



**RANCHO SANTA FE FIRE PROTECTION DISTRICT  
BOARD OF DIRECTORS MEETING  
AGENDA**

Rancho Santa Fe FPD  
Board Room – 18027 Calle Ambiente  
Rancho Santa Fe, California 92067

January 13, 2016  
Regular Meeting  
1:00 pm PT

**RULES FOR ADDRESSING BOARD OF DIRECTORS**

Members of the audience who wish to address the Board of Directors are requested to complete a form near the entrance of the meeting room and submit it to the Board Clerk.

Any person may address the Board on any item of Board business or Board concern. The Board cannot take action on any matter presented during Public Comment, but can refer it to the Administrative Officer for review and possible discussion at a future meeting. As permitted by State Law, the Board may take action on matters of an urgent nature or which require immediate attention. The maximum time allotted for each presentation is FIVE (5) MINUTES.

Pledge of Allegiance

- 1 Roll Call
- 2 Special Presentation
  - a. Introductions
    - i) Sandra Mora, Office Support Coordinator
- 3 Public Comment

All items listed on the Consent Calendar is considered routine and will be enacted by one motion without discussion unless Board Members, Staff or the public requests removal of an item for separate discussion and action. The Board of Directors has the option of considering items removed from the Consent Calendar immediately or under Unfinished Business.

- 4 Consent Calendar
  - a) Board of Directors Minutes
    - i) Board of Directors minutes of December 9, 2015
    - ii) Board of Directors minutes of December 18, 2015ACTION REQUESTED: **Approve**
  - b) Receive and File
    - i) Monthly/Quarterly Reports – ACTION REQUESTED: **Information**
      - (1) List of Demands Check 26905 thru 27004 for the period December 1 – December 31, 2015

totaling:	\$ 461,603.28
Payroll for the period December 1 – December 31, 2015	\$ 514,774.92
<b>TOTAL DISTRIBUTION</b>	<b>\$ 976,378.20</b>

*In compliance with the Americans with Disabilities Act, if you need special assistance to participate in a meeting, please contact the Secretary at 858-756-5971. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements to assure accessibility to the meeting.*

(2) Activity Reports – December 2015

(a) Operations

(b) Training

(c) Fire Prevention

(d) Correspondence - letters/cards were received from the following members of the public:

(i) South Lake County Fire Protection District

- c) County Contact Number 552828 Between County of San Diego and Rancho Santa Fe Fire Protection District for Fire Protection and Emergency Services for Harmony Grove Village  
To ratify the final contract and supporting licenses to provide emergency services for Harmony Grove Village

ACTION REQUESTED: **Ratify the execution of licenses by the Fire Chief**

5 Old Business

a) LAFCO Application – Update

To discuss the status of application for proposed “Rancho Santa Fe Fire Protection District Reorganization”:  
Dissolution of County Service Area No. 107 (Elfin Forest/Harmony Grove) and annexation to Rancho Santa Fe Fire Protection District

ACTION REQUESTED: **Information**

6 New Business

a) Contract: Second Amendment to the Administrative Services Agreement

To discuss and/or approve the *Second Amendment to the Administrative Services Agreement* between Rancho Santa Fe Fire Protection District and North County Dispatch Joint Powers Authority [Staff Report 16-01](#)

ACTION REQUESTED: **Approve**

b) Budget Authorization

To discuss and/or approve the purchase of a replacement Hurst eHydraulic Rescue Tool Set [Staff Report 16-02](#)

ACTION REQUESTED: **Authorize purchase and use capital replacement funds as the funding source**

c) Mutual Aid System

A presentation by the Operations Chief will provide an overview on the different aspects of the mutual aid system, specifically the differences between mutual and automatic aid responses

ACTION REQUESTED: **Information**

d) Independent Auditor’s Report FY 2014/2015

The Finance ad hoc committee will make a presentation on the financial status of the Fire District for FY15 and present any findings resulting from the year-end audit to the Board of Directors.

ACTION REQUESTED: **Accept**

7 Oral Report

a) Fire Chief – Michel

i) Strategic Plan

ii) District Activities

(1) Firehouse World Expo – San Diego – January 31-February 4, 2016

b) Operations – Deputy Chief

c) Training – Battalion Chief

d) Fire Prevention – Fire Marshal

e) Administrative Manager

f) Board of Directors

i) North County Dispatch JPA – Update

ii) County Service Area – 17 – Update

iii) Comments

**8 Adjournment**

The next regular Board of Directors meeting to be February 10, 2016 in the Board Room located at 18027 Calle Ambiente, Rancho Santa Fe, California. The business meeting will commence at 1:00 p.m.



RANCHO SANTA FE FIRE PROTECTION DISTRICT  
Board of Directors Regular Meeting Agenda  
Wednesday, January 13, 2016 1:00 pm PT

CERTIFICATION OF POSTING

I certify that on January 8, 2016 a copy of the foregoing agenda was posted on the District's website and near the meeting place of the Board of Directors of Rancho Santa Fe Fire Protection District, said time being at least 72 hours in advance of the meeting of the Board of Directors (Government Code Section 54954.2)

Executed at Rancho Santa Fe, California on January 8, 2016

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Karlana Rannals  
Board Clerk



**RANCHO SANTA FE FIRE PROTECTION DISTRICT**  
**Regular Board of Directors Meeting**  
**Minutes – December 9, 2015**

*These minutes reflect the order in which items appeared on the meeting agenda and do not necessarily reflect the order in which items were actually considered.*

President Ashcraft called to order the regular session of the Rancho Santa Fe Fire Protection District Board of Directors at 1:00 pm.

*Pledge of Allegiance*

Karlena Rannals led the assembly in the *Pledge of Allegiance*.

1. Roll Call

Directors Present: Ashcraft, Hillgren, Malin, Stine, Tanner

Directors Absent: None

Staff Present: Tony Michel, Fire Chief; Fred Cox, Deputy Chief; Chris Galindo, Battalion Chief; Dave M McQuead, Battalion Chief; Renee Hill, Fire Marshal and Karlena Rannals, Board Clerk.

2. Public Comment

No one requested to speak to the Board.

3. Motion waiving reading in full of all Resolutions/Ordinances

MOTION BY DIRECTOR HILLGREN, SECOND BY DIRECTOR TANNER, CARRIED 5 AYES; 0 NOES; 0 ABSENT; 0 ABSTAIN to waive reading in full all resolutions/ordinances.

