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County Member

Fred Ryness
Special District Alternate

Katherine Ann Campbell
Public Member Alternate

George Williamson
Executive Officer

James M. Underwood
General Counsel

Kathy Bull
Office Manager

Agenda Item: 7a

Meeting Date: December 3 2020

From: George Williamson AICP, Executive Officer

Subject: Proposed Reorganization, including Consolidation of two Fire Protection Districts, Annexation and Detachment

The Commission will consider a proposal submitted by resolution of application from the McArthur and Fall River Mills Fire Protection District Boards of Trustees for consolidation of the two districts, with the Fall River Valley Fire Protection District as successor agency, annexation of territory in three counties (Shasta, Lassen and Modoc) and detachment of territory from County Service Area #1 - Shasta County Fire Department (Shasta County only).

LAFCOs are responsible under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 to regulate the formation and development of local governmental agencies and their municipal services. This includes approving or disapproving proposed changes of organization, such as boundary changes, consistent with adopted policies and procedures pursuant to California Government Code (G.C.) § 56375. LAFCOs are authorized with broad discretion in amending and conditioning changes of organization as long as they do not directly regulate land use, property development, or subdivision requirements.

BACKGROUND

Proceedings for this consolidation were initiated by resolutions of application by the Board of Trustees of the McArthur and Fall River Mills Fire Protection Districts. The proposed consolidation of districts would cover approximately 54,505.1 acres. Territory proposed to be annexed covers approximately 23,478.3 acres. The proposed district is located in eastern Shasta County, and accessed via State Route 299. (see EXHIBIT A). The proposed consolidation includes the unincorporated communities of McArthur and Fall River Mills and additional Shasta County unincorporated area. Public notice of the proposed consolidation and annexation was provided by published notice in the Shasta County newspaper of general circulation: the Record Searchlight, the Modoc County newspaper: Modoc County Record & Lassen County newspaper: Lassen County Times, on or before November 12 2020.

The following table lists acreages for the existing district boundaries, and proposed annexation areas

Area	Acreage	Parcels	Notes
Fall River Mills Fire Protection District	25,056.8	786	Shasta County
McArthur Fire Protection District	29,448.3	984	Shasta & Lassen Counties
Proposed North Annexation Area	18,192.7	282	Shasta & Modoc Counties
Proposed South Annexation Area	5,285.6	60	Shasta & Lassen Counties
Coordinated SOI (2018 Intermountain MSR)	222,072	> 2,500	Shasta, Modoc & Lassen Counties

These areas are shown on EXHIBIT A – Consolidation-Annexation-SOI Map Figure

The McArthur Fire Protection has three fire stations within their District: the Main Station located in Hwy 299 and the Day Road and Pittville Road Stations all in the Fall River Valley. The District provides fire protection, rescue and Emergency Medical Services (EMS). The District was formed in 1946.

In October 2017 the Northwest Lassen Fire Protection District was dissolved and subsequently annexed to the McArthur FPD, adding approximately 19,000 acres to the McArthur FPD. The purpose of that annexation was to streamline fire protection, rescue and EMS provided to the McArthur and NW Lassen communities by the McArthur Volunteer Fire Department (VFD).

The District was included in the Intermountain Fire Districts Municipal Services Review (MSR) and Sphere of Influence (SOI) update was completed in 2018. Emergency medical response is provided by an ambulance service associated with Mayers Memorial Hospital District. The district serves an estimated population of 1,100.

The Fall River Mills Fire Protection District was formed in 1938. The District provides fire protection, rescue, and EMS to the Fall River Mills community from one station, on Hwy 299 in Fall River Mills. Services are provided on behalf of the District by the Fall River Mills Volunteer Fire Department (VFD). The district serves an estimated population of 770.

Both Districts have independent Boards of Directors, elected by registered voters in each District. They meet monthly at their respective main fire stations. Meetings are noticed and agendas posted. Since their formations, the districts have maintained mutual and automatic aid agreements.

Portions of County Service Area #1 (CSA #1), also recognized as Shasta County Fire Department (SCFD), if annexed as proposed, would be detached from that service area. CSA #1/SCFD provides fire protection services to unincorporated Shasta County areas through a contract with CAL FIRE. The contract integrates the two organizations and provides a cohesive approach to providing fire protection services. CAL FIRE also provides dispatch services. CAL FIRE Shasta Trinity Unit Battalion 1 provides fire and EMS services to the Intermountain Area communities of Big Bend, Cassel, Hat Creek, Old Station, Pondosa, Dana, and Soldier Mountain as well as Lake Britton and Burney Falls State Park.

The northerly annexation area is 18,192.7 acres in size and a small portion extends into Modoc County. It includes the McArthur FPD Day Road Fire Station. There are inhabited properties along Day Road, Pittville-Totten Road and a portion of McArthur Road west of the Fire Protection District boundary. The southerly annexation area is 5,285.6 acres in size and a small portion extends into Lassen County. A portion of this area is bordered on three sides by the proposed consolidated district.

Provision of Public Services

The consolidated Districts would be responsible for providing the same fire and emergency response services as they currently provide, upon consolidation. There no change in services proposed. A plan for services (required by Government Code § 56653) includes the following.

1. A description of the level and range of services to be provided;
2. An indication of when the service would be extended to the territory;
3. Identification of any improvements, structures, infrastructure, or other conditions to be addressed;
4. Estimated of consolidated services cost and description of services or improvements financing
5. An indication of whether the territory is or will be proposed for inclusion.
6. An Outline of the proposed governing body structure and projected five-year budget.

A signed Plan for Services submitted with the application is included as an attachment to this staff report.

Reasons for Proposal

The reasons for the consolidation as set forth in the proposal to LAFCO are as follows:

The consolidated district services would include all those services stated above and is anticipated to maintain the same level of service. Communities served by the consolidated district would include McArthur and Fall River Mills, and surrounding areas as shown on EXHIBIT A. The two districts share a common boundary. These are included as annex areas within the proposed consolidated boundary.

Consolidation of the districts will provide efficiencies by providing a single entity for district administration and management. This will decrease overhead, management cost and allow for budget savings. The proposed consolidated District is shown on EXHIBIT A. The Sphere of Influence (SOI), updated in the 2018 Intermountain Fire Districts MSR/SOI Update, covers more than 222,000 acres and is also shown on EXHIBIT A.

Land Use Designations

Land uses within the proposed consolidated district are subject to the Shasta County General Plan and Zoning Regulations. The Shasta County General Plan identifies the communities of McArthur and Fall River Mills, as Town Centers, which are defined as communities wherein most urban services are provided. Zoning in the Fall River Valley outside the Town Centers is primarily Exclusive Agricultural (EA), Agricultural Preserve (AP), and Rural Residential (R-R). Other zoning designations within the district are Commercial-Light District (C-M), One-Family Residential (R-1), and Public Facilities (PF). General Plan land-use is primarily Agriculture, Timber, Residential, Mixed Use and Unclassified.

ANALYSIS

The analysis of the proposal is organized into two sections. The first section considers the proposal relative to the factors mandated for review by the Legislature anytime LAFCOs review boundary changes. The second section considers issues required by other applicable State statutes in processing boundary changes, such as environmental compliance with the California Environmental Quality Act.

