTION

EXHIBIT A

LAFCO Project #: 2022-01
Project Name: Meeks Bay FPD Dissolution and Annexation into North Tahoe FPD
Annexation Per R&T Code Section 99
Existing Tax Rate Area # (TRA): 069-017

Agency	County Agency Number	SBE District Code Number	Current Share of Tax Levy in Exisiting TRA (note 1)	Possible Exchange of Tax Increment Shares	Possible New Future Tax Increment Shares
County General Fund	11101	N/A	32.9122%	0.0%	32.9122%
County Capital Outlay Fund	11111	N/A	0.6848%	0.0%	0.6848%
Road District Tax	11112	N/A	3.1904%	0.0%	3.1904%
CSA#3 - Mosquito Abatement	13102	0114	0.7513%	0.0%	0.7513%
Meeks Bay Fire Protection District	14407	0062	13.0000%	-13.0000%	0.0000%
North Tahoe Fire Protection District	N/a	N/a	0.0000%	13.0000%	13.0000%
Tahoe Joint Resource Conservation	14601	0051	0.1074%	0.0%	0.1074%
Tahoe -Truckee Joint Sanitation	14701	0082	1.5828%	0.0%	1.5828%
County Water Agency	14801	0207	1.0833%	0.0%	1.0833%
Tahoe City PUD, Annex II	14807	0204	12.2838%	0.0%	12.2838%
Total Local Agencies:			**65.5960%**	**0.0000%**	**65.5960%**
Tahoe-Truckee Joint Unified School	15303	0042	28.0120%	0.0000%	28.0120%
Los Rios Jt Community College	15402	0046	6.3920%	0.0000%	6.3920%
Total School Agencies:			**34.4040%**	**0.0000%**	**34.4040%**
Grand Total:			**100.0000%**	**0.0000%**	**100.0000%**

ANNUAL PROPERTY TAX INCREMENT DISTRIBUTION

EXHIBIT A

LAFCO Project #: 2022-01
Project Name: Meeks Bay FPD Dissolution and Annexation into North Tahoe FPD
Annexation Per R&T Code Section 99
Existing Tax Rate Area # (TRA): 075-050

Agency	County Agency Number	SBE District Code Number	Current Share of Tax Levy in Exisiting TRA (note 1)	Possible Exchange of Tax Increment Shares	Possible New Future Tax Increment Shares
County General Fund	11101	N/A	31.5046%	0.0%	31.5046%
County Capital Outlay Fund	11111	N/A	0.6534%	0.0%	0.6534%
Road District Tax	11112	N/A	3.1615%	0.0%	3.1615%
CSA#3 - Mosquito Abatement	13102	0114	0.7228%	0.0%	0.7228%
Happy Homestead Cemetery	14201	0049	0.5530%	0.0%	0.5530%
Meeks Bay Fire Protection District	14407	0062	13.0000%	-13.0000%	0.0000%
North Tahoe Fire Protection District	N/a	N/a	0.0000%	13.0000%	13.0000%
Tahoe Joint Resource Conservation	14601	0051	0.1029%	0.0%	0.1029%
County Water Agency	14801	0207	1.0316%	0.0%	1.0316%
Total Local Agencies:			**50.7298%**	**0.0000%**	**50.7298%**
Tahoe-Truckee Joint Unified School	15303	0042	37.7144%	0.0000%	37.7144%
Los Rios Jt Community College	15402	0046	9.0793%	0.0000%	9.0793%
County School Services	15501	n/a	2.4765%	0.0000%	2.4765%
Total School Agencies:			**49.2702%**	**0.0000%**	**49.2702%**
Grand Total:			**100.0000%**	**0.0000%**	**100.0000%**

ANNUAL PROPERTY TAX INCREMENT DISTRIBUTION

EXHIBIT A

LAFCO Project #: 2022-01
Project Name: Meeks Bay FPD Dissolution and Annexation into North Tahoe FPD
Annexation Per R&T Code Section 99
Existing Tax Rate Area # (TRA): 069-003