4. Consent Calendar

MOTION BY DIRECTOR HILLGREN, SECOND BY DIRECTOR MALIN, CARRIED 5 AYES; 0 NOES; 0 ABSENT; 0 ABSTAIN to approve the consent calendar as submitted.

a. *Board of Directors Minutes*

i) Board of Directors minutes of November 18, 2015

b. Receive and File

i) *Monthly/Quarterly Reports*

1) List of Demands Check 26799 thru 26904 for the period November 1 – November 30, 2015	
totaling:	\$ 419,598.60
Payroll for the period November 1 – November 30, 2015	<u>\$ 640,124.08</u>
TOTAL DISTRIBUTION	\$1,059,722.68

2) Financial Reports

- Budget Review (*July 1 – September 30, 2015*)
- Statement of Cash Assets (*September 30, 2015*)

ii) *Activity Reports – November 2015*

- Operations
- Training
- Fire Prevention

5. Old Business

a. *LAFCO Application – Update*

Chief Michel reported that there has not been much activity pending the Board of Supervisors meeting on December 16. District staff provided to County staff the written language for the “scope of work.” He was informed that the County plans to use the standard contract language, which is the fastest way to get the contract thru County’s legal counsel. He and the management team plan to attend the Board of Supervisors meeting.

He also reported that should the negotiated property tax exchange be approved, a special Board of Directors meeting will be necessary to approve the necessary contract to provide service beginning January 1, 2016. The Board of Directors agreed to a tentative date of December 18, 2015 starting at 2pm.

6. New Business

a. Budget Authorization

Fire Marshal Hill summarized the staff report provided. Staff requested authorization to purchase a new mobile software application and nine tablets in an effort to utilize the most current technology to help streamline Fire Prevention inspections. The cost for this segment of the new prevention software is \$17,419, which has approval for 75% reimbursement of the total project from the Fire Mitigation Fees collected. Staff responded to questions from the board.

MOTION BY DIRECTOR HILLGREN, SECOND BY DIRECTOR STINE, CARRIED 5 AYES; 0 NOES; 0 ABSENT; 0 ABSTAIN to approve the purchase of the software and tablets as requested.

7. Resolution/Ordinance

a. Resolution No. 2015-12

Chief Michel reported that this resolution, effective January 1, 2016, has three changes from the previously approved resolution. They are as follows:

- 1) Article 1.01 - Salary range adjustments for all positions except Fire Marshal
- 2) Article 10.04 – dates were added as to when vacation buy back would be paid
- 3) Article 11.03 – the word “overhead” was added

MOTION BY DIRECTOR TANNER, SECOND BY DIRECTOR HILLGREN, and APPROVED Resolution No. 2015-12 entitled *A Resolution of the Board of Directors of the Rancho Santa Fe Fire Protection District Establishing Salaries and Benefits for Management Personnel* on the following roll call vote:

AYES:	Ashcraft, Hillgren, Malin, Stine, Tanner
NOES:	None
ABSTAIN:	None
ABSENT:	None

Minutes

Rancho Santa Fe Fire Protection District Board of Directors

December 9, 2015

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- b. Resolution 2015-13 – *A Resolution of the Board of Directors of the Rancho Santa Fe Fire Protection District Adopting a Pay Schedule in Accordance with California Code of Regulations, Title 2, Section 570.5*  
Chief Michel summarized the staff report and informed the board that the pay schedule to be posted on the website requires updating anytime a change in pay is authorized.

MOTION BY DIRECTOR HILLGREN, SECOND BY DIRECTOR TANNER, and APPROVED Resolution No. 2015-13 on a roll call vote:

AYES: Ashcraft, Hillgren, Malin, Stine, Tanner  
NOES: None  
ABSTAIN: None  
ABSENT: None

8. Oral Report

- a. Fire Chief – Michel
  - i) Strategic Plan: the draft plan will be available for discussion and approval at the regular meeting planned for January 2016.
  - ii) District Activities:
    - RSFPFA Kids Holiday Party (RSF1) – Friday, December 18, 2015: all were invited to attend.
    - RSFPFA Holiday Party (adult) – Saturday, December 19, 2015: all were invited to attend.
- b. Operations – Deputy Chief  
Chief Cox summarized the previous month activity, noting district personnel responded to 243 calls the previous month. He reported that fuel moistures were stable from the rain. A new hire academy will begin January 11, 2016, and offers were made for eight open positions (five full-time and three-limited term).
- c. Training – Battalion Chief  
Chief McQuead summarized the training activity for November. The fall CERT Academy was completed on November 21, with four Rancho Santa Fe residents completing the training. In addition, the new hire testing was completed, for the eight vacancies.
- d. Fire Prevention – Fire Marshal  
Fire Marshal Hill summarized the activity for the previous months noting an increase of new square feet of new construction for October was approximately 70,000, and November approximately 47,000. She reported that 98 weed abatement notices were sent. She also informed the board members that during Fire Prevention month, presentations were given at 12 schools, educating approximately 4,000 children.
- e. Administrative Manager  
Karlana Rannals distributed and reviewed a revised summary cash statement for June 30 and September 30, 2015.
- f. Board of Directors
  - i) North County Dispatch JPA – Update: Ashcraft – reported from the meeting held December 3, 2015. He reported that the JPA would participate in a study to consider a merge with Heartland Communications. In addition, there will be a lot of change in board representatives and leadership due to leaving office or retirements.

Minutes

Rancho Santa Fe Fire Protection District Board of Directors

December 9, 2015

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ii) County Service Area – 17 – Update: Hillgren – no report, the next meeting is February 2, 2016.

iii) Comments

- None

9. Closed Session

Pursuant to section 54956.9 and 54957, the board met in closed session from 2:30 – 3:53 pm to discuss the following:

a. Potential Litigation (1) Case – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

To subdivision (b) Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9: one potential (1) case

*All board members and staff listed Michel attended the closed session. Stephen J. Fitch, Esq., district's legal counsel also participated via teleconference.*

b. Public Employee Performance Evaluation

Title: Fire Chief

*All board members listed and Chief Michel attended the closed session.*

Upon reconvening to open session, President Ashcraft reported the following:

a. Potential Litigation (1) Case - the Board of Directors discussed and provided direction to staff and legal counsel on the matter and took no action.

b. Public Employee Performance Evaluation – the Board of Directors discussed the subject and took no action.

8. Adjournment

Meeting adjourned at 3:55 pm.