Required Factors for Review

G.C. § 56668 requires the Commission to consider 16 specific factors anytime it reviews proposals for a change of organization. No single factor is determinative. The purpose in considering these factors is to help inform the Commission in its decision-making process. An evaluation of these factors as it relates to the proposal follows.

1) Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.

The proposed consolidation of districts would cover approximately 54,505.1 acres. Territory proposed to be annexed covers approximately 23,478.3 acres. The proposed district is located in eastern Shasta County. The current population of the consolidated district is approximately 1,870 residents based on (2010 Census). The consolidated district is expected to experience low growth, approximately 1 percent, over the next 10 years and may accommodate a population of less than 2,000 persons by the year 2030.

2) The need for organized 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.

Pursuant to Government Code § 56653, the Districts prepared a Plan for Services to evaluate the needs of the proposed consolidated district. The need for expanded community services within the affected territory includes fire and emergency response services. An analysis of the availability and adequacy of these services relative to projected needs of the proposal follows. The Districts have also provided budgets showing expenses and revenues for their services. There is an established future need for these services.

Fire Protection & Emergency Response

According to the Plan for Services, a decrease in response time is anticipated in the combined district, due to various factors, including response from the closest available volunteers, as well as streamlining of dispatching—ensuring that the closest resource is always dispatched.

The consolidated district board intends to implement station and equipment upgrades as grants are secured, or revenue allows. This would likely include upgrading the 1995 McArthur water tender cab/chassis, upgrading the 1989 Day Road fire engine, upgrading the 2002 Fall River Mills utility, and eventually upgrading the 1994 Fall River Mills fire engine. Options for combining and consolidating equipment will be explored, with some equipment likely proving redundant upon consolidation. In terms of facilities, both the McArthur and Fall River Mills Fire Halls will likely need renovations or replacement in the next 10-20 years. Options for utilizing shared meeting and training space in the future will be explored.

Law Enforcement

The proposed consolidated district is currently served by the Shasta County Sheriff's Office for the unincorporated areas. Increase in demand for law enforcement is not expected due to consolidation.

Water and Wastewater

The Fall River Valley Community Services District provides potable water and wastewater services within their boundary.

Road Maintenance

No additional requirements for road capacity are anticipated as a result of the consolidation.

Medical Services

Medical and ambulance services are provided by Mayers Memorial Hospital.

3) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.

The consolidation as proposed by the Fall River Mills and McArthur District Boards of Trustees would consolidate two districts. The McArthur District also includes territory in Lassen County. Proposed annexation extends into Lassen and Modoc Counties.

4) 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 and priorities set forth in G.C. Section 56377.

The statutory goals of the LAFCO include the promotion of orderly growth and development by determining logical local boundaries [§56001], the preservation of open space by encouraging development of vacant

land within cities before annexation of vacant land adjacent to cities [§56377(b)], and the preservation of prime agricultural land by guiding development away from presently undeveloped prime agricultural lands [§56377(a)]. The proposed uses that would be accommodated in the consolidated district comply with the statutory goals discussed above.

5) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by G.C. Section 56016.

Due to agricultural lands in the district, it is expected that some of the territory is subject to a Williamson Act Contract. The consolidation is not expected to have an adverse impact on the agricultural lands in the district.

6) 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 affecting the proposed boundaries.

A map and geographic description will be required prior to filing a certificate of completion for the consolidation. The proposed consolidated district boundary follows existing outside district boundaries. Also, the proposed consolidated district includes annexation of territory so as not to create islands or corridors of unincorporated territory.

7) A regional transportation plan adopted pursuant to G.C. Section 65080.

The Shasta County Regional Transportation Plan (RTP) was updated in 2018 by the Shasta Regional Transportation Agency (SRTA) and is a long-range transportation planning document for Shasta County. As part of the RTP, SRTA developed a Sustainable Communities Strategy (SCS) as required under California Senate Bill 375, the Sustainable Communities and Climate Protection Act of 2008 (SB 375) - addressing how the RTP will meet the region's greenhouse gas (GHG) emissions reduction targets.

8) Consistency with city or county general and specific plans.

Land uses within the proposed consolidated district include a mix of commercial, residential and industrial in the Town Center designations assigned to the communities of McArthur and Fall River Mills in the Shasta County General Plan. Zoning in the Fall River Valley outside the Town Centers is primarily Agricultural: EA and AP, and Rural Residential. Other zoning designations within the district are Commercial-Light, One-Family Residential, and Public Facilities. General Plan land-use in the valley is primarily Agriculture, Timber, Residential, Mixed Use and Unclassified. The consolidation does not require general plan or zoning amendments and land use is expected to remain consistent with county and city plans.

9) The sphere of influence of any local agency which may be applicable to the proposal being reviewed.

The proposed consolidated district and annexation areas are located within the FRM and McArthur District's Spheres of Influence (SOI), which was updated by the Commission in the Intermountain District Municipal Services Review and SOI Update approved in 2018. The SOI is not proposed to change due to this proposal.

10) The comments of any affected local agency or other public agency.

The Districts provided notice to interested and subject agencies of its intent to adopt resolutions of application, pursuant to GC § 56654(c). Shasta LAFCO provided a notice of application filing to affected agencies and received no comments. Shasta LAFCO also prepared and released a Certificate of Filing, setting the Commission hearing date to local agencies. A hearing notice of the proposed consolidation was published in the Record Searchlight, Lassen County Times and Modoc County Record on November 12 2020 and posted on the LAFCO website and FRM & McArthur Districts websites.

11) 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.

According to the Plan for Services, operating costs for the merged district are anticipated to be less than for the two separate districts, due to shared administration and accounting practices. Both FRM and McArthur Districts have prepared FY 2020-21 Budgets, which are on file at the Shasta County Auditor's Office. These budgets document the sufficiency of revenues to cover fire and emergency response services expenses and will be combined following the proposed boundary change.

Tax revenues will be allocated to the consolidated district per the Shasta County Board of Supervisors Tax Revenue Sharing Agreement and annexed areas passed by Resolution 20-078 on July 28, 2020.

12) Timely availability of water supplies adequate for projected needs as specified in G.C. § 65352.5.

Water supplies are provided by the Fall River Valley Community Services District. No capacity limitations have been identified and the need to increase system capacity as a result of the proposed consolidation is not anticipated.

13) 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 as determined by the appropriate council of governments consistent with Article 10.6 (commencing with § 65580) of Chapter 3 of Division 1 of Title 7.

The proposal would not impact any local agencies in accommodating their regional housing needs. The County of Shasta General Plan Housing Element addresses how that agency will meet its regional housing needs allocations. There are currently no increased residential designations or development plans for the proposed consolidated district area.

14) Any information or comments from the landowner or owners, voters, or residents of the affected territory.

Notice for the proposed consolidated district was published in newspapers of general circulation, for Shasta, Modoc and Lassen Counties, and posted on the Shasta LAFCO and District websites, no comments have been received.

15) Any information relating to existing land use designations.

See discussion in Section 8.

16) The extent to which the proposal will promote environmental justice. As used in this subdivision, “environmental justice” means the fair treatment of people of all races, cultures, and incomes with respect to the local of public facilities and the provision of public services.

The proposal will not result in inconsistencies with environmental justice safeguards. The consolidated district will result in continued public services for residents.

