

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MOU) is entered into by and between the Pliocene Ridge Community Services District, a California community services district formed and operating pursuant to California Government Code section 61000 et seq. (hereinafter “the District”), the Alleghany Volunteer Fire Department, a California non-profit public benefit corporation (hereinafter “AVFD”), and Pike City Volunteer Fire Department, a California non-profit public benefit corporation (hereinafter “PCVFD”). The District, AVFD and PCVFD are collectively referred to herein as the Parties.

PURPOSE

The purpose of this MOU is to specify the terms and conditions under which the District, AVFD, and PCVFD shall cooperate and support one another in promoting, planning for and providing state of the art fire prevention and suppression and emergency medical services for the benefit of the residents of those areas of southwestern Sierra County which are located within the jurisdictional boundaries of the District.

RECITALS

WHEREAS, both AVFD and PCVFD were incorporated as California public benefit non-profit corporations before the formation of the District and provided fire prevention and suppression services as volunteer fire companies to the area now comprising a portion of the jurisdictional boundaries of the District through the process described in Health and Safety Code section 14825-14860. That statutory scheme provides for regulation and formation of volunteer fire companies in unincorporated towns through a County ordinance process which gives the County discretionary power over the formation, operations, and termination of the existence of a volunteer fire company if a reasonable level of fire service provided by a public agency already exists, or where the continued provision of fire services by such companies competes with fire services provided by a public agency; and

WHEREAS, the District was formed in 2004 by resolution of the Sierra County Local Agency Formation Commission (hereinafter “LAFCO”) pursuant to the provisions of the Cortese Knox Hertzberg Local Government Reorganization Act (the “CKH Act”) Government Code section 56000 et seq) which confers on each County LAFCO the power to form, dissolve and change the organization of public agencies, to define, limit or expand their authorized services, and to determine the appropriate service areas for each public agency within a county. The LAFCO resolution authorized the formation of the District for the purposes of providing fire prevention and suppression services, emergency medical services, park and recreation services and street lighting services within the District’s jurisdictional boundaries. LAFCO established the District jurisdictional boundaries as essentially all lands in southwestern Sierra County, including those areas previously receiving fire prevention and suppression services from AVFD and PCVFD, as

well as a portion of County Service Area #2, through which the County had previously provided fire and emergency medical services. The purpose of the formation of the District as stated by LAFCO was to organize and stabilize the provision of fire and emergency medical services for this entire region in a single public agency with a representative board of directors appointed by the Board of Supervisors of Sierra County, with a stable funding source consisting of a portion of the property tax base. The report of the LAFCO Executive Officer specifically states that the District is being formed for the purposes of establishing a single public agency as the sole provider of fire protection, emergency medical and related services within its boundaries by incorporating the existing volunteer fire companies operated by AVFD and PCVFD; and

WHEREAS, upon the approval of the formation of the District by LAFCO, the District became the sole and exclusive public agency authorized to provide fire, emergency medical, and related services to communities within southwestern Sierra County. Sierra County did not continue the authority of both AVFD and PCVFD to utilize County funds and property as certificated volunteer fire companies under Health and Safety Code section 14831. As a result, both AVFD and PCVFD conveyed to the District all fire and emergency medical equipment, real property consisting of fire stations, and emergency vehicles to permit the District to commence operations; and

WHEREAS, currently AVFD and PCVFD provide financial and community support for District fire prevention, fire suppression and emergency medical services. In consideration for such support, the District currently provides general liability insurance coverage to both AVFD and PCVFD at no cost to either AVFD or PCVFD. The District general liability insurance policy which provides coverage to AVFD and PCVFD specifically requires that such insurance coverage only attaches to AVFD and PCVFD, and their officers, employees and volunteers, so long as AVFD and PCVFD **each** certify that they are formed and acting **exclusively** to support the District, ~~and not for any other corporate purpose.~~

AGREEMENT

Therefore, it is mutually understood and agreed by and between the Parties as follows:

1. **INSURANCE COVERAGE:** The District will continue to provide general liability insurance coverage to AVFD and PCVFD with the same policy limits and terms and conditions of coverage applicable to the District at no cost to either AVFD or PCVFD so long as AVFD and PCVFD comply with the following conditions: (a) ensure that all of their public fundraising communications reflect the fact that their **exclusive** purpose is to support the operations and finances of the District. ~~for fire prevention, fire suppression and emergency medical services to residents of the District,~~ and (b) in order to avoid mismanagement of emergencies or confusion to the public seeking emergency aid, ensure that none of their public communications reflect that either AVFD or PCVFD is legally authorized to currently provide fire prevention, fire suppression or emergency medical services within the boundaries of the District; and (c) revise their respective bylaws to reflect that the corporate operations of AVFD and PCVFD are for the **exclusive** purpose

of supporting ~~the fire prevention, suppression and emergency medical services provided~~ by the District.

2. **NAMES OF THE PARTIES:** Within ~~60 days~~ a reasonable period of time after of the execution of this MOU by all parties, AVFD and PCVFD shall each cease publicly referring to themselves as volunteer fire departments and change their names accordingly by filing a Certificate of Amendment to the Articles of Incorporation with the California Secretary of State. The purpose of this requirement is to avoid public confusion that some entity other than the District is legally responsible for and capable of responding to fire and medical emergencies within the jurisdictional boundaries of the District. An amendment to this MOU will be executed by all parties upon the completion of the name changes by AVFD and PCVFD. The District will not change its name from its current name during the term of this MOU. ~~The PRCSD shall not use the current or future names of the non-profits.~~

3. **TERM AND TERMINATION:** This MOU will commence on the date it is executed by all parties and continue in full force and effect without a definite term; however, this MOU is subject to termination without cause by any party upon giving 90 days written notice to each of the other parties of its intent to terminate participation in this MOU. In addition, should either AVFD or PCVFD violate or fail to comply with the conditions specified in Section 1 of this MOU, the District shall have the option to immediately terminate insurance coverage for that party in its then current insurance policy or self-insured Memorandum of Coverage. The District does not have the power to use public funds to pay for insurance coverage for AVFD or PCVFD if those non-profits engage in any corporate activity other than support of the District because to do so is arguably an unconstitutional gift of public funds by the District. Both AVFD and PCVFD retain the corporate power to decide that they want to engage in non-profit activities other than exclusive support of the District, ~~but if that occurs the District will be required to cancel the insurance coverage provided to the non-compliant party, but such activities shall not be covered by the district's insurance.~~

4. **GOVERNING LAW:** This MOU shall be construed and interpreted according to the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this MOU on the date opposite their respective signatures:

Pliocene Ridge Community Service District

By:

_____ date _____
_____ date _____

Alleghany Volunteer Fire Department

By:

_____ date _____
_____ date _____

Pike City Volunteer Fire Department

By:

_____ date _____

_____ date _____