CONSENT AGENDA

AGENDA ITEM 12.06
December 13, 2011

TO: Mayor and City Council
FROM: David L. Rudat, Interim Fire Chief

SUBJECT: RESOLUTION APPROVING AMENDMENTS TO AGREEMENTS WITH THREE RURAL FIRE PROTECTION DISTRICTS AND AUTHORIZING THE CITY MANAGER TO SIGN THE AMENDMENTS

Recommendation

Adopt a resolution approving amendments to the fire protection services agreements with the Lincoln, Eastside and Tuxedo/County Club Rural Fire Protection Districts that will expressly provide that these Districts will pay for fire protection services based on the actual expenditures of the Stockton Fire Department.

Summary

By contract, the City provides fire protection and related services to residents in four Rural Fire Protection Districts (unincorporated areas adjacent to, or surrounded by, City boundaries), namely the Lincoln, Eastside, Tuxedo/County Club and Boggs Tract Rural Fire Protection Districts. For these services the City receives about $4.6 million annually, based on a formula set forth in the four contracts. That formula is based on the Fire Department’s "budget" and a calculation based on the "Gross Property Values" of the City and the Districts. In the past, the City has billed the Districts based on the Fire Department’s adopted budget rather than on the Fire Department’s actual costs. Because the Fire Department’s actual costs could be more or less than the adopted budget, these proposed amendments modify the existing agreements between the City and the Lincoln, Eastside and Tuxedo/County Club Rural Fire Protection Districts to provide that "budget" means the Fire Department’s actual costs, as determined by a year end audit, in providing fire related services to the residents of the Districts. By these amendments, the funds the City receives annually from these Districts will more accurately reflect the true cost of providing fire related services to the Districts. Staff anticipates a similar amendment to the Boggs Tract agreement in the near future.

Background

The City of Stockton has agreements with four Rural Fire Protection Districts: Lincoln, Eastside, Tuxedo-Country Club, and Boggs Tract by which the City provides full Fire Department services to the residents in these unincorporated areas that either adjoin the City or, in some cases, are completely surrounded by the City. A map showing the location of these four Districts, as well as the locations of the Stockton fire stations, is attached (Attachment A). These four agreements provide about $4.6 million annually in revenue to the City. The contracts represent efficiencies that governmental agencies should strive to achieve, delivering both operational and fiscal benefits to the residents of the Districts and to the City of Stockton.
RESOLUTION APPROVING AMENDMENTS TO AGREEMENTS WITH THREE RURAL FIRE PROTECTION DISTRICTS AND AUTHORIZING THE CITY MANAGER TO SIGN THE AMENDMENTS

(Page 2)

In all four agreements, the District's payment to the City is "determined by dividing the Fire Department budget... into the combined assessed values of the City and the District and then multiplying that rate by the assessed value of the District." "Assessed value" is not defined in the agreements. Moreover, the agreements loosely define "Fire Department budget" as "the cost of providing services for fire protection and life-saving."

The Fire Department Budget is also referenced in an exhibit to the agreements and provides a somewhat better explanation as to how the District's charges are to be calculated. The exhibit provides a formula for calculating the District's payment to the City. The Fire Department budget is a numerator and the denominator is the "Gross Taxable Property Value – City and District Served." That fraction yields an "Equivalent Property Tax Rate." To determine the City's charge to the District, the Equivalent Property Tax Rate is then multiplied by the "Gross Taxable Property Value of District."

For example, assume the Fire Department budget is $45 million. Assume further the "Gross Taxable Property Value – City and District Served" is $18 billion and that the "Gross Taxable Property Value of [all the] District[s]" is $1.7 billion. We would divide $45 million by $18 billion to yield .25%. We would then multiply $1.7 billion by .25% to yield, in this hypothetical, the Districts' service charges of $4.25 million.