Other Considerations

Environmental Review

The purpose of the environmental review process is to provide information about the environmental effects of the actions and decisions made by LAFCO and to comply with the California Environmental Quality Act (CEQA) Guidelines found in Public Resources Code § 210000 et seq. It has been determined that this project is statutorily exempt from CEQA pursuant to § 15262 – Feasibilities & Planning Studies and categorically exempt pursuant to § 15306 – Information Collection. The Commission has prepared a Notice of Exemption as provided under CEQA Guidelines for the FRM and McArthur Districts for this change of organization including consolidation of districts and annexation and makes a specific determination that this environmental determination adequately addresses proposed changes.

Municipal Service Review and Sphere of Influence Update

The Intermountain Fire Protection District MSR and Sphere of Influence Update, approved by the Commission in 2018 reflects the District’s ability to serve the affected territory, and confirming of the Sphere of Influence that covers both Districts, and annexed territory.

Tax Revenue Sharing Agreement

California Revenue & Taxation Code 99(b)(5) provides:

In the event that a jurisdictional change would affect the service area or service responsibility of one or more special districts, the County board of supervisors shall, on behalf of the district or districts, negotiate any property tax revenue exchange. Prior to entering into negotiation on behalf of a district for a property tax revenue exchange, the board shall consult with the affected district. The consultation shall include, at a minimum, notification to each member and executive officer of the district board of the pending consultation and provision of adequate opportunity to comment on the negotiation.

Shasta County Executive Officer Matt Pontes, County Financial Chief Terri Howat, Auditor Controller Brian Muir, County Counsel Rubin Cruse and Administrative Analyst Jenn Duval met upon receiving the proposed annexation request, discussed the proposed consolidation of the Fall River Mills and McArthur Fire Protection Districts and sent out proposed resolution to the Districts. The Districts requested a meeting with County staff.

the Fire Districts representatives, including Chief Jeff Oldson and several Board Members, met with County staff at the Administration Center to discuss the District’s and County’s positions. There was a subsequent meeting between District representatives and County staff at the at the Fall River Mills Fire Station to further discuss the positions on the proposed property tax revenue sharing agreement and mutual aid response between the Districts and County Service Area #1 (CSA #1) – the Shasta County Fire Department.

Based on the aforementioned meetings and communications, the County has stated that it has met its obligation by consulting with the Districts, explained the County’s position, considered the position of the Districts, and then adopted a resolution establishing the property tax exchange. The property tax exchange was lawfully adopted via resolution in accordance with Revenue & Taxation Code section 99. The Shasta

County Board of Supervisors passed a Tax Revenue Sharing Agreement by Resolution 20-078 on July 28 2020 (attached to this staff report) . The agreement does not convey property tax from the proposed annexation area, that would be detached from CSA #1, to the proposed consolidated district.

Conducting Authority Proceedings

All proposed boundary changes approved by the Commission are subject to conducting authority proceedings (i.e., protest hearing) unless waived in accordance with criteria outlined under G.C. § 56663.

B. RECOMMENDATION

Staff Recommends that the Commission conduct a public hearing on the proposed consolidation of the Fall River Mills and McArthur Fire Protection Districts and annexation of territory by:

Receiving a staff report

Opening the Public Hearing and receiving testimony

Closing the hearing and discussing the proposal

Approve the consolidation of the Fall River Mills and McArthur Fire Protection Districts with the Fall River Valley Fire Protection District as the successor agency

Continue the proposed annexation, to allow the Districts to pursue revenue options from properties in the territory

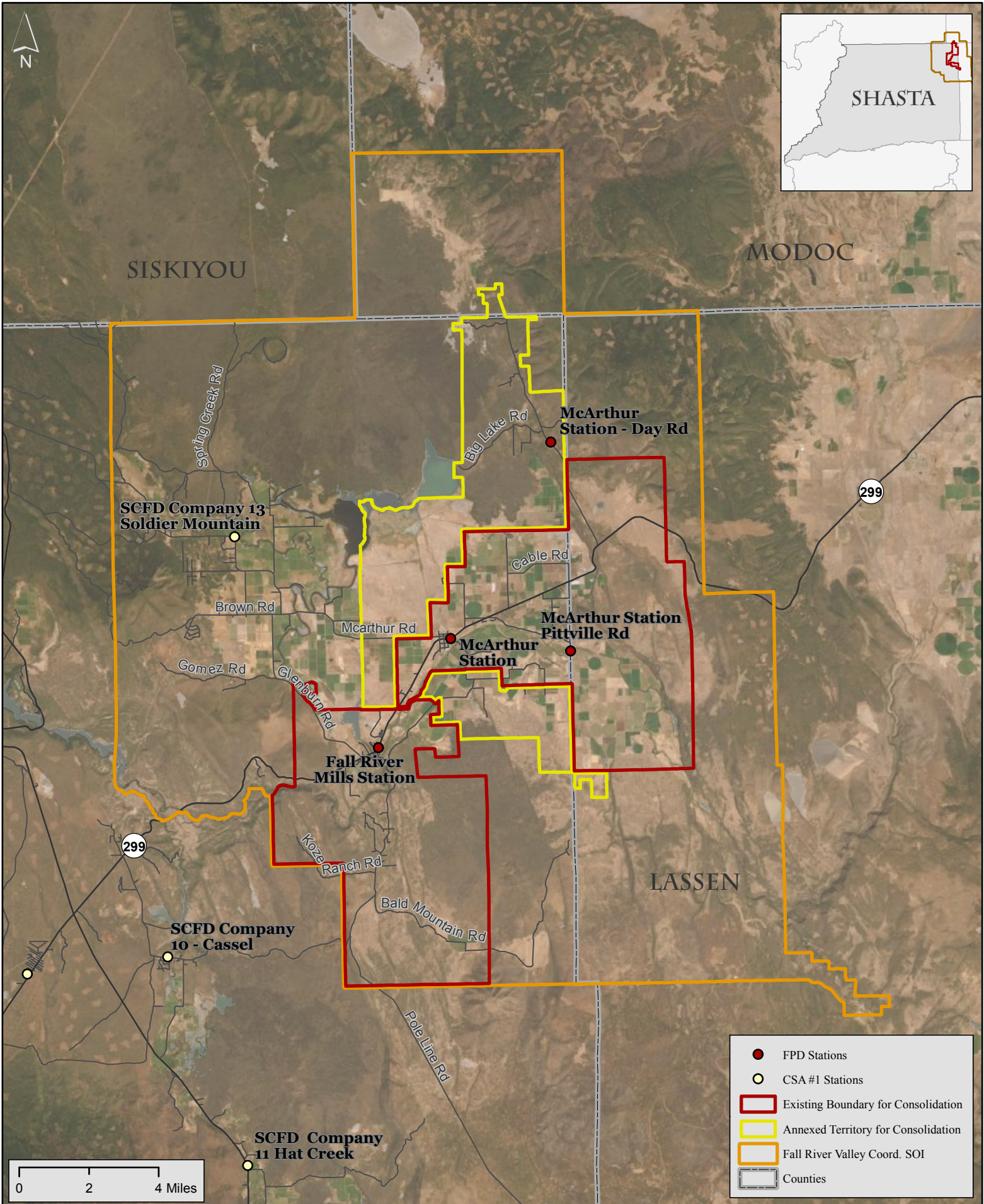
Take these actions, pursuant to the findings and determinations contained in this staff report, by adopting Resolution 20-09 with conditions:

Alternatives

Approve the consolidation of the Fall River Mills and McArthur Fire Protection Districts with the Fall River Valley Fire Protection District as the successor agency, and approve the proposed annexation.