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Karlana Rannals  
Secretary

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James H Ashcraft  
President



**RANCHO SANTA FE FIRE PROTECTION DISTRICT  
SPECIAL BOARD OF DIRECTORS MEETING  
MINUTES – December 18, 2015**

*These minutes reflect the order in which items appeared on the meeting agenda and do not necessarily reflect the order in which items were actually considered.*

President Ashcraft called to order the special meeting of the Rancho Santa Fe Fire Protection District Board of Directors at 2:05 pm.

*Pledge of Allegiance*

Battalion Chief Bret Davidson led the assembly in the *Pledge of Allegiance*.

1. Roll Call

Directors Present: Ashcraft, Hillgren, Malin, Tanner

Directors Absent: Stine

Staff Present: Tony Michel, Fire Chief; Fred Cox, Deputy Chief; Bret Davidson, Battalion Chief; and Karlana Rannals, Board Clerk.

2. Public Comment

No one requested to speak to the Board.

3. Old Business

a. LAFCO Application – Update

Chief Michel reported that at the Board of Supervisors meeting held December 16, 2015, they unanimously approved the property tax exchange required to proceed with the LAFCO application. He summarized the negotiations with the County of San Diego for a property tax exchange and the negotiated financial considerations necessary to provide emergency response services beginning December 31, 2015.

He informed the Board that many members from the Elfin Forest Community attended the meeting to show their support to the Supervisors for the reorganization. Several of the community members spoke encouraging the Board to vote in favor of the negotiated terms. At the conclusion of the public comment, the Supervisors were complimentary to Chief Frank Twohy for his dedication and commitment to the community and the fire service.

He also reported that he contacted Michael Ott on the outcome of the Board of Supervisors meeting and he intends to expedite the reorganization to the LAFCO Commission. The target is the March 2016 meeting. He responded to questions from the Board.

4. New Business

a. Agreement with Rancho Santa Fe Fire Protection District for Fire Protection and Emergency Services for Harmony Village

Chief Michel reported that the contract for discussion is necessary to be able to provide services effective December 31, 2015. He distributed a “red line” version of the agreement. He discussed the document provided by the County noting that the contract language is their standard language; however, he recommends striking the fire prevention language. He does not wish to enforce two codes (County and Fire District) on an interim basis. Legal counsel for the District has reviewed the agreement and supports the document distributed.

He also reported that he learned on the previous day that a supplemental “no cost” lease to occupy the building is necessary. He requested the Board of Directors authorize the Fire Chief to execute the supplement document and place on the January 2016 agenda for ratification.

MOTION BY DIRECTOR HILGREN, SECOND BY DIRECTOR MALIN CARRIED 5 AYES; 0 NOES; 0 ABSENT; 0 ABSTAIN to approve the following actions:

- 1) Approve the contract *entitled* Agreement with Rancho Santa Fe Fire Protection District for Fire Protection and Emergency Services for Harmony Village, and authorize the Fire Chief to execute the contract
- 2) Authorize the Fire Chief to execute a building lease for the temporary fire station, upon review by legal counsel and submit the executed document for ratification at the January 2016 meeting.

5. Adjournment

Meeting adjourned at 2:46 pm.

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Karlana Rannals  
Secretary

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James H Ashcraft  
President

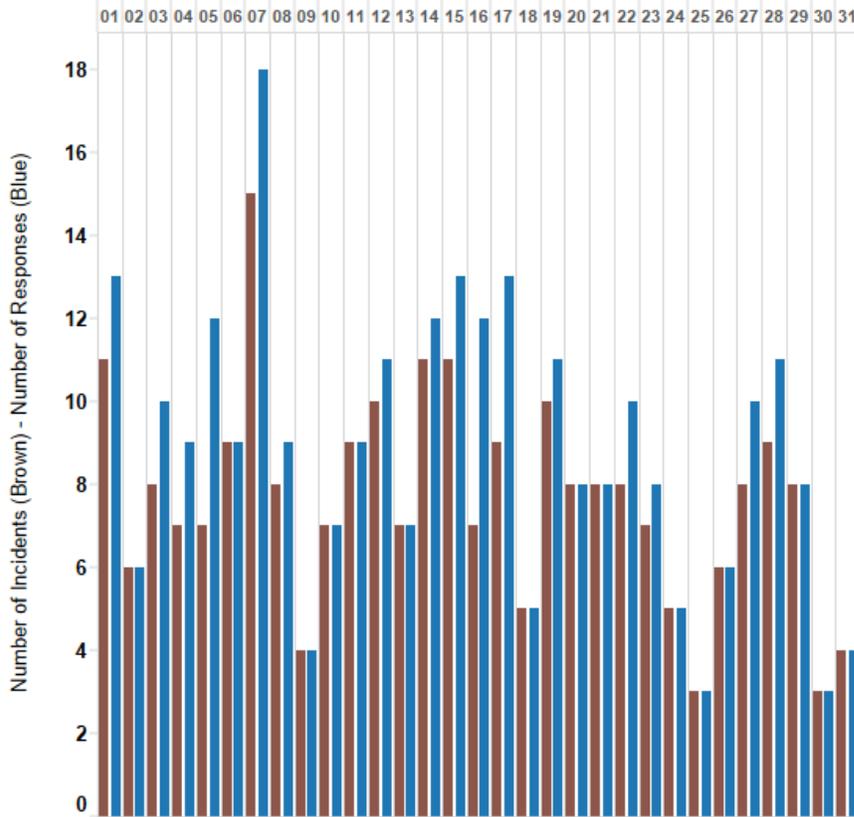
Check #	Amount	Vendor	Purpose
26905	484.00	A to Z Plumbing Inc	Building Repair/Service
26906	800.84	All Star Fire Equipment, Inc.	Safety Clothing (Protective)
26907	180.00	AT&T	Telephone
26908	1,379.99	AT&T Calnet 2/3	Telephone
26909	4,800.00	Boylan, James O.dba PathFinder	Consulting Services
26910	1,639.50	Brand Ink Inc.	Uniform - Safety Personnel
26911	163,401.41	CalPERS	PERS (Employer Paid)
26912	1,815.24	Direct Energy Business - Dalla	Elec/Gas/Propane
26913	8,167.01	Fire ETC Inc	Safety Clothing (Protective)
26914	120.00	Hernandez, Michael	Education/Training Reimbursement
26915	899.42	Interstate All Battery Center	Radio Batteries-Motorolla, Dble AA for Clamshells
26916	400.00	MES California	Safety Equipment
26918	197.64	Philips Electronics North Amer	CSA-17 Contract
26919	677.22	SoCo Group Inc	Gasoline & Diesel Fuel
26920	2,370.00	Symphony Asset Pool XVII LLC	Cielo HOA Fees
26921	61.00	Terminix International	Building
26922	12.30	U P S	Shipping Service
26923	1,279.62	Uniforms Plus	Uniform - Safety Personnel
26924	1,473.70	Verizon Wireless	Telephone - Cellular
26925	1,751.92	Waste Management Inc	Trash/rebill - Patrol & JPA
26926	5,775.00	WinTech Computer Services	Consulting Services
26927	100.00	AAA Live Scan	Background Investigation
26928	697.92	Aair Purification Systems	Building
26929	354.00	Accme Janitorial Service Inc	Building ADMIN
26930	88.84	Action Trophies & Engraving	Apparatus - Miscellaneous
26931	335.02	AT&T Calnet 2/3	Telephone
26932	316.40	Blend	Outside Printing & Binding
26933	2,517.50	County of SD/RCS	CAP Code Paging Service-Monthly Service
26934	2,700.00	FireStats	GIS Services/Response Criteria Services
26935	558.48	Home Depot, Inc	Battery's - Engine Battery, Station Maintenance/replacement/Hydrant
26936	1,199.23	Interstate All Battery Center	Radio Batteries-Motorolla, Dble AA for Clamshells
26937	45.00	Jobs Available Inc.	Advertising
26938	152.00	Lenehan, Conor	Education/Training Reimbursement