Over the course of time, differences of opinion developed in interpreting what should be included as part of the "budget" as used in the agreements as well as in interpreting "Gross Taxable Property Value. For example, the City billed the Districts based on the adopted Fire Department budget but those budgets, especially in recent years, have not accurately reflected the department's actual costs. Moreover, in some years the City excluded from "Gross Taxable Property Value" the incremental increases in property values following those properties being placed in a redevelopment area, thereby increasing the cost of fire department services to the Districts.

Present Situation

Because the Districts have been billed based on the adopted Fire Department budgets, rather than on either a revised budget (for example, in FY 09-10, the Fire Department budget was increased by five million dollars for which the Districts were never billed) or on actual expenditures, the Lincoln, Eastside and Tuxedo/Country Club Rural Fire Protection Districts agreed they owed the City an additional $931,673 for FY 07-08, 08-09 and 09-10, which amount has now been received by the City. For FY 10-11, these three Districts have paid the City approximately $4,256,000 based on an adopted Fire Department budget (for that fiscal year) of about $47,000,000. If these amendments are approved, it is estimated that the actual Fire Department expenditures for FY 10-11 will be about $48,500,000, resulting in an additional payment from these three Districts to the City in the amount of about $150,000.

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RESOLUTION APPROVING AMENDMENTS TO AGREEMENTS WITH THREE RURAL FIRE PROTECTION DISTRICTS AND AUTHORIZING THE CITY MANAGER TO SIGN THE AMENDMENTS

Currently, staff believes the Boggs Tract Rural Fire Protection District is current in its obligation to the City for fire protection services. Nevertheless, staff anticipates that if these amendments are adopted, it will undertake discussions with Boggs Tract representatives (which is not represented by the same individuals as with the other Districts) to determine if a contract amendment with that District would be in order as well.

Financial Summary

As outlined above, if these amendments are adopted, the three Districts will continue to be billed on the basis of the adopted Fire Department budget, but once there is a fiscal year end audit (the City normally receives this audit in the latter part of the calendar year), the Districts agree to pay their service charge on the basis on the Fire Department's actual expenditures, which could be more or could be less than the adopted budget. If more, the Districts will pay an additional amount; if less, the difference will be credited against the next year's billing. For fiscal year 10-11, once the audit is complete, it is anticipated that the City will receive an additional $150,000 from the Districts. Service charge revenues will be deposited into the General Fund revenue account number 010-2620-342.

Respectfully submitted,

[Signature]

DAVID L. RUDAT
INTERIM FIRE CHIEF

APPROVED

[Signature]

BOB DEIS
CITY MANAGER

JML:MHR:jm

Attachment A - Map

::ODMA\GRPWISE\COS.CA.CA\Library:60997.1
Resolution No. __________

STOCKTON CITY COUNCIL

RESOLUTION APPROVING AMENDMENTS TO THE FIRE PROTECTION SERVICES AGREEMENTS WITH THE LINCOLN, EASTSIDE, AND TUXEDO/COUNTRY CLUB RURAL FIRE PROTECTION DISTRICTS

The City of Stockton (City) has entered into Fire Protection Services Agreements with the Lincoln, Eastside, and Tuxedo/Country Club Rural Fire Protection Districts whereby residents within those Districts pay the City for fire protection and related services from the City’s Fire Department; and

Payment for those services is calculated using a formula established by the Agreements based on the Fire Department's "budget" and based on "Gross Taxable Property Values"; and

The parties to the Agreement now wish to clarify that the payment for services will be based on a budget that reflects the Fire Department's actual expenditures for a given fiscal year and that "Gross Taxable Property Values" includes the full assessed value of properties within the City regardless of whether the properties are within a redevelopment area; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. The City Council approves the Third Amendment to the Fire Protection Services Agreement with the Lincoln Rural Fire Protection District, the Second Amendment to the Fire Protection Services Agreement with the Eastside Rural Fire Protection District, and the Second Amendment to the Fire Protection Services Agreement with the Tuxedo/Country Club Rural Fire Protection District, as set forth in Exhibits 1, 2, and 3 respectively.

City Atty Review
Date December 6, 2011

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2. The City Manager is authorized and directed to take the actions necessary to carry out the purpose and intent of this resolution.