Approve the Fall River Mills and McArthur Fire Protection Districts consolidation but not the annexation, due to insufficient revenues to serve the annexed territory.

- Attachments:**
- Exhibit A: Boundary Map
 - Shasta County Board of Supervisors Resolution 20-078
 - Plan for Services
 - CEQA Notice of Exemption
 - Shasta LAFCO Resolution 20-09



Fall River Valley Proposed Consolidated District

Figure

Date: 10/2/2019

Sources: Boundaries, Roads, Parcels: Shasta County GIS.

RESOLUTION NO. 2020-078

**A RESOLUTION OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF SHASTA
ESTABLISHING A PROPERTY TAX EXCHANGE RELATED TO
THE CONSOLIDATION OF MCARTHUR FIRE PROTECTION DISTRICT &
FALL RIVER MILLS FIRE PROTECTION DISTRICT
AND ANNEXATION OF UNINCORPORATED TERRITORY**

WHEREAS, Revenue and Taxation Code Section 99, as amended, provides for the affected agencies to determine an appropriate property tax transfer for all jurisdictional changes of organizations occurring within Shasta County prior to the proposal being considered by the Shasta Local Agency Formation Commission ("LAFCO"); and

WHEREAS, in the event that a jurisdictional change would affect the service area or service responsibility of one or more special districts, the Board of Supervisors of the County in which the districts are located shall, on behalf of the districts, negotiate any exchange of property tax revenues; and

WHEREAS, the McArthur Fire Protection District ("MCAFPD") and Fall River Mills Fire Protection District ("FRFPD") submitted applications to Shasta LAFCO for a reorganization that would (1) consolidate the MCAFPD into the FRFPD, (2) dissolve the MCAFPD, and (3) annex a portion of County Service Area # 1. (hereinafter referred to as the "Fire Protection District Consolidation" or "Consolidation"); and

WHEREAS, a map showing the proposed area to be consolidated and annexed into the FRFPD is attached as Exhibit A; and

WHEREAS, the phrase "area of Consolidation" shall refer to the area to be consolidated and annexed into the FRFPD; and

WHEREAS, the current distribution of property taxes for the affected properties within the area of the Consolidation has been determined and provided to each affected agency; and

WHEREAS, by law, the Board of Supervisors shall determine the distribution of property tax revenues in the area of Consolidation among the affected special districts, after having provided notice and an opportunity to comment to the affected special districts.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED, that the Board of Supervisors of the County of Shasta **DOES HEREBY ESTABLISH** the following distribution of property taxes generated in the area of the Consolidation after the effective date of the Consolidation:

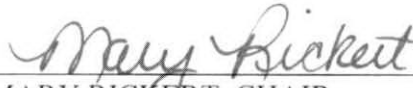
1. Base Year Property Tax Revenue, as defined by the Revenue & Taxation Code, shall be distributed as follows:
 - a. To the County of Shasta, 100% of the base year property tax revenue allocated to the County of Shasta pursuant to the Tax Rate Allocation Factors established by law.

- b. To FRFPD, 100% of the base year property tax revenue allocated to FRFPD pursuant to the Tax Rate Allocation Factors established by law.
 - c. To FRFPD, 100% of the base year property tax revenue allocated to MCAFPD pursuant to the Tax Rate Allocation Factors established by law.
 - d. To each Special District other than FRFPD and MCAFPD (as defined in Revenue & Taxation Code Section 95 (m)) affected by the Consolidation, 100% of the base year property tax revenue allocated to each Special District pursuant to the Tax Rate Allocation Factors established by law.
 - e. To FRFPD, 0% of the base year property tax revenue allocated to the County of Shasta and all other Special Districts (except MCAFPD) affected by the Consolidation.
2. Annual Property Tax Increment Revenue, as defined by the Revenue & Taxation Code, shall be distributed as follows:
- a. To the County of Shasta, 100% of the current and future annual property tax increment revenue allocated to the County of Shasta pursuant to the Tax Rate Allocation Factors established by law.
 - b. To FRFPD, 100% of the current and future annual property tax increment revenue allocated to FRFPD pursuant to the Tax Rate Allocation Factors established by law.
 - c. To FRFPD, 100% of the current and future annual property tax increment revenue allocated to MCAFPD pursuant to the Tax Rate Allocation Factors established by law.
 - d. To each Special District other than FRFPD and MCAFPD (as defined in Revenue & Taxation Code Section 95 (m)) affected by the Consolidation, 100% of the current and future annual property tax increment revenue allocated to each Special District pursuant to the Tax Rate Allocation Factors established by law.
 - e. To FRFPD, 0% of the current and future annual property tax increment revenue allocated to the County of Shasta and all other Special Districts (except MCAFPD) affected by the Consolidation.

BE IT FURTHER RESOLVED the County Executive Officer, to the extent permissible by law, is hereby authorized to sign any documents pertaining to implementation of this resolution and to act as the Board of Supervisors representative in the above related tax exchange matter.

DULY PASSED AND ADOPTED this 28th day of July, 2020, by the Board of Supervisors of the County of Shasta by the following vote:

AYES: Supervisors Morgan, Baugh, Chimenti, and Moty
NOES: Supervisor Rickert
ABSENT: None
ABSTAIN: None
RECUSE: None



MARY RICKERT, CHAIR
Board of Supervisors
County of Shasta
State of California

ATTEST:

MATTHEW P. PONTES
Clerk of the Board of Supervisors

By _____



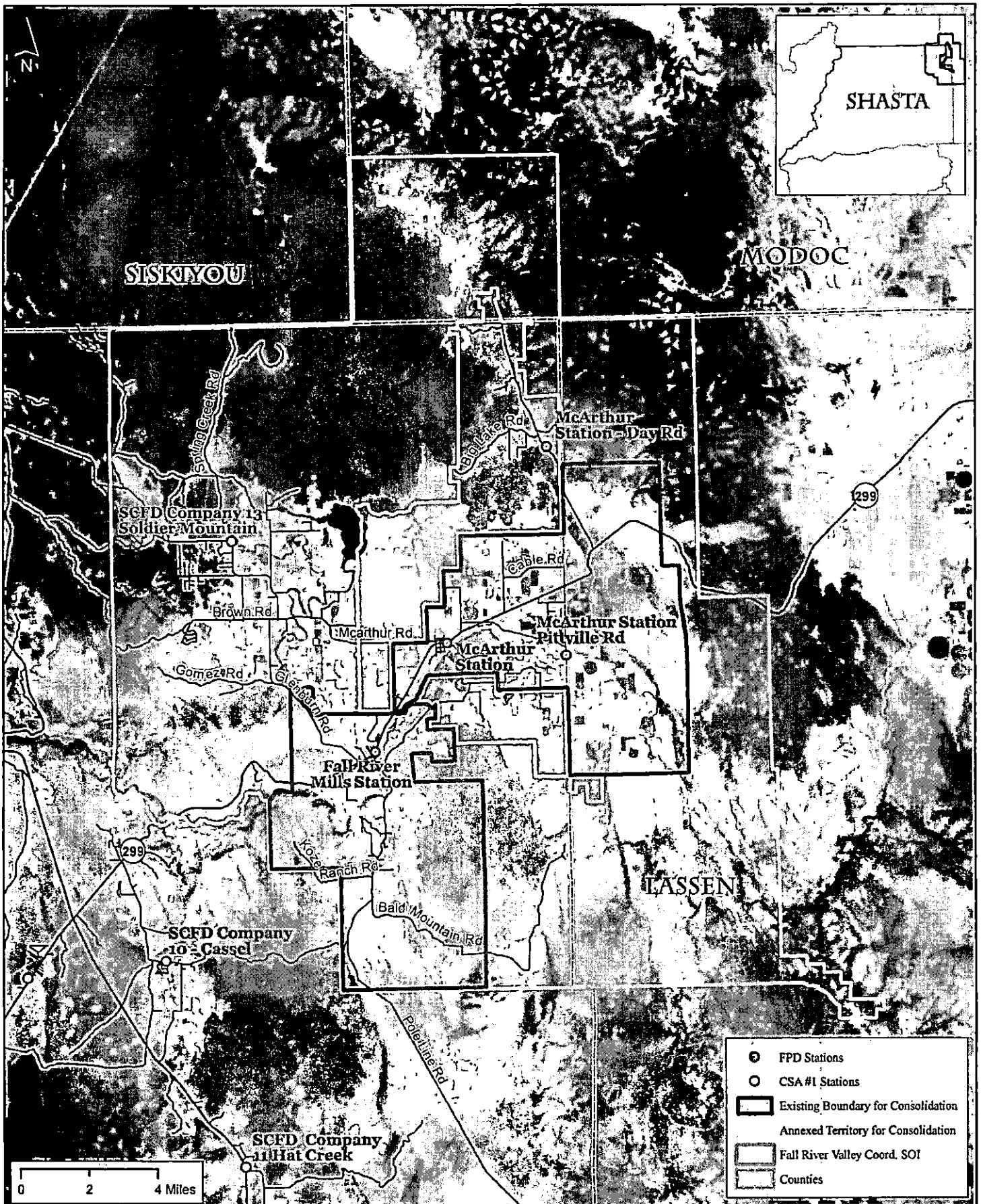
Deputy

THIS INSTRUMENT IS
A CORRECT COPY OF THE ORIGINAL
ON FILE IN THIS OFFICE

ATTEST JUL 28 2020

CLERK OF THE BOARD
Supervisors of the County of Shasta, State of California
By: _____





Fall River Valley Proposed Consolidated District

Figure

Date 10/27/2019

COPY

Plan for Services

A plan for services (required by Government Code § 56653) shall, at minimum, respond to each of the following questions and be signed by the proponents of the change.

Application for: Consolidation of McArthur and Fall River Mills Fire Protection Districts, annexation of territory, detachment of territory from County Service Area #1 (Shasta County Fire) and Dissolution of the McArthur Fire Protection District.

A description of the level and range of consolidated fire and emergency response services to be provided to the territory by Fire Protection Districts (FPD)s.

The McArthur FPD responds to a range of service calls including wildland and structure fires, traffic collisions, emergency medical, hazmat, and public service. Average response time within the district boundary is 6 minutes. In 2017 there were a total of 80 calls to the McArthur FPD. Of these, 26% were for emergency medical and 42% were for fires.

The Fall River Mills FPD also responds to a wide range of calls including vegetation and structure fires, vehicle accidents, emergency medical, hazmat/menace, good intent, public service, and false alarms. Average response time within the district boundary is 6 minutes. In 2017 there were a total of 110 calls to the Fall River Mills FPD. Of these, 49% were for emergency medical and 32% were for fires.

The consolidated district services would include all those stated above and is anticipated to maintain the same level of service. Communities served by the consolidated district would include Fall River Mills, McArthur, Pittville, and surrounding areas.

A decrease in response time is anticipated in the consolidated district, due to various factors, including response from the closest available volunteers, as well as streamlining of dispatching—ensuring that the closest resource is always dispatched.

The consolidated district shall be known as the
Fall River Valley Fire Protection District.

1. An indication of when the service would be extended to the territory.

The application for consolidation was received by Shasta LAFCo on February 26, 2020. The application was determined to be incomplete and the Districts are being responsive in providing additional information, including this Plan for Services. The process of consolidation is ongoing, and district staff are beginning

to work closely with LAFCo staff to ensure the correct steps are taken. There will be no interruption of service within the service boundary.

2. An identification of any improvements, structures, other infrastructure, or other conditions the consolidated district would need to serve the territory.

The McArthur FPD has three fire stations, the Main Station on Highway 299, the Day Road Station, and Pittville Station (located in Lassen County). The stations and equipment are considered to be in good condition. In order to serve the population more effectively, the district recently upgraded their self-contained breathing apparatus (SCBA), structural firefighting turnouts, as well as upgrading one of their wildland fire patrol vehicles; they are currently in the process of replacing their 1999 Ford utility vehicle with a new light rescue vehicle, which should also improve service on vehicle accidents and medical emergencies.

The Fall River Mills Fire Station was originally built in 1938. While it is regularly maintained and was expanded in 1990, it is expected that the station will need continued maintenance and upgrades due to its age. The current fleet of engines will also need to be upgraded when funds are available.

Upon consolidation, the FRV FPD would work towards a unified radio system, and a standardized SCBA system. Depending on the outcome of previously applied for grants, this would likely require purchasing used radios and SCBAs.

It is expected that major upgrades will continue as grants are secured, or revenue allows. This would likely include upgrading the cab/chassis of the 1995 McArthur water tender, upgrading the 1989 Day Road fire engine, upgrading the 2002 Fall River Mills utility vehicle, and eventually upgrading the 1994 Fall River Mills fire engine. Options for combining and consolidating equipment will be explored, with some equipment likely proving redundant upon consolidation. In terms of facilities, both the Main McArthur Fire Hall and the Fall River Mills Fire Hall will likely need renovations or replacement in the next 10-20 years. Options for utilizing shared meeting and training space in the future will be explored.

3. The estimated cost of consolidated services and description of how services or required improvements will be financed. A revenues sufficiency discussion for the consolidated service is also required.

The McArthur FPD has reported a deficit in fiscal year 2015-16; net revenue of \$16,119 was reported in 2016-17, a deficit of \$2,538 in 2017-2018, and a \$60,263.09 surplus in 2018-2019. In most years, the secured property taxes, grants, and reimbursements for services have been enough to cover rising annual expenses.

The Fall River Mills FPD has been operating with a sustainable budget over the past several years. The secured property taxes and other sources of revenue have been sufficient to cover annual expenses.

By consolidating the two FPD's the budgets will also be consolidated. It is proposed that the higher Fall River Mills FPD parcel assessment be applied to the consolidated district, totaling over 55,000 acres and to parcels in the proposed annexation area of more than 23,000 acres. The annexed parcels would be detached from County Service Area #1 (Shasta County Fire). This is subject to a tax revenue sharing agreement with the County. When considering revenues and expenses together, there is adequate funding to support both districts. However, additional upgrades and equipment needed to better serve the combined district area will likely require additional funding which may be obtained through grants or an increase of service fees.