Check #	Amount	Vendor	Purpose
26939	2,084.79	North County EVS Inc	Apparatus Scheduled Maintenance/Repair
26940	1,292.15	Olivenhain Municipal Water Dis	Water
26941	475.24	Palomar Sign Company	Apparatus - Miscellaneous
26942	1,200.00	Pun Group	Accounting-Audit Services
26943	512.11	Santa Fe Irrigation District	Water/JPA rebill
26944	6,000.00	Scott Davis Consulting	Programming - Computer & Software FP/PR
26945	187.80	SoCo Group Inc	Gasoline & Diesel Fuel
26946	391.27	TelePacific Communications	Telephone
26947	543.53	ThyssenKrupp Elevator Inc	Elevator Service
26948	385.00	Time Warner Cable	Cable Service - Admin
26949	12.30	U P S	Shipping Service
26950	17,369.58	U S Bank Corporate Payment Sys	Cal-Card./IMPAC program
26951	289.40	Uniforms Plus	Uniform - Safety Personnel
26952	60.00	AAA Live Scan	Background Investigation
26953	8.56	Action Trophies & Engraving	Safety Equipment
26954	6,392.82	All Star Fire Equipment, Inc.	Safety Clothing (Protective)
26955	3,000.00	Arnold A Lewin	Consulting Services
26956	380.35	AT&T Calnet 2/3	Telephone
26957	826.00	County of SD APCD	Permits - County/City
26958	518.08	Fire ETC Inc	Safety Clothing (Protective)
26959	2,805.00	Fitch Law Firm Inc	Legal Services
26962	4,620.97	Jauregui & Culver Inc	Refuel Facility Repair
26963	361.58	L N Curtis & Sons Inc	Safety Equipment
26964	1,053.73	Life-Assist Inc	CSA-17 Contract
26965	860.00	Mertz, William C.	Education/Training Reimbursement
26966	6.44	Napa Auto Parts Inc	Apparatus Parts & Supplies
26967	37,088.00	North County Dispatch JPA	Dispatching
26968	5.88	Postal Corner, Inc.	Postage
26969	8,509.16	San Diego Gas & Electric	Elec/Gas/Propane
26970	700.00	Santa Fe Irrigation District	NCDJPA Rebill
26971	1,999.08	SoCo Group Inc	Gasoline & Diesel Fuel
26972	160.00	State of CA Dept of Justice	Background Investigation
26975	87.16	Time Warner Cable	Cable Service - Admin

Check #	Amount	Vendor	Purpose
26976	15.52	U P S	Shipping Service
26977	413.64	United Imaging	Office Supplies
26978	13.99	4S Ranch Gasoline & Carwash LP	Car Wash
26980	5,461.77	All Star Fire Equipment, Inc.	Safety Clothing (Protective)
26981	220.60	Appliance Repair Bookkeeping	Building
26982	127.98	Cox Communications	Telephone
26983	172.00	Day Wireless Systems Inc	Radio Programming
26984	5,447.30	Fire ETC Inc	Safety Clothing (Protective)
26985	412.00	Golden Telecom Inc	Telephone Repair
26986	3,634.99	Guardian Life Insurance Co	Medical Insurance
26987	52,150.55	Health Net	Medical Insurance
26989	1,190.97	Jauregui & Culver Inc	Refuel Facility Repair
26990	18,461.75	Kaiser Permanente	Medical Insurance
26991	370.50	Liebert Cassidy Whitmore	Legal Services
26992	599.48	Lincoln National Life Ins Co	Disability/Life Insurance
26993	380.00	MES California	Safety Equipment
26994	16,015.67	North County EVS Inc	Apparatus Repair/Maintenance/Parts & Supplies/Smog Test/Generator
26995	45.00	Olson's Hand Car Wash Inc	Car Wash
26996	70.00	RSF Mail Delivery Solutions, I	Mail Delivery Service
26997	2,261.80	SoCo Group Inc	Gasoline & Diesel Fuel
26998	2,370.00	Symphony Asset Pool XVII LLC	Cielo HOA Fees
27000	26.73	U P S	Shipping Service
27001	1,346.48	Uniforms Plus	Uniform - Safety Personnel
EFT000000000178	160.00	Pane, Christopher E.	Education/Training Reimbursement
Various	43,298.38	Various	Medical Reimbursements
	461,603.28		
12/15/2015	276,414.76	Rancho Santa Fe FPD	Payroll
12/31/2015	238,360.16	Rancho Santa Fe FPD	Payroll
	514,774.92		
<b>Grand Total</b>	<b>976,378.20</b>		