Agency	County Agency Number	SBE District Code Number	Current Share of Tax Levy In Exisiting TRA (note 1)	Possible Exchange of Tax Increment Shares	Possible New Future Tax Increment Shares
County General Fund	11101	N/A	29.3159%	-4.5840%	24.7319%
County Capital Outlay Fund	11111	N/A	0.6080%	0.0%	0.6080%
Road District Tax	11112	N/A	2.9419%	0.0%	2.9419%
CSA#3 - Mosquito Abatement	13102	0114	0.6726%	0.0%	0.6726%
CSA#5, Tahoma-Tahoe Cedars Area	13103	0121	1.3309%	0.0%	1.3309%
Meeks Bay Fire Protection District	14407	0062	6.3290%	-6.3290%	0.0000%
North Tahoe Fire Protection District	N/a	N/a	0.0000%	10.9130%	10.9130%
Tahoe Joint Resource Conservation	14601	0051	0.0957%	0.0%	0.0957%
Tahoe -Truckee Joint Sanitation	14701	0082	1.4099%	0.0%	1.4099%
County Water Agency	14801	0207	0.9599%	0.0%	0.9599%
McKinney Water District	14805	0208	18.4843%	0.0%	18.4843%
Tahoe City PUD, Annex II	14807	0204	11.6335%	0.0%	11.6335%
Total Local Agencies:			**73.7816%**	**0.0000%**	**73.7816%**
Tahoe-Truckee Joint Unified School	15303	0042	21.347%	0.0000%	21.347%
Los Rios Jt Community College	15402	0046	4.8712%	0.0000%	4.8712%
Total School Agencies:			**26.2184%**	**0.0000%**	**26.2184%**
Grand Total:			**100.0000%**	**0.0000%**	**100.0000%**

ANNUAL PROPERTY TAX INCREMENT DISTRIBUTION

EXHIBIT A

LAFCO Project #: 2022-01
Project Name: Meeks Bay FPD Dissolution and Annexation into North Tahoe FPD
Annexation Per R&T Code Section 99
Existing Tax Rate Area # (TRA): 069-007

Agency	County Agency Number	SBE District Code Number	Current Share of Tax Levy in Exisiting TRA (note 1)	Possible Exchange of Tax Increment Shares	Possible New Future Tax Increment Shares
County General Fund	11101	N/A	37.7290%	-2.8310%	34.8980%
County Capital Outlay Fund	11111	N/A	0.7850%	0.0%	0.7850%
Road District Tax	11112	N/A	3.6580%	0.0%	3.6580%
CSA#3 - Mosquito Abatement	13102	0114	0.8610%	0.0%	0.8610%
Meeks Bay Fire Protection District	14407	0062	8.0820%	-8.0820%	0.0000%
North Tahoe Fire Protection District	N/a	N/a	0.0000%	10.9130%	10.9130%
Tahoe Joint Resource Conservation	14601	0051	0.1230%	0.0%	0.1230%
Tahoe -Truckee Joint Sanitation	14701	0082	1.8140%	0.0%	1.8140%
County Water Agency	14801	0207	1.2420%	0.0%	1.2420%
Tahoe City PUD, Annex II	14807	0204	14.0820%	0.0%	14.0820%
Total Local Agencies:			**68.3760%**	**0.0000%**	**68.3760%**
Tahoe-Truckee Joint Unified School	15303	0042	25.748%	0.0000%	25.7480%
Los Rios Jt Community College	15402	0046	5.8760%	0.0000%	5.8760%
Total School Agencies:			**31.6240%**	**0.0000%**	**31.6240%**
Grand Total:			**100.0000%**	**0.0000%**	**100.0000%**

PLACER COUNTY

LOCAL AGENCY FORMATION COMMISSION

COMMISSIONERS:

Cindy Gustafson
Chair
(County)

Joshua Alpine
Vice Chair
(Special District)

Trinity Burruss
(City)

Dan Karleskint
(City)

Shanti Landon
(County)

Susan Rohan
(Public)

Vacant
(*Special District*)

ALTERNATE COMMISSIONERS:

David Bass
(City)

Judy Friedman
(Special District)

Jim Holmes
(*County*)

Jenny Knisley
(City)

Cherri Spriggs
(*Public*)

COUNSEL:

Michael Walker
General Counsel

STAFF:

Michelle McIntyre
Executive Officer

Amy Engle
Commission Clerk

Staff Report

DATE: August 21, 2024

TO: Chair Gustafson and members of the Commission

FROM: Michael G. Walker, General Counsel

SUBJECT: Adoption of Updated Conflict of Interest Code

Public agencies in California, including local agency formation commissions, are required to have in place a conflict of interest code. The Placer County Local Agency Formation Commission (Commission) has such a code in place (see Attachment A).