It is anticipated that the combined district will have decreased administrative expenses due to consolidation. This will help offset the costs of anticipated improvements.

Revenue	Actual 2018-19	Actual 2017-18	Actual 2016-17	Actual 2015-16
McArthur	\$198,301.42	\$50,128	\$75,115	\$39,111
Fall River Mills	\$80,958	\$81,993	\$80,120	\$74,385
Total	\$279,259.42	\$132,121	\$155,235	\$113,496
Expenses				
McArthur	\$138,038.33	\$52,666	\$58,996	\$45,886
Fall River Mills	\$97,512	\$73,913	\$55,845	\$62,473
Total	\$235,550.33	\$126,579	\$114,841	\$108,359
Surplus (Deficit)	\$43,709.09	\$5,542	\$40,394	\$5,137

4. An indication of whether the territory is or will be proposed for inclusion.

A map of the proposed consolidated district is attached. It includes the merging of the two former districts, and the annexation of approximately 23,840 additional acres into the consolidated district which would increase to almost 80,000 acres in size.

5. Outline of the proposed governing body structure and, at a minimum, a projected five-year budget for revenues and expenditures. The budget presented will need to indicate the source and amount of revenues and expenditures based upon services to be provided. Note any "share" of property tax revenues generated within the

consolidated district boundaries. Identify any additional revenue source for any projected budget shortfall.

The consolidated Fall River Valley FPD will maintain a five-member board of directors that will meet monthly. Directors will be elected at large from within the District boundary. A draft organizational chart has been provided at the end of this document. The proposed operational structure for the consolidated district would be: one fire chief reporting to the board and two separate battalion chiefs reporting to the fire chief. This structure will facilitate quickly integrating tactics and policies amongst the two formerly separate entities, while still allowing for each locality to maintain their identity and history as separate battalions within the new organization. It is anticipated that each battalion would still maintain their own training captain, but that joint trainings would occur 6-12 times a year. Should volunteer numbers dictate, it is also possible that all training could be combined.

An anticipated five-year budget is provided below. Operating costs for the merged district is anticipated to be higher than for the two separate districts, due to an approximately 40 percent increase in district size due to proposed annexations in Shasta, Lassen and Modoc Counties. The consolidated district, revenue is expected to increase as well. As mentioned in Item 3, some administrative costs should be reduced as some functions which both districts had to perform will be completed by the consolidated entity.

The consolidated district's additional revenue to come from two potential sources: 1) the annexation of additional territory currently being serviced by the two districts is anticipated to result in a modest increase in tax revenue, 2) property tax allocation within the former McArthur District may increase due to Fall River Mills FPD's assessment rate. Should these revenue sources not prove sufficient to operate the combined district, then a special fee/assessment within the combined district would be explored. Eventually, the combined district will also need to examine options to increase the special fee/assessment currently in place in the Lassen County portion of the district to adjust for inflation since that assessment was enacted.

As mentioned in Item 2 above, as revenue and grants allow, capital improvements will be ongoing. In the next ten years, this would likely include upgrading the cab/chassis of the 1995 McArthur water tender, upgrading the 1989 Day Road fire engine, upgrading the 2002 Fall River Mills utility vehicle, and eventually upgrading the 1994 Fall River Mills fire engine. Options for combining and consolidating equipment will be explored, with some equipment likely proving redundant upon consolidation. In terms of facilities, both the McArthur Fire Hall, located in the Main Station and the Fall River Mills Fire Hall located in the Fall River Mills Fire Station will likely need renovations or replacement in the next 10-20 years. Options for utilizing shared meeting and training space in the future

will be explored. It is anticipated that the board of directors will prioritize these capital improvements and develop a timeline to accomplish these goals within the first twelve months after consolidation.

Revenue	FY 2019-2020	FY 2020-2021	FY 2021-2022	FY 2022-2023	FY 2023-2024
Consolidated District					
Secured Property Tax	\$92,000	\$93,000	\$94,000	\$95,000	\$96,000
Unsecured Property Tax	\$4,500	\$4,500	\$4,600	\$4,600	\$4,700
Other Revenue	\$30,500	\$31,000	\$31,500	\$32,000	\$32,500
Total	\$127,000	\$128,500	\$130,100	\$131,600	\$133,200
Expenses					
Consolidated District					
Payroll	\$40,000	\$40,500	\$41,000	\$41,500	\$42,000
Other Expenses	\$80,000	\$81,000	\$82,000	\$83,000	\$84,000
Total	\$120,000	\$121,500	\$123,000	\$124,500	\$126,000
Combined Surplus (Deficit)	\$7,000	\$7,000	\$7,100	\$7,100	\$7,200

Fall River Mills FRD

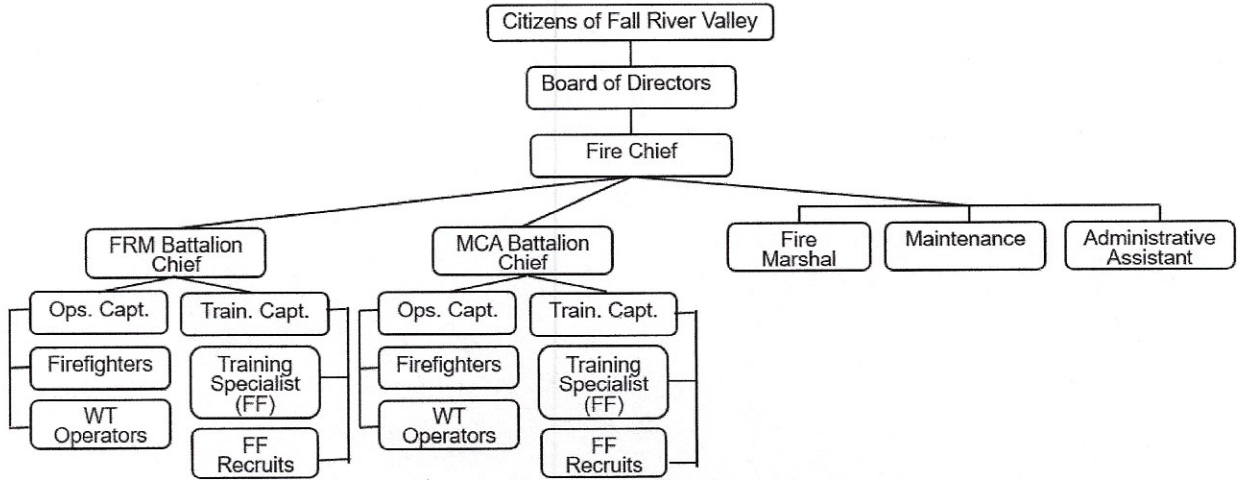

Board of Directors

McArthur FPD


Board of Directors

Organizational Chart

Fall River Valley Fire District



Les Baugh
County Member

Larry Farr
City Member

Stan Neutze
City Member

Michael Dacquisto
City Member Alternate

Irwin Fust
Special District Member

Mary Rickert
County Member Alternate

Brenda Haynes
Special District Member



Larry Russell
Public Member

Joe Chimenti
County Member

Fred Ryness
Special District Alternate

Katharine Ann Campbell
Public Member Alternate

George Williamson
Executive Officer

James M. Underwood
General Counsel

Kathy Bull
Manager

California Environmental Quality Act Notice of Exemption

To: Leslie Morgan
Shasta County Clerk Recorder
1643 Market St.
Redding, CA 96001

From: George Williamson, Executive Officer
Shasta Local Agency Formation Commission
999 Mission Del Oro Drive, Suite 106
Redding, CA 96003

Project Title: McArthur and Fall River Mills Fire Protection Districts Consolidation and Annexation.