## DECEMBER 2015 - CALL VOLUME

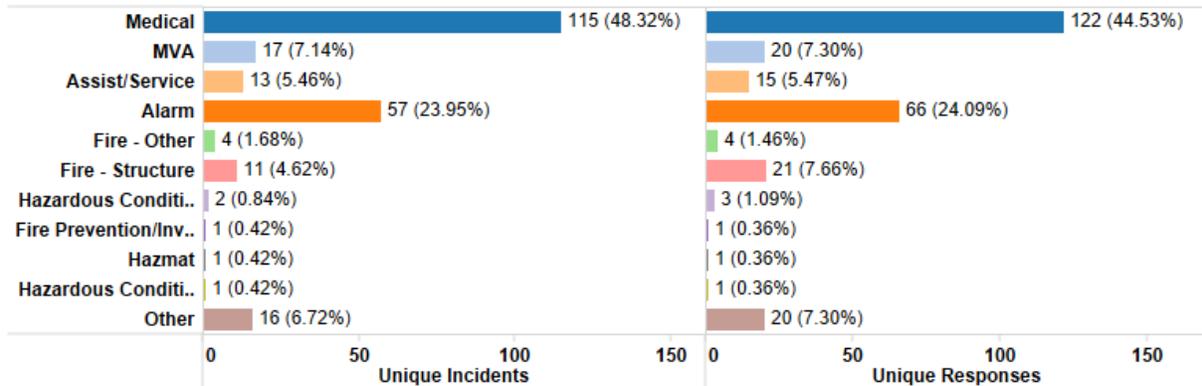
Incidents & Responses Bar



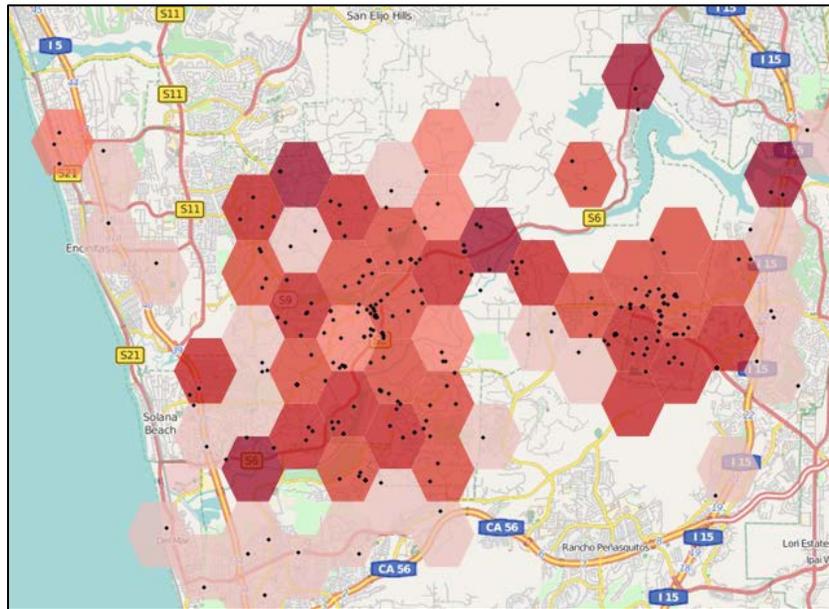
Incident/Response Volume

	# of Incidents	# of Responses
01	11.0	13.0
02	6.0	6.0
03	8.0	10.0
04	7.0	9.0
05	7.0	12.0
06	9.0	9.0
07	15.0	18.0
08	8.0	9.0
09	4.0	4.0
10	7.0	7.0
11	9.0	9.0
12	10.0	11.0
13	7.0	7.0
14	11.0	12.0
15	11.0	13.0
16	7.0	12.0
17	9.0	13.0
18	5.0	5.0
19	10.0	11.0
20	8.0	8.0
21	8.0	8.0
22	8.0	10.0
23	7.0	8.0
24	5.0	5.0
25	3.0	3.0
26	6.0	6.0
27	8.0	10.0
28	9.0	11.0
29	8.0	8.0
30	3.0	3.0
31	4.0	4.0
Grand T..	238.0	274.0