In reviewing the Commission's code earlier this year as part of a legally mandated biennial review process, the Commission's staff determined that it would be appropriate for the Commission to update the code at this time to include the newly created position of Assistant Executive Officer. As part of that update, staff also recommends some additional revisions to the code. The additional revisions are nonsubstantive in nature with the exception of the addition of consultants to the list of positions subject to the code (when the consultant's level of participation in decision making triggers disclosure requirements under the Political Reform Act of 1974).

The proposed new code is attached as Attachment B.

The proposed new code is not in the form of a resolution (unlike the current code) because staff's plan is to directly incorporate the code into the Commission's new policies, once those policies are adopted. That way, the Commission will have the opportunity to review the code each year during the anticipated annual review of the Commission's policies.

110 Maple Street Auburn, CA 95603
(530) 889-4097
https://www.placer.ca.gov/lafco

STAFF RECOMMENDATION

Staff recommends that the Commission adopt the proposed new Placer County Local Agency Formation Commission Conflict of Interest Code attached as Attachment B, effective immediately, and direct staff to incorporate the code into the Commission's policies, once those policies are adopted.

ATTACHMENTS:

A – Current Placer County Local Agency Formation Commission Conflict of Interest Code
B – Proposed Placer County Local Agency Formation Commission Conflict of Interest Code

Resolution 2020—05

RESOLUTION OF THE PLACER COUNTY LOCAL AGENCY FORMATION COMMISSION ADOPTING THE FAIR POLITICAL PRACTICES COMMISSION CONFLICT OF INTEREST CODE

WHEREAS, The Political Reform Act of 1974, as amended ("the Act"), California Government Code §81000 et seq., requires in Government Code §87300 that each agency subject to the Act, including the Placer County Local Agency Formation Commission, adopt a local Conflict of Interest Code; and

WHEREAS, the act provides in §87302 that each such local Conflict of Interest Code shall designate positions within each agency subject to the Code and further designate the types of reportable interests which must be disclosed by any such designated employee; and

WHEREAS, the Fair Political Practices Commission in administering the Act has adopted a regulation (2 California Code of Regulations §18730) which permits agencies subject to the Act to adopt by reference the Model Conflict of Interest Code developed by the Fair Political Practices Commission; and

WHEREAS, this conflict of interest code adopted by the Commission shall supersede and replace all previous versions of the code adopted by the Commission; and

WHEREAS, the Commission now desires to adopt said Model Code;

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the Local Agency Formation Commission as follows:

1. That pursuant to the provisions of Government Code §87300 and (Title) 2 California Code of Regulations §18730, the Placer County Local Agency Formation Commission hereby adopts the Fair Political Practices Commission's Model Conflict of Interest Code as set forth currently or as may hereafter be amended, as the local Conflict of Interest Code of the Commission (the "Code").

2. That the Code shall apply and be applicable to those persons in the service of the Placer County Local Agency Formation Commission as listed below. Each person occupying each designated position shall be assigned to a disclosure category based on the descriptions also set forth below.

3. That each person in each designated position, as listed below, shall report, as required by the Code, all reportable interests for their particular disclosure category.

4. That each person in each designated position shall file a statement of economic interests/Form 700 with the Placer County Elections Office, as the Commission's Filing Officer.

5. Designated Positions:

Designated Positions	Disclosure Category
Executive Officer	All
Counsel	All
Board of Supervisors Member	All
Alternate Board of Supervisors Member	All
City Member	All
Alternate City Member	All
Special District Member	All
Alternate Special District Member	All
Public Member	All
Alternate Public Member	All

6. Disclosure Categories:

1. Investments and business positions in business entities, and sources of income, including loans, gifts, and travel payments, from sources of the type that provide services, supplies, materials, machinery, or equipment of the type utilized by the Commission.
2. Investments and business positions in business entities, governmental entities and non-profits that are regulated by the Commission.
3. Investments and business positions in business entities, and sources of income, including loans, gifts, and travel payments, from sources of the type that engage in the acquisition, disposal, or development of real property within the Commission's jurisdiction.
4. Investments and business positions in business entities, and sources of income, including loans, gifts, and travel payments, from sources of the type that regularly engage in the preparation of environmental impact statements or reports.
5. Interests in real property located within the jurisdiction of the Commission or within two miles of the boundaries of the jurisdiction of the Commission.
6. Investments and business positions in business entities, and sources of income including loans, gifts, and travel payments, from sources of the type that receive financial or technical assistance from the Commission.