Project Summary: The Shasta Local Agency Formation Commission (LAFCO) has prepared materials for consideration of the consolidation of the McArthur and Fall River Mills Fire Protection Districts, with the Fall River Valley Fire Protection District as successor agency.

LAFCOs are responsible under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 to regulate the formation and development of local governmental agencies and their municipal services. This includes approving or disapproving proposed changes of organization, such as boundary changes, consistent with adopted policies and procedures pursuant to California Government Code (G.C.) § 56375. Shasta LAFCO has received resolutions of application from both fire protection districts and is taking action on this change of organization for consolidation, dissolution and annexation, subject to conditions as contained in the resolution of approval.

Public Agency Approving Project: Shasta LAFCO. The **consolidation** hearing date is December 3 2020.

Pertinent California Environmental Quality Act (CEQA) Exemptions: The purpose of the environmental review process is to provide information about the environmental effects of the actions and decisions made by LAFCO and to comply with the CEQA Guidelines found in Public Resources Code § 210000 et seq. It has been determined that this project is statutorily exempt from CEQA pursuant to § 15262 – Feasibilities & Planning Studies and categorically exempt pursuant to § 15306 – Information Collection.

Rationale for Exemption: The **consolidation** is an activity that will not bring about any physical changes to the environment. The proposed consolidation does not involve, authorize or permit the siting or construction of any facilities.

Contact: George Williamson, Executive Director
Shasta Local Agency Formation Commission

Date: December 3 2020

Signature: _____

LAFCO RESOLUTION 2020-09

RESOLUTION OF THE SHASTA LOCAL AGENCY FORMATION COMMISSION MAKING DETERMINATIONS AND APPROVING THE FALL RIVER VALLEY AND MCARTHUR FIRE PROTECTION DISTRICTS CONSOLIDATION.

WHEREAS, Concurrent Resolutions of Applications from the Fall River Mills and McArthur Fire Protection Districts for consolidation into the Fall River Valley Fire Protection District, as successor agency, have been filed with the Shasta Local Agency Formation Commission (LAFCO) Executive Officer and said application complied with Commission requirements; and,

WHEREAS, The territories that are subject of the Proposal are located in the eastern portion of unincorporated Shasta County (“Affected Territories”). As part of the Application, the Applicants included a plan for providing services within the Affected Territories (“Plan for Services”).

WHEREAS, The Fall River Mills and McArthur Fire Protection Districts were formed under authority defined in the California Health and Safety Code, Fire Protection District Law of 1987 [Sections 13800 - 13970]; and

WHEREAS, Both Districts circulated notices to agencies and interested parties including LAFCO and have adopted resolutions initiating LAFCO proceedings and have conducted public meetings based on their notification, and have received and considered comments presented at the public hearings; and

WHEREAS, District consolidation proceedings are governed by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 as amended, Section 56000 et seq. of the Government Code; and

WHEREAS, It is the desire of the Fall River Mills and McArthur Fire Protection District Boards that the territory currently served and within these two districts, be included into the consolidated District; and

WHEREAS, An annexation of parcels in County Service Area #1 – Shasta County Fire Department was also proposed for the consolidated District requiring detachment from CSA #1; and

WHEREAS, the proposed annexation and consolidation are subject to a Tax Revenue Sharing Agreement meeting California Revenue & Taxation Code Section 99 requirements; and

WHEREAS, The Shasta County Board of Supervisor's adopted Resolution 20-078 on July 28 2020, that formally documents that Fall River Mills and McArthur Fire Protection Districts property taxes allocations, with no revenue allocations for annexed parcels, to be transferred to the Fall River Valley Fire Protection District, to meet California Revenue & Taxation Code Section 99 requirements.

WHEREAS, Due to the proposed annexation not receiving property tax revenue allocations for annexed parcels currently allocated to County Service Area #1, the Executive Officer recommends the Commission exclude the annexation from this consolidation action; and

WHEREAS, At the time and in the manner provided by law, the Executive Officer issued a certificate of filing and posted a notice of hearing, which gave notice of the date, time, and place of a public hearing by the Commission upon said application; and

WHEREAS, the Shasta LAFCO has adopted a Sphere of Influence for the consolidated District, as shown in the 2018 Intermountain Fire Protection Districts Municipal Services Review approved by the Commission; and

WHEREAS, The Executive Officer reviewed the proposal and written comments received thereon and prepared a report analyzing the proposal with a recommendation to the Commission in a staff report dated December 3 2020 with findings and determination within the time required by law and. Upon completion, the Executive Officer furnished the staff report to the Districts, the Commission, other persons required by law to receive it and included it in the December 3 2020 Commission agenda packet posted to the Shasta LAFCO website; and.

WHEREAS, at a hearing on December 3 2020, the Commission considered the proposal and the report of the Executive Officer; the factors determined by the Commission to be relevant to this proposal, including, but not limited to, factors specified in Government Code § 56668, and all other relevant evidence and information presented at said hearing, including the comments of all interested parties desiring to be heard; and

WHEREAS, State CEQA Guidelines § 15320 exempts from CEQA changes in the organization or reorganization of local government agencies where the changes do not change the geographical area in which previously existing powers are exercised. In that the District will provide fire and emergency medical services to the Affected Territories that are comparable or superior to those provided currently, and will continue to provide such services to the Affected Territories upon consolidation, there is no change in the geographic area to which services have been provided as a result of consolidation. As a result, the Proposal is exempt pursuant to State CEQA Guidelines § 15320.

WHEREAS, LAFCO, on behalf of the two districts, prepared and certified as the Lead Agency a Notice of Exemption for the affected territory pursuant to the requirements of the California Environmental Quality Act (Public Resources Code § 21000 et seq.).

WHEREAS, The Affected Territories are inhabited, in that more than twelve registered voters reside within. Therefore, the Commission will establish a Protest proceeding for the Consolidation beginning on December 15, 2020 and concluding at the Commission's regular meeting on February 4, 2021.

WHEREAS, Based on the foregoing findings and determinations and the record of these proceedings, the Commission finds and determines that the Proposal for Consolidation is consistent with the intent of the Cortese-Knox-Hertzberg Act and the purposes of the Commission, as expressed in Government Code § 56001 and § 56301. The Commission further finds, therefore, that approval of the consolidation of the two existing districts is appropriate.

NOW, THEREFORE, IT IS RESOLVED, DETERMINED AND ORDERED as follows:

The foregoing recitals are true and correct.

1. The territory comprises approximately 29,448 acres in the McArthur Fire Protection District (including 18,523 acres in Lassen County) and 25,057 acres in the Fall River Mills Fire Protection District, totaling 54,505 acres more or less and is inhabited.