PASSED, APPROVED, and ADOPTED _____ December 13, 2011 _____

ANN JOHNSTON
Mayor of the City of Stockton

ATTEST:

BONNIE PAGE, City Clerk of the City of Stockton
THIRD AMENDMENT TO FIRE PROTECTION SERVICES AGREEMENT  
BETWEEN CITY OF STOCKTON  
AND  
LINCOLN RURAL COUNTY FIRE PROTECTION DISTRICT  

WHEREAS, the City of Stockton (hereinafter "CITY") and the Lincoln Rural County Fire Protection District, a rural County fire protection district of the State of California (hereinafter, "DISTRICT") entered into a Fire Protection Service Agreement dated November 17, 1975 (hereinafter "AGREEMENT") regarding the CITY providing fire protection services to the DISTRICT;  

WHEREAS, the CITY and the DISTRICT in 1977 entered into an amendment (hereinafter "1\sup{st} AMENDMENT") to the AGREEMENT amending Section 6(m) entitled "Seniority;"  

WHEREAS, the CITY and the DISTRICT in 1995 entered into an amendment (hereinafter "2\sup{nd} AMENDMENT") to the AGREEMENT adding Paragraph 12 entitled "Indemnification;"  

WHEREAS, Paragraph 2 of the AGREEMENT established a formula whereby the DISTRICT would pay the CITY for fire protection services that was based on the annual budget (hereinafter "BUDGET") adopted by the CITY and the gross taxable property value;  

WHEREAS, the CITY and DISTRICT recognize that the BUDGET approved by the CITY may not reflect the actual expenditures for fire protection services and that the annual audit (hereinafter "AUDIT") for each fiscal year of the CITY would reveal if there had been expenditures either above or below the amount BUDGETED;  

WHEREAS, the CITY and DISTRICT desire to amend the AGREEMENT to include provisions amending the payment formula between the CITY and DISTRICT to include use of the AUDIT to ensure that the CITY is paid only for actual costs and that said amendment apply retroactively to the 2007-2008 fiscal year; and  

WHEREAS, the CITY and DISTRICT have recently reviewed the AUDITS for the fiscal years 2007-2008 through and including 2009-2010 and agree that as of July 1, 2011, the DISTRICT has tendered all payments for said years after application of any credits.  

THEREFORE, this Third Amendment (hereinafter, the "3\sup{rd} AMENDMENT") is entered into between the CITY and the DISTRICT and amends AGREEMENT, as amended by the 1\sup{st} and 2\sup{nd} AMENDMENT, to amend subsection Section 2, entitled "Payment for Services," adding subsection (d) which reads in full as follows:  

"(d) At the end of each fiscal year, CITY shall provide DISTRICT with a final audited financial statement reflecting the actual costs of fire protection  

\footnotetext{1}{The City and District agree that changes in allocation of revenue to the City from taxes (e.g., tax increment from redevelopment agencies) or changes in allocation of revenue to the fire department from City policy decisions do not affect the meaning of assessed value as used in the Agreement.}
services and life-saving services provided by the CITY to the DISTRICT for that fiscal year. Should the total actual costs be less than the total amount paid to the CITY by the DISTRICT under paragraph 2.a., the DISTRICT shall receive a credit in the amount of the difference, applied to the subsequent fiscal year. Should the actual costs be more than the total amount paid to the CITY by the DISTRICT, the DISTRICT shall make a supplemental payment to the CITY in the full amount of the difference, no later than the beginning of the second quarter of the subsequent fiscal year.

The CITY and DISTRICT further agree that this 3RD AMENDMENT shall apply retroactively to the 2007-2008 fiscal year and that the DISTRICT has made full payment for all fiscal years prior to and including 2009/2010.

In all other respects, the AGREEMENT is hereby ratified and confirmed.

IN WITNESS WHEREOF, this 3RD AMENDMENT has been executed by the respective parties hereto through their respective authorized officers at Stockton, California, the day and year set forth below.