Passed and adopted this 14th day of October, 2020 upon a vote of the members of the Local Agency Formation Commission, then in attendance and regularly convened as follows:

Ayes; Alpine, Holmes, Joiner, Kahrl, Patterson, Rohan, Weygandt

Noes:

Abstain:

Absent:

Signed and approved after adoption:

Robert Weygandt, Chair

Attest:

Kristina Berry, AICP, Executive Officer

PLACER COUNTY
LOCAL AGENCY FORMATION COMMISSION

PLACER COUNTY LOCAL AGENCY FORMATION COMMISSION

CONFLICT OF INTEREST CODE

The Political Reform Act of 1974 (Gov. Code, § 81000 et seq.; Act) requires each agency subject to the Act, including the Placer County Local Agency Formation Commission (Commission), to adopt a Conflict of Interest Code. The Fair Political Practices Commission (FPPC), in administering the Act, has promulgated a regulation (Cal. Code of Regs., tit. 2, § 18730) that contains the terms of a standard Conflict of Interest Code that an agency may adopt by reference. Accordingly, the Commission hereby adopts the terms of the standard Conflict of Interest Code, and any amendment to it duly adopted by the FPPC, along with the list of Designated Positions and the list of Disclosure Categories for each designated position set forth below, as the Conflict of Interest Code for the Commission and incorporates them herein by reference.

Each person holding a position designated below shall file a Statement of Economic Interests (FPPC Form 700) with the Placer County Elections Office, which shall be the Filing Officer for the Commission, disclosing all reportable interests falling within the position's corresponding disclosure categories.

DESIGNATED POSITIONS

Number of Positions	Position Title	Disclosure Category
7	Commissioner	1
4	Alternate Commissioner	1
1	Executive Officer	1
1	Assistant Executive Officer	1
1	Legal Counsel	1
	Consultants*	

*The disclosure requirement of a consultant will be determined on a case-by-case basis by the Executive Officer. The determination that a consultant has disclosure requirements shall be made in writing on FPPC Form 805. The determination shall include a description of the consultant's duties and, based upon that description, a

statement of the extent of the disclosure requirements. Each Form 805 is a public record and shall be retained for public inspection in the same manner and location as the Conflict of Interest Code.

DISCLOSURE CATEGORIES

The terms italicized below have specific meaning under the Political Reform Act of 1974 and its regulations. In addition, the financial interests of a *spouse*, a domestic partner and dependent children of the *public official* holding the designated position may require reporting. Consult the instructions and reference pamphlet of Form 700 for explanation.

Category 1 – Broadest Disclosure [See Form 700 Schedules A-1, A-2, B, C, D and E] All *investments*, business positions, *interests in real property*, and sources of *income*, *gifts*, loans, and travel payments described below.

Category 2 – Real Property [See Form 700 Schedule B] All *interests in real property* located within the *jurisdiction* of the Commission, including *interests in real property* held by *business entities* and *trusts* in which the *public official* holds a business position or has an *investment* or other financial interest.

Category 3 – Land Development, Construction and Transactions [See Form 700 Schedules A-1, A-2, C, D and E] All *investments*, business positions and sources of *income*, *gifts*, loans and travel payments from sources which engage in land development, construction, real property acquisition or sale, or the preparation of environmental impact reports.

Category 4 – Procurement [See Form 700 Schedules A-1, A-2, C, D and E] All *investments*, business positions and sources of *income*, *gifts*, loans and travel payments from sources which provide services, supplies, materials, machinery or equipment which the designated position procures or assists in procuring on behalf of the Commission.

Category 5 – Regulation [See Form 700 Schedules A-1, A-2, C, D and E] All *investments*, business positions and sources of *income*, *gifts*, loans and travel payments from sources which are subject to the regulatory or other authority of, or have an application or other matter pending before, the Commission.

Category 6 – Funding [See Form 700 Schedules A-1, A-2, C, D and E] All *investments*, business positions and sources of *income*, *gifts*, loans and travel payments from sources which receive grants or other funding or technical assistance from or through the Commission.