2. The change of organization is assigned the following distinctive short-term designation:

Fall River Mills and McArthur Fire Protection Districts Consolidation.

3. The Commission has reviewed and considered the information contained in the Notice of Exemption prepared for this change of organization and makes a specific determination that this environmental determination adequately addresses this change of organization. The Commission hereby affirms and incorporates by reference the decision as part of the findings for this resolution.

4. The Commission adopts and affirms the Notice of Exemption prepared by Shasta LAFCO and directs the Executive Officer to file a Notice of Exemption as provided under the California Environmental Quality Act. Applicant shall be responsible for payment of any documentary handling fees required by the Shasta County Clerk or filing office.
5. The proposed Fall River Valley Fire Protection District is consistent with the existing District boundaries, and excludes the proposed annexation.
6. The proposed annexation of 23,479 acres (including territory in Lassen and Modoc Counties totaling less than 400 acres, or 2%) and detachment from CSA #1 for all Shasta County territory, would not receive any of the Shasta County portion of property tax revenue, per Board of Supervisors Resolution 20-078, approved July 28 2020.
7. The proposed annexation is continued, so that the consolidated district can address the lack of property based revenues from the annexed territory that would create inconsistencies compared to property tax revenue received from properties in the consolidated district and limit the Districts ability to extend services.
8. The Commission adopts the determinations regarding consistency with LAFCO policies contained in the staff report for this project and incorporates them by reference herein.
9. The Fall River Mills and McArthur Fire Protection Districts were formed pursuant to California Health and Safety Code, Fire Protection District Law of 1987 [§ 13800 – 13970] and are hereby consolidated. The successor district shall be the Fall River Valley Fire Protection District.
10. This change of organization includes all the territory shown in Exhibit "A" Consolidated Fall River Mills and McArthur Fire Protection Districts. The district boundaries and Sphere of Influence, as set forth in the proposal, are hereby approved as shown in Exhibit "A" attached hereto and by this reference incorporated herein.
11. The effective date of formation shall be upon the Certificate of Completion recordation and after the completion of all proceedings.
12. The Fall River Valley Fire Protection District shall be the successor agency to all rights, responsibilities, properties, contracts, assets, liabilities, and functions of Fall River Mills and McArthur Fire Protection Districts. Any professional service agreements, individual employments contracts and pension liabilities will be evaluated consistent with the following:

Any full- or part-time Fall River Mills and McArthur Fire Protection District employees shall become full-time or part-time employees of the successor agency. Contract employees and professional service agreements will be evaluated, at the sole and exclusive discretion of the governing body of the consolidated District, to determine whether they are essential to the ongoing District operation.

This consolidation is subject to the following conditions:

1. The successor agency shall function under and carry out all authorized duties and responsibilities as outlined in Fire District Law and other applicable laws.
2. As applicable, all income from taxes, assessments or any other source, which has been a continuing right to tax distribution, or historical distribution or allocation of funds to each of the Districts, and the annexed area, shall continue to be distributed to the Fall River Valley Fire Protection District.
3. The provisional appropriation limits of the Fall River Mills and McArthur Fire Protection Districts shall be set in the first full fiscal year. This amount is to be set from the proceeds of taxes currently received by the Fall River Mills and McArthur Fire Protection Districts.

4. All Assets, unrestricted, restricted or fiduciary, held by the Fall River Mills and McArthur Fire Protection Districts, shall be transferred to and become assets of the Fall River Valley Fire Protection District. The consolidated District shall be the successor agency. The assets include, but are not limited to vehicles, infrastructure, structures, land, office equipment, maintenance equipment and cash assets.
5. Any previously authorized charges, fees, assessments, and/or taxes currently in effect, now levied or collected by each district, including improvement or assessment districts thereof, shall continue to be levied and collected by successor District.
6. All District liabilities shall be transferred to and become liabilities of the consolidated District.
7. Reorganization of these two (2) districts shall not change the rights of the lands in the respective district as they existed immediately prior to the consolidation.
8. Pursuant to Fire Protection District Law of 1987 [§s 13800 – 13970] the Fall River Valley Fire Protection District Board of Trustees shall be five (5) members and all Directors shall be appointed to serve four-year terms and all directors shall be residents within the Fall River Valley Fire Protection District Boundaries.
9. The district shall provide the range of services authorized by the Fire District Law. The Board of Trustees of the consolidated District shall authorize an annual work plan for services throughout the consolidated District.
10. The Sphere of Influence hereby adopted by Shasta LAFCO (Resolution 2020-08) on December 3, 2020 shall guide the consolidated District and any Sphere of Influence Updates shall meet requirements of Government Code § 56425 (g).
11. LAFCO is the conducting authority for this consolidation. In accordance with the provisions of Government Code § 56000 et. seq. and Shasta LAFCO Policies, if the Commission does not receive written objections prior to the close of the public hearing on December 3, 2020, the protest-hearing requirement pursuant to Government Code § 57000 et seq. shall be waived and the change of organization is ordered complete. If written protests are received at the public hearing, the proposal shall be subject to protest proceeding thresholds in Government Code § 57077.2. As necessary the Commission hereby directs the Executive Officer to schedule a protest hearing for this matter after the expiration of the reconsideration period specified by § 56895; to conduct the hearing for this reorganization; and, upon completion of the hearing, to take action as appropriate in accordance with LAFCO Policies and the requirements.
12. Approval of this consolidation is conditioned upon the applicant's obligation to defend, indemnify, and hold harmless the Shasta Local Agency Formation Commission and its agents, officers and employees from any claim, action or proceeding against the Commission or its agents, officers, and employees; including all costs, attorney's fees, expenses and liabilities incurred in the defense of such claim, action, or proceeding to attack, set aside, or void the approval or determinations of this Commission concerning this annexation. Shasta LAFCO shall promptly notify the applicant of any such claim, action, or proceeding and be entitled to representation by counsel of its choosing.
13. Unless otherwise waived, all LAFCO, Shasta County and State of California fees must be paid in full prior to Certificate of Completion filing. LAFCO will forward invoices and (or) a list of estimated required fees or deposits prior to Certificate of Completion filing.
14. The District shall prepare and submit a financial proposal to generate revenues for the annexed territory which may include an Annexation Development Plan per R&T Code §99.3

15. The Executive Officer is hereby directed to transmit a certified copy of this resolution to each affected agency, as provided in G.C. § 56882.
16. The Completion of the 30-day reconsideration period provided under G.C. § 56895.
17. Submittal of a final map and geographic description of the affected territory conforming to applicable State Board of Equalization requirements prior to the recordation of the Certificate of Completion.
18. The Executive Officer is directed to record a Certificate of Completion for this proposal upon completion of all proceedings.
19. Completion of proceedings shall be concluded within one year after adoption of this resolution. If the proceedings are not concluded within one year after passage of this resolution, all proceedings shall be terminated unless an extension is approved.

Adopted on December 3 2020 by the following Vote:

For:
Against:
Abstain:
Absent:

Irwin Fust, Chair Shasta LAFCO

Attest:

George Williamson Executive Director

Attachments Exhibit A- Boundary & SOI Map
Shasta County BOS Tax Revenue Sharing Resolution 2020-078