DATE: ____________________________

ATTEST:

BONNIE PAIGE
City Clerk

CITY OF STOCKTON, a municipal corporation,

By: ____________________________
    BOB DEIS, City Manager
    “CITY”

APPROVED AS TO FORM:

JOHN M. LUEBBERKE
CITY ATTORNEY

By: ____________________________
    Title: ____________________________
    Dated: ____________________________
APPROVED AS TO FORM:

DISTRICT COUNSEL

By:    

DANIEL J. SCHROEDER
DISTRICT COUNSEL

LINCOLN RURAL COUNTY FIRE PROTECTION DISTRICT, a rural county fire protection district of the State of California,

By:    

"DISTRICT"
SECOND AMENDMENT TO FIRE PROTECTION SERVICES AGREEMENT
BETWEEN CITY OF STOCKTON
AND
EASTSIDE RURAL COUNTY FIRE PROTECTION DISTRICT

WHEREAS, the City of Stockton (hereinafter "CITY") and the Eastside Rural County Fire Protection District, a rural County fire protection district of the State of California (hereinafter, "DISTRICT") entered into a Fire Protection Service Agreement dated January 3, 1984 (hereinafter "AGREEMENT") regarding the CITY providing fire protection services to the DISTRICT;

WHEREAS, the CITY and the DISTRICT in 1995 entered into an amendment (hereinafter "1ST AMENDMENT") to the AGREEMENT adding Paragraph 12 entitled "Indemnification;"

WHEREAS, Paragraph 2 of the AGREEMENT established a formula whereby the DISTRICT would pay the CITY for fire protection services that was based on the annual budget (hereinafter "BUDGET") adopted by the CITY and the gross taxable property value;

WHEREAS, the CITY and DISTRICT recognize that the BUDGET approved by the CITY may not reflect the actual expenditures for fire protection services and that the annual audit (hereinafter "AUDIT") for each fiscal year of the CITY would reveal if there had been expenditures either above or below the amount BUDGETED;

WHEREAS, the CITY and DISTRICT desire to amend the AGREEMENT to include provisions amending the payment formula between the CITY and DISTRICT to include use of the AUDIT to ensure that the CITY is paid only for actual costs and that said amendment apply retroactively to the 2007-2008 fiscal year; and

WHEREAS, the CITY and DISTRICT have recently reviewed the AUDITS for the fiscal years 2007-2008 through and including 2009-2010 and agree that as of July 1, 2011, the DISTRICT has tendered all payments for said years after application of any credits.

THEREFORE, this Second Amendment (hereinafter, the "2ND AMENDMENT") is entered into between the CITY and the DISTRICT and amends AGREEMENT, as amended by the 1ST AMENDMENT, to amend subsection Section 2, entitled "Payment for Services," adding subsection (d) which reads in full as follows:

"(d) At the end of each fiscal year, CITY shall provide DISTRICT with a final audited financial statement reflecting the actual costs of fire protection services and life-saving services provided by the CITY to the DISTRICT for that fiscal year. Should the total actual costs be less than the total amount paid to the CITY by the DISTRICT under paragraph 2.a., the DISTRICT shall receive a credit in the amount of the difference, applied to

1 The City and District agree that changes in allocation of revenue to the City from taxes (e.g., tax increment from redevelopment agencies) or changes in allocation of revenue to the fire department from City policy decisions do not affect the meaning of assessed value as used in the Agreement.
the subsequent fiscal year. Should the actual costs be more than the total amount paid to the CITY by the DISTRICT, the DISTRICT shall make a supplemental payment to the CITY in the full amount of the difference, no later than the beginning of the second quarter of the subsequent fiscal year.

The CITY and DISTRICT further agree that this 2\textsuperscript{nd} AMENDMENT shall apply retroactively to the 2007-2008 fiscal year and that the DISTRICT has made full payment for all fiscal years prior to and including 2009/2010.

In all other respects, the AGREEMENT is hereby ratified and confirmed.

IN WITNESS WHEREOF, this 2\textsuperscript{nd} AMENDMENT has been executed by the respective parties hereto through their respective authorized officers at Stockton, California, the day and year set forth below.