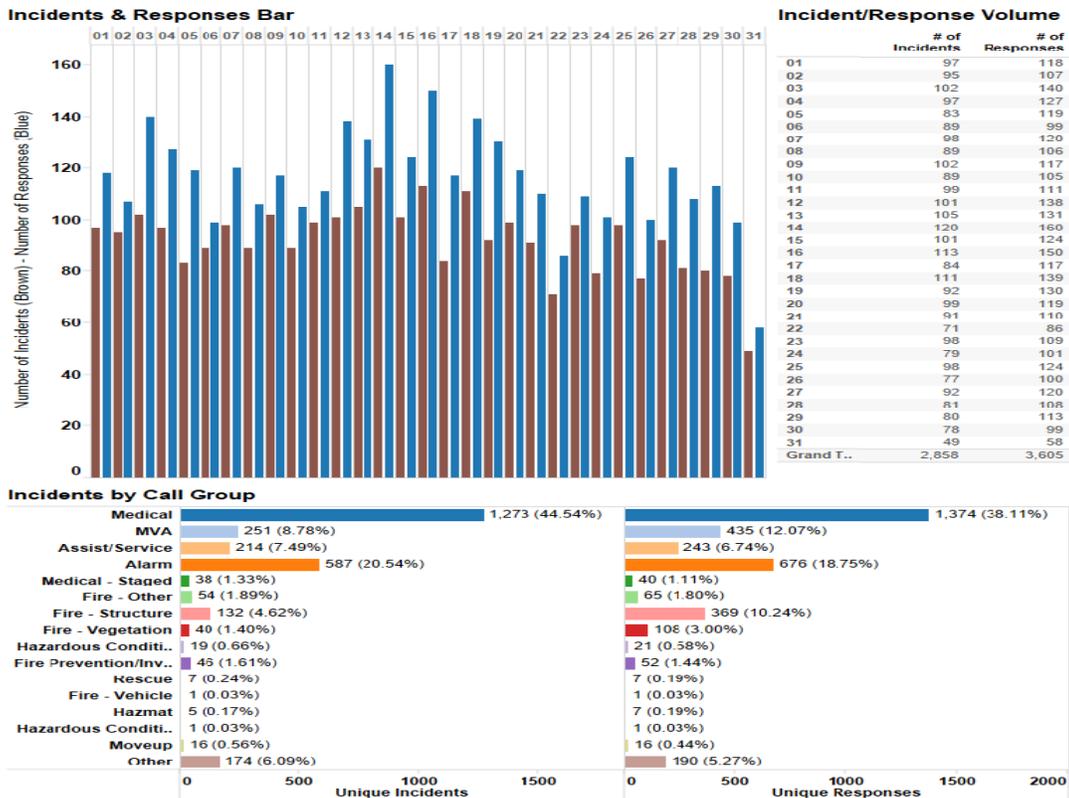
Incidents by Call Group



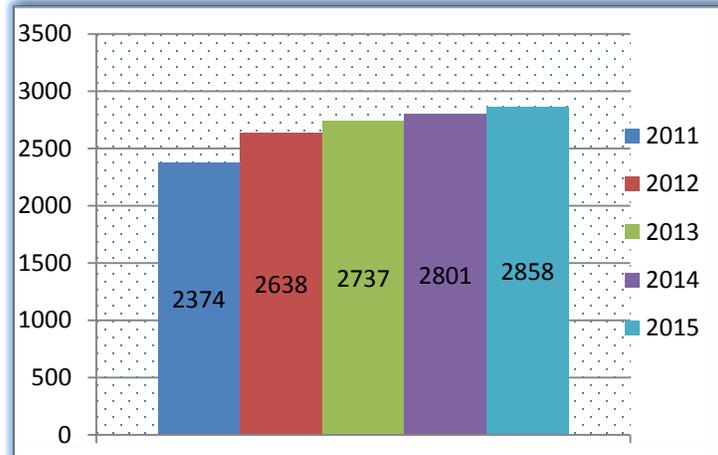
## DECEMBER 2015 – RESPONSE POLYGON



## 2015 YEAR END TOTAL - CALL VOLUME



**5 YEAR RESPONSE HISTORY**



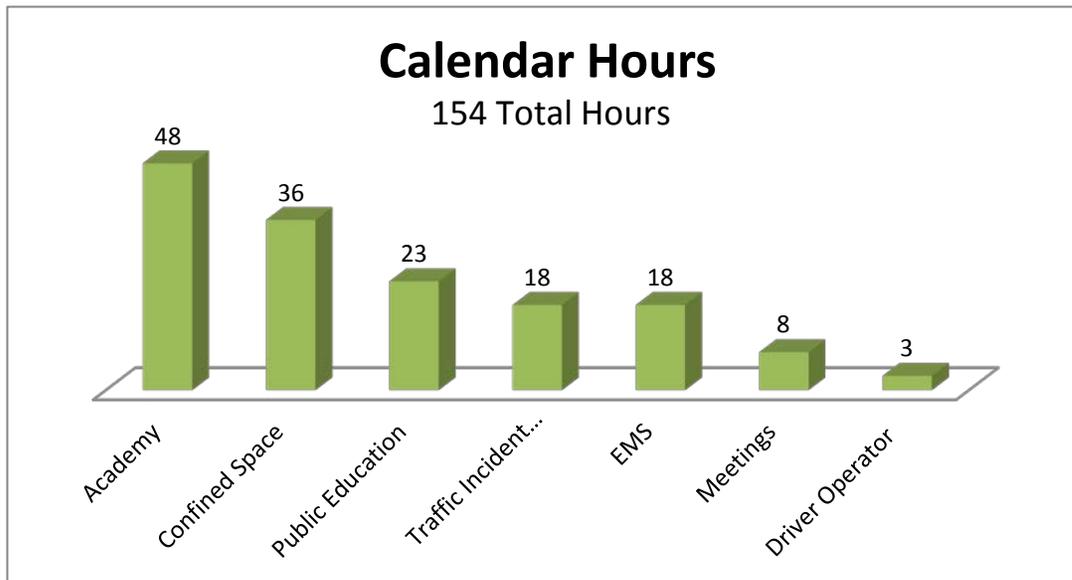
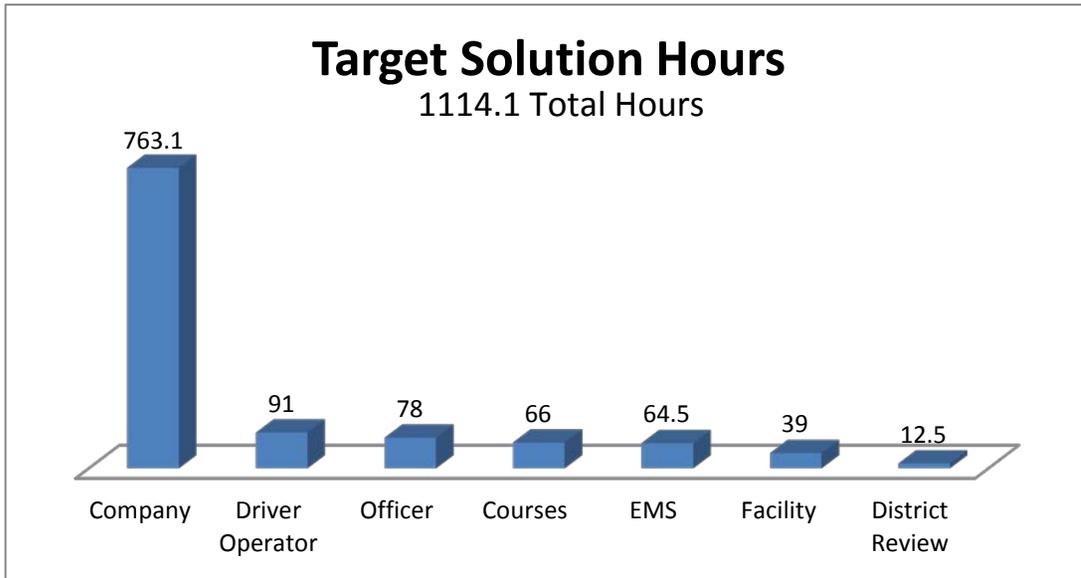
**No Fuel Moistures Available this Month**

Significant Incidents/Overhead Assignments				
DATE	Incident/ Location	TYPE	UNIT/PERSON	MISC

# Training Division

1268.1 Total Hours

December 2015



# December 2015

December 2015							January 2016						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5						1	2
6	7	8	9	10	11	12	3	4	5	6	7	8	9
13	14	15	16	17	18	19	10	11	12	13	14	15	16
20	21	22	23	24	25	26	17	18	19	20	21	22	23
27	28	29	30	31			24	25	26	27	28	29	30
							31						