DATE: __________________________

ATTEST: __________________________

BONNIE PAIGE
City Clerk

CITY OF STOCKTON, a municipal corporation,

By: __________________________

BOB DEIS, City Manager

“CITY”

APPROVED AS TO FORM:

JOHN M. LUEBBERKE
CITY ATTORNEY

By: __________________________

Title: __________________________

Dated: __________________________

APPROVED AS TO FORM:

DISTRICT COUNSEL

By: __________________________

DANIEL J. SCHROEDER
DISTRICT COUNSEL

EASTSIDE RURAL COUNTY FIRE PROTECTION DISTRICT, a rural county fire protection district of the State of California,

By: __________________________

“DISTRICT”
SECOND AMENDMENT TO FIRE PROTECTION SERVICES AGREEMENT
BETWEEN CITY OF STOCKTON
AND
TUXEDO/COUNTRY CLUB RURAL COUNTY FIRE PROTECTION DISTRICT

WHEREAS, the City of Stockton (hereinafter “CITY”) and the Tuxedo/Country Club Rural County Fire Protection District, a rural County fire protection district of the State of California (hereinafter “DISTRICT”) entered into a Fire Protection Service Agreement dated March 29, 1984 (hereinafter “AGREEMENT”) regarding the CITY providing fire protection services to the DISTRICT;

WHEREAS, the CITY and the DISTRICT in 1995 entered into an amendment (hereinafter “1ST AMENDMENT”) to the AGREEMENT adding Paragraph 12 entitled “Indemnification”;

WHEREAS, Paragraph 2 of the AGREEMENT established a formula whereby the DISTRICT would pay the CITY for fire protection services that was based on the annual budget (hereinafter “BUDGET”) adopted by the CITY and the gross taxable property value;

WHEREAS, the CITY and DISTRICT recognize that the BUDGET approved by the CITY may not reflect the actual expenditures for fire protection services and that the annual audit (hereinafter “AUDIT”) for each fiscal year of the CITY would reveal if there had been expenditures either above or below the amount BUDGETED;

WHEREAS, the CITY and DISTRICT desire to amend the AGREEMENT to include provisions amending the payment formula between the CITY and DISTRICT to include use of the AUDIT to ensure that the CITY is paid only for actual costs and that said amendment apply retroactively to the 2007-2008 fiscal year; and

WHEREAS, the CITY and DISTRICT have recently reviewed the AUDITS for the fiscal years 2007-2008 through and including 2009-2010 and agree that as of July 1, 2011, the DISTRICT has tendered all payments for said years after application of any credits.

THEREFORE, this Second Amendment (hereinafter, the “2ND AMENDMENT”) is entered into between the CITY and the DISTRICT and amends AGREEMENT, as amended by the 1ST AMENDMENT, to amend subsection Section 2, entitled “Payment for Services,” adding subsection (d) which reads in full as follows:

“(d) At the end of each fiscal year, CITY shall provide DISTRICT with a final audited financial statement reflecting the actual costs of fire protection services and life-saving services provided by the CITY to the DISTRICT for that fiscal year. Should the total actual costs be less than the total amount paid to the CITY by the DISTRICT under paragraph 2.a., the DISTRICT shall receive a credit in the amount of the difference, applied to

3 The City and District agree that changes in allocation of revenue to the City from taxes (e.g., tax increment from redevelopment agencies) or changes in allocation of revenue to the fire department from City policy decisions do not affect the meaning of assessed value as used in the Agreement.
the subsequent fiscal year. Should the actual costs be more than the total amount paid to the CITY by the DISTRICT, the DISTRICT shall make a supplemental payment to the CITY in the full amount of the difference, no later than the beginning of the second quarter of the subsequent fiscal year.

The CITY and DISTRICT further agree that this 2nd AMENDMENT shall apply retroactively to the 2007-2008 fiscal year and that the DISTRICT has made full payment for all fiscal years prior to and including 2009/2010.

In all other respects, the AGREEMENT is hereby ratified and confirmed.

IN WITNESS WHEREOF, this 2nd AMENDMENT has been executed by the respective parties hereto through their respective authorized officers at Stockton, California, the day and year set forth below.

DATE: _____________________________

ATTEST:

BONNIE PAIGE
City Clerk

CITY OF STOCKTON, a municipal corporation,

By: BOB DEIS, City Manager
“CITY”

APPROVED AS TO FORM:

JOHN M. LUEBBERKE
CITY ATTORNEY

By: _____________________________

Title: _____________________________

Dated: _____________________________

APPROVED AS TO FORM:

DISTRICT COUNSEL

By: DANIEL J. SCHROEDER
DISTRICT COUNSEL

TUXTEDO/COUNTRY CLUB RURAL COUNTY FIRE PROTECTION DISTRICT, a rural county fire protection district of the State of California,

By: _____________________________

“DISTRICT”

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SECOND AMENDMENT TO FIRE PROTECTION SERVICES AGREEMENT
BETWEEN CITY OF STOCKTON
AND
EASTSIDE RURAL COUNTY FIRE PROTECTION DISTRICT

WHEREAS, the City of Stockton (hereinafter “CITY”) and the Eastside Rural County Fire Protection District, a rural County fire protection district of the State of California (hereinafter, “DISTRICT”) entered into a Fire Protection Service Agreement dated January 3, 1984 (hereinafter “AGREEMENT”) regarding the CITY providing fire protection services to the DISTRICT;

WHEREAS, the CITY and the DISTRICT in 1995 entered into an amendment (hereinafter “1st AMENDMENT”) to the AGREEMENT adding Paragraph 12 entitled “Indemnification;”

WHEREAS, Paragraph 2 of the AGREEMENT established a formula whereby the DISTRICT would pay the CITY for fire protection services that was based on the annual budget (hereinafter “BUDGET”) adopted by the CITY and the gross taxable property value;¹

WHEREAS, the CITY and DISTRICT recognize that the BUDGET approved by the CITY may not reflect the actual expenditures for fire protection services and that the annual audit (hereinafter “AUDIT”) for each fiscal year of the CITY would reveal if there had been expenditures either above or below the amount BUDGETED;

WHEREAS, the CITY and DISTRICT desire to amend the AGREEMENT to include provisions amending the payment formula between the CITY and DISTRICT to include use of the AUDIT to ensure that the CITY is paid only for actual costs and that said amendment apply retroactively to the 2007-2008 fiscal year; and

WHEREAS, the CITY and DISTRICT have recently reviewed the AUDITS for the fiscal years 2007-2008 through and including 2009-2010 and agree that as of July 1, 2011, the DISTRICT has tendered all payments for said years after application of any credits.

THEREFORE, this Second Amendment (hereinafter, the “2nd AMENDMENT”) is entered into between the CITY and the DISTRICT and amends AGREEMENT, as amended by the 1st AMENDMENT, to amend subsection Section 2, entitled “Payment for Services,” adding subsection (d) which reads in full as follows:

“(d) At the end of each fiscal year, CITY shall provide DISTRICT with a final audited financial statement reflecting the actual costs of fire protection services and life-saving services provided by the CITY to the DISTRICT for that fiscal year. Should the total actual costs be less than the total amount paid to the CITY by the DISTRICT under paragraph 2.a., the DISTRICT shall receive a credit in the amount of the difference, applied to

¹ The City and District agree that changes in allocation of revenue to the City from taxes (e.g., tax increment from redevelopment agencies) or changes in allocation of revenue to the fire department from City policy decisions do not affect the meaning of assessed value as used in the Agreement
the subsequent fiscal year. Should the actual costs be more than the total amount paid to the CITY by the DISTRICT, the DISTRICT shall make a supplemental payment to the CITY in the full amount of the difference, no later than the beginning of the second quarter of the subsequent fiscal year.

The CITY and DISTRICT further agree that this 2nd AMENDMENT shall apply retroactively to the 2007-2008 fiscal year and that the DISTRICT has made full payment for all fiscal years prior to and including 2009/2010.