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Nov 29 - Dec 5	<b>Nov 29</b>	<b>30</b>	<b>Dec 1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
			SDFD Engineers Exam (Training Facility; RSF-2 Training Room) - Training Facility 5:00pm				
Dec 6 - 12	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>
	B Shift 8:30am 10:30am Ropes and Knots (RSF-1 B shift) - Chri 9:00am 2:30pm Hands-only CPR at	8:00am SDFD Engineers Exam (Training Facility; RSF-2 Training Room) - Training Facility 5:00pm C Shift 8:00am 5:00pm RSF Fire Academy - Benz 9:00am 12:00pm Confi 1:30pm 4:30pm Confin	B Shift 8:00am 5:00pm RSF Fir 9:00am 12:00pm docu 12:30pm 1:00pm Pick 1:30pm 4:30pm EMS:d	C Shift 8:30am 11:30am EMS:D 1:30pm 4:30pm EMS:d 3:30pm 4:00pm Color 3:30pm 4:00pm Colori	B Shift 9:00am 12:00pm Confine Space by Vis 11:00am 12:00pm Zon 1:30pm 4:30pm Confin	C Shift 9:00am 12:00pm Confine Space by Vis 1:30pm 4:30pm	A Shift 12:00pm 1:00pm Station Tour (Station 2) - Julie E. Taber
Dec 13 - 19	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>
	C Shift 11:00am 11:30am E2614 Deliver Santa (Del Dios Water Distr 4:00pm 5:00pm 2613 - Deliver Santa Claus t	8:00am SDFD Engineers Exam (Training Facility; Training Facility; RSF-2 Training Room) - Training Facility 5:00pm A Shift 9:00am 12:00pm Confine Space by Vis 1:30pm 4:30pm Confine Space by Vis	B Shift 9:00am 12:00pm Confine Space by Vis 1:25pm 2:55pm 2613 - 1:30pm 4:30pm Confin	A Shift 10:20am 2:55pm 2613 - Hands-only CPR ( 1:00pm 4:00pm Inspections - Greg	B Shift	A Shift 9:00am 12:00pm Confine Space by Vis 9:00am 10:30am Fire I 1:30pm 4:30pm Confin	B Shift
Dec 20 - 26	<b>20</b>	<b>21</b>	<b>22</b>	<b>23</b>	<b>24</b>	<b>25</b>	<b>26</b>
	C Shift	B Shift 9:00am 10:00am Training Committee (RSF Station 1)	C Shift 9:30am 12:30pm Meeting with Ty Mullen, COR Security (RSF-1) - Activity Calendar	A Shift	C Shift	A Shift	C Shift
Dec 27 - Jan 2	<b>27</b>	<b>28</b>	<b>29</b>	<b>30</b>	<b>31</b>	<b>Jan 1, 16</b>	<b>2</b>
	A Shift	B Shift	A Shift 9:00am 12:00pm D/O Training (RSF2) - Marshall W. Jordan	B Shift 8:45am 11:45am Captains Meeting (Rancho Santa Fe Sta 4) - Activity Calendar	C Shift		

**Rancho Santa Fe Fire Protection District**  
**Fire Prevention Bureau Monthly Activity Summary**  
**December 2015**

**PLAN REVIEW**

<b>RESIDENTIAL PLAN REVIEWS</b>		
	<b>Number of Structures</b>	<b>Sq Footage</b>
Fire Marshal	2	1,829
Fire Inspector	2	3,832
Fire Inspector/Forester	4	21,739
<b>TOTAL</b>	<b>8</b>	<b>27,400</b>
<b>RESIDENTIAL ADDITIONS</b>		
	<b>Original Sq Footage</b>	<b>Added Sq Footage</b>
Fire Marshal	0	0
Fire Inspector	18,047	7,452
Fire Inspector/Forester	3,205	1,013
<b>TOTAL</b>	<b>21,252</b>	<b>8,465</b>
<b>COMMERCIAL PLAN REVIEWS</b>		
	<b>Number of Structures</b>	<b>Sq Footage</b>
Fire Marshal	0	0
Fire Inspector	0	0
Fire Inspector/Forester	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>
<b>TOTAL NEW CONSTRUCTION</b>		
<b>Based on permitted Sq footage</b>	<b>Total Added</b>	<b>35,865</b>
<b>FIRE SPRINKLER REVIEWS</b>		
	<b>Commercial</b>	<b>Residential</b>
Fire Marshal	2	0
Fire Inspector	0	6
Fire Inspector/Forester	0	0
<b>TOTAL</b>	<b>2</b>	<b>6</b>
<b>TENANT IMPROVEMENTS</b>		
	<b>Number of Structures</b>	<b>Sq Footage</b>
Fire Marshal	0	0
Fire Inspector	0	0
Fire Inspector/Forester	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>
<b>LANDSCAPE REVIEWS</b>		
	<b>Number of Reviews</b>	<b>Staff Hours</b>
Fire Marshal	0	0.00
Fire Inspector	0	0.00
Fire Inspector/Forester	23	9.75
<b>TOTAL</b>	<b>23</b>	<b>9.75</b>

**Rancho Santa Fe Fire Protection District**  
**Fire Prevention Bureau Monthly Activity Summary**  
**December 2015**

**SERVICES PROVIDED- FIRE PREVENTION**

<b>DPLU -All Staff</b>	<b>Number</b>	<b>Staff Hours</b>
Project Availability Forms	2	2.00
Use Permits	0	0.00
Zaps	0	0.00
Administrative Review	2	2.00
Habit Plans	0	0.00
Approval Letters	0	0.00
CWPP/FPP	0	0.00
<b>TOTAL</b>	<b>4</b>	<b>4.00</b>

<b>INSPECTION SERVICES- All Staff</b>	<b>Number of Inspections</b>	<b>Staff Hours</b>
Undergrounds	1	0.50
Hydros (Fire Sprinklers)	26	25.50
Finals (Structures)	23	26.00
Landscape	6	3.00
Reinspections	0	0.00
Tents/Canopy	11	3.50
Burn Permits	0	0.00
Department of Social Service Licensing	0	0.00
Knox/Strobe	1	0.50
Code Enforcement	0	0.00
Engine Company Follow Up	1	0.50
Misc.	0	0.00
<b>TOTAL</b>	<b>69</b>	<b>59.50</b>

<b>HAZARD INSPECTIONS - All Staff</b>	<b>Number of Inspections</b>	<b>Staff Hours</b>
Weed Abatement Inspection	10	0.00
Weed Abatement Reinspection	58	0.00
1st Notice	58	0.00
2nd Notice	21	5.25
Final Notice	8	2.00
Forced Abatement	0	0.00
Postings	0	0.00
Annual Mailers	0	0.00
Homeowner Meeting	0	0.00
WUI	0	0.00
<b>TOTAL</b>	<b>155</b>	<b>7.25</b>