In all other respects, the AGREEMENT is hereby ratified and confirmed.

IN WITNESS WHEREOF, this 2nd AMENDMENT has been executed by the respective parties hereto through their respective authorized officers at Stockton, California, the day and year set forth below.

DATE: 12-19-11

ATTEST:

BONNIE PAIGE
City Clerk

CITY OF STOCKTON, a municipal corporation,

By: BOB DEBIS, City Manager
“CITY”

APPROVED AS TO FORM:

JOHN M. LUEBBERKE
CITY ATTORNEY

By: Michael A. Atwell
Title: ASSISTANT CITY ATTORNEY
Dated: 12/14/11

APPROVED AS TO FORM:

DISTRICT COUNSEL

By: DANIEL J. SCHROEDER
DISTRICT COUNSEL

EASTSIDE RURAL COUNTY FIRE PROTECTION DISTRICT, a rural county fire protection district of the State of California,

By: “DISTRICT”
SECOND AMENDMENT TO FIRE PROTECTION SERVICES AGREEMENT
BETWEEN CITY OF STOCKTON
AND
TUDEXO/COUNTRY CLUB RURAL COUNTY FIRE PROTECTION DISTRICT

WHEREAS, the City of Stockton (hereinafter "CITY") and the Tuxedo/Country Club
Rural County Fire Protection District, a rural County fire protection district of the State of
California (hereinafter, "DISTRICT") entered into a Fire Protection Service Agreement dated
March 29, 1984 (hereinafter "AGREEMENT") regarding the CITY providing fire protection
services to the DISTRICT;

WHEREAS, the CITY and the DISTRICT in 1995 entered into an amendment
(hereinafter "1st AMENDMENT") to the AGREEMENT adding Paragraph 12 entitled
"Indemnification;"

WHEREAS, Paragraph 2 of the AGREEMENT established a formula whereby the
DISTRICT would pay the CITY for fire protection services that was based on the annual budget
(hereinafter "BUDGET") adopted by the CITY and the gross taxable property value1;

WHEREAS, the CITY and DISTRICT recognize that the BUDGET approved by the
CITY may not reflect the actual expenditures for fire protection services and that the annual
audit (hereinafter "AUDIT") for each fiscal year of the CITY would reveal if there had been
expenditures either above or below the amount BUDGETED;

WHEREAS, the CITY and DISTRICT desire to amend the AGREEMENT to include
provisions amending the payment formula between the CITY and DISTRICT to include use of
the AUDIT to ensure that the CITY is paid only for actual costs and that said amendment apply
retroactively to the 2007-2008 fiscal year; and

WHEREAS, the CITY and DISTRICT have recently reviewed the AUDITS for the fiscal
years 2007-2008 through and including 2009-2010 and agree that as of July 1, 2011, the
DISTRICT has tendered all payments for said years after application of any credits.

THEREFORE, this Second Amendment (hereinafter, the "2nd AMENDMENT") is
entered into between the CITY and the DISTRICT and amends AGREEMENT, as amended by
the 1st AMENDMENT, to amend subsection Section 2, entitled "Payment for Services," adding
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services and life-saving services provided by the CITY to the DISTRICT
for that fiscal year. Should the total actual costs be less than the total
amount paid to the CITY by the DISTRICT under paragraph 2.a., the
DISTRICT shall receive a credit in the amount of the difference, applied to

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increment from redevelopment agencies) or changes in allocation of revenue to the fire department from
City policy decisions do not affect the meaning of assessed value as used in the Agreement.
the subsequent fiscal year. Should the actual costs be more than the total amount paid to the CITY by the DISTRICT, the DISTRICT shall make a supplemental payment to the CITY in the full amount of the difference, no later than the beginning of the second quarter of the subsequent fiscal year.

The CITY and DISTRICT further agree that this 2nd AMENDMENT shall apply retroactively to the 2007-2008 fiscal year and that the DISTRICT has made full payment for all fiscal years prior to and including 2009/2010.

In all other respects, the AGREEMENT is hereby ratified and confirmed.

IN WITNESS WHEREOF, this 2nd AMENDMENT has been executed by the respective parties hereto through their respective authorized officers at Stockton, California, the day and year set forth below.

DATE: 12/19/11

CITY OF STOCKTON, a municipal corporation,

By: [Signature]

BOB DEIS, City Manager
"CITY"

APPROVED AS TO FORM:

JOHN M. LUEBBRKE
CITY ATTORNEY

Title: ASSISTANT CITY ATTORNEY

Dated: 12/14/11

APPROVED AS TO FORM:

DISTRICT COUNSEL

By: [Signature]

DANIEL J. SCHROEDER
DISTRICT COUNSEL

TUXEDO/COUNTRY CLUB RURAL COUNTY FIRE PROTECTION DISTRICT, a rural county fire protection district of the State of California,

By: [Signature]

"DISTRICT"
THIRD AMENDMENT TO FIRE PROTECTION SERVICES AGREEMENT
BETWEEN CITY OF STOCKTON
AND
LINCOLN RURAL COUNTY FIRE PROTECTION DISTRICT

WHEREAS, the City of Stockton (hereinafter "CITY") and the Lincoln Rural County Fire Protection District, a rural County fire protection district of the State of California (hereinafter, "DISTRICT") entered into a Fire Protection Service Agreement dated November 17, 1975 (hereinafter "AGREEMENT") regarding the CITY providing fire protection services to the DISTRICT;

WHEREAS, the CITY and the DISTRICT in 1977 entered into an amendment (hereinafter "1ST AMENDMENT") to the AGREEMENT amending Section 6(m) entitled "Seniority;"

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WHEREAS, Paragraph 2 of the AGREEMENT established a formula whereby the DISTRICT would pay the CITY for fire protection services that was based on the annual budget (hereinafter "BUDGET") adopted by the CITY and the gross taxable property value;

WHEREAS, the CITY and DISTRICT recognize that the BUDGET approved by the CITY may not reflect the actual expenditures for fire protection services and that the annual audit (hereinafter "AUDIT") for each fiscal year of the CITY would reveal if there had been expenditures either above or below the amount BUDGETED;

WHEREAS, the CITY and DISTRICT desire to amend the AGREEMENT to include provisions amending the payment formula between the CITY and DISTRICT to include use of the AUDIT to ensure that the CITY is paid only for actual costs and that said amendment apply retroactively to the 2007-2008 fiscal year; and

WHEREAS, the CITY and DISTRICT have recently reviewed the AUDITS for the fiscal years 2007-2008 through and including 2009-2010 and agree that as of July 1, 2011, the DISTRICT has tendered all payments for said years after application of any credits.

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services and life-saving services provided by the CITY to the DISTRICT for that fiscal year. Should the total actual costs be less than the total amount paid to the CITY by the DISTRICT under paragraph 2.a., the DISTRICT shall receive a credit in the amount of the difference, applied to the subsequent fiscal year. Should the actual costs be more than the total amount paid to the CITY by the DISTRICT, the DISTRICT shall make a supplemental payment to the CITY in the full amount of the difference, no later than the beginning of the second quarter of the subsequent fiscal year.

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In all other respects, the AGREEMENT is hereby ratified and confirmed.

IN WITNESS WHEREOF, this 3RD AMENDMENT has been executed by the respective parties hereto through their respective authorized officers at Stockton, California, the day and year set forth below.

DATE: 12/14/11

ATTEST:

BONNIE PAIGE
City Clerk

CITY OF STOCKTON, a municipal corporation,

By: BOB DEIS, City Manager
“CITY”

APPROVED AS TO FORM:

JOHN M. LUEMBERKE
CITY ATTORNEY

By: Michael F. Nels
Title: Chief City Attorney

Dated: 12/14/11
APPROVED AS TO FORM:

DISTRICT COUNSEL

By: DANIEL J. SCHROEDER
DISTRICT COUNSEL

LINCOLN RURAL COUNTY FIRE
PROTECTION DISTRICT, a rural county fire
protection district of the State of California,

By: "DISTRICT"