<b>GRADING -All Staff</b>	<b>Number of Inspections</b>	<b>Staff Hours</b>
Plan Review	5	4.50
<b>TOTAL</b>	<b>5</b>	<b>4.50</b>

**Rancho Santa Fe Fire Protection District**  
**Fire Prevention Bureau Monthly Activity Summary**  
**December 2015**

**ADMINISTRATIVE SERVICES- FIRE PREVENTION**

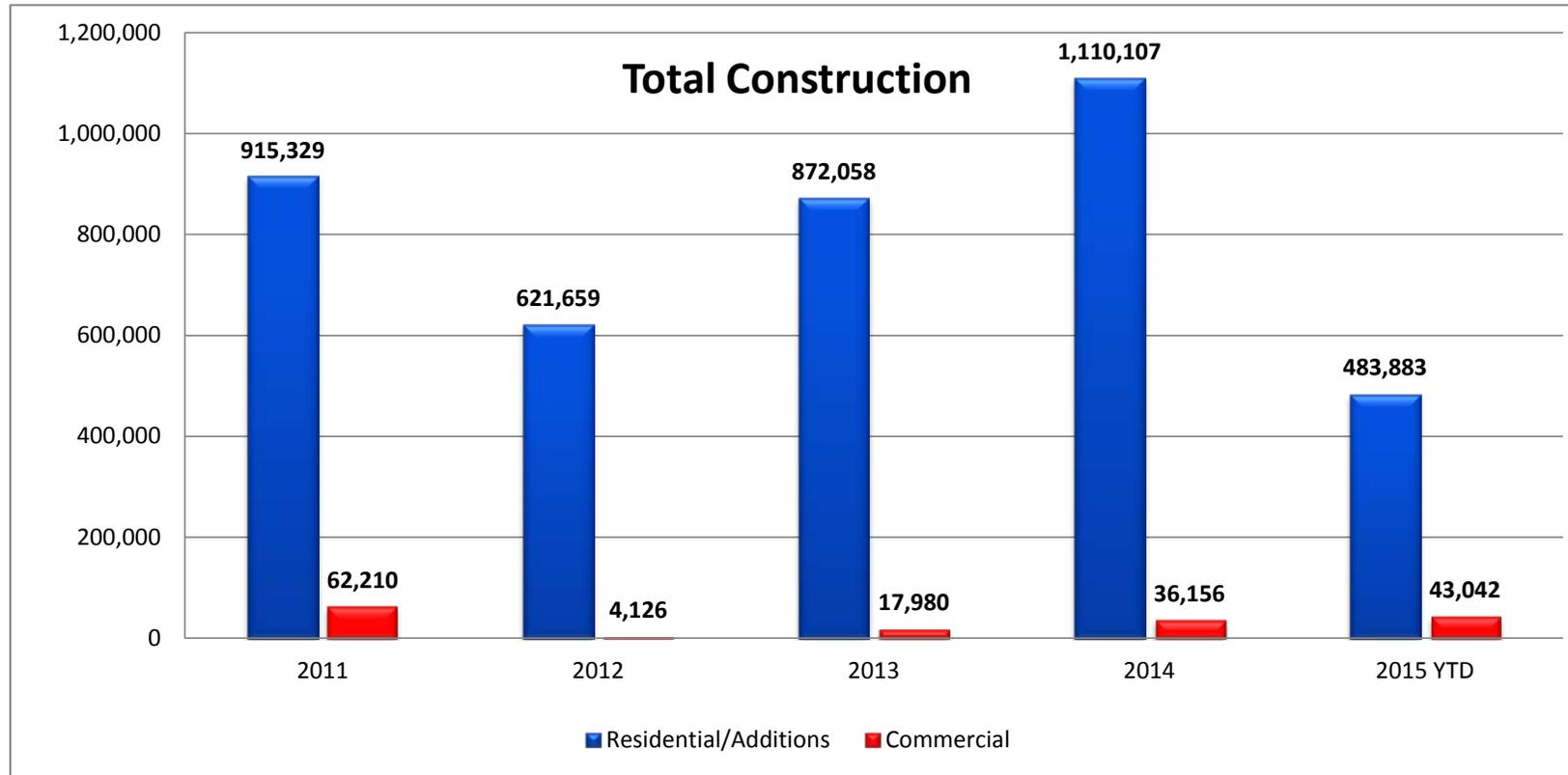
<b>SPECIAL ACTIVITIES/EDUCATION-All Staff</b>	<b>Number</b>	<b>Staff Hours</b>
GIS Mapping	0	0.00
CalFire Crew Projects	0	0.00
Hazmat	0	0.00
Emergency Response/Support	5	20.00
Training Classes	0	0.00
Conferences	0	0.00
Meetings	24	32.00
Other	0	0.00
Supervision	0	0.00
Fuels Reduction	0	0.00
<b>TOTAL</b>	<b>29</b>	<b>52.00</b>

<b>FIRE PREVENTION -All Staff</b>	<b>Number</b>	<b>Staff Hours</b>
Incoming Phone Calls	267	66.75
Correspondence	137	34.25
Consultations	64	64.00
Plan Review	64	64.00
Scanning	72	18.00
General Office	162	162.00
<b>TOTAL</b>	<b>766</b>	<b>409.00</b>

**ADMINISTRATIVE SERVICES- OFFICE SUPPORT**

<b>OFFICE COORDINATOR-PREVENTION</b>	<b>Number</b>	<b>Staff Hours</b>
Phone Calls (All Administrative Staff) Internal & External	561	28.05
Correspondence	196	49.00
Walk in/Counter (All Administrative Staff)	162	13.50
Knox Application Request	5	1.25
UPS Outgoing Shipments	5	0.42
Plan Accepted/Routed	64	16.00
Special Projects	5	5.00
Scanning Documents/Electronic Files	75	18.75
Meetings: Admin/Prevention/Admin Shift	8	4.00
Post Office Runs	3	1.50
Deposit runs and preparations	16	8.00
<b>TOTAL</b>	<b>1,100</b>	<b>145.47</b>

**Rancho Santa Fe Fire Protection District**  
**Fire Prevention Bureau Monthly Activity Summary**  
**December 2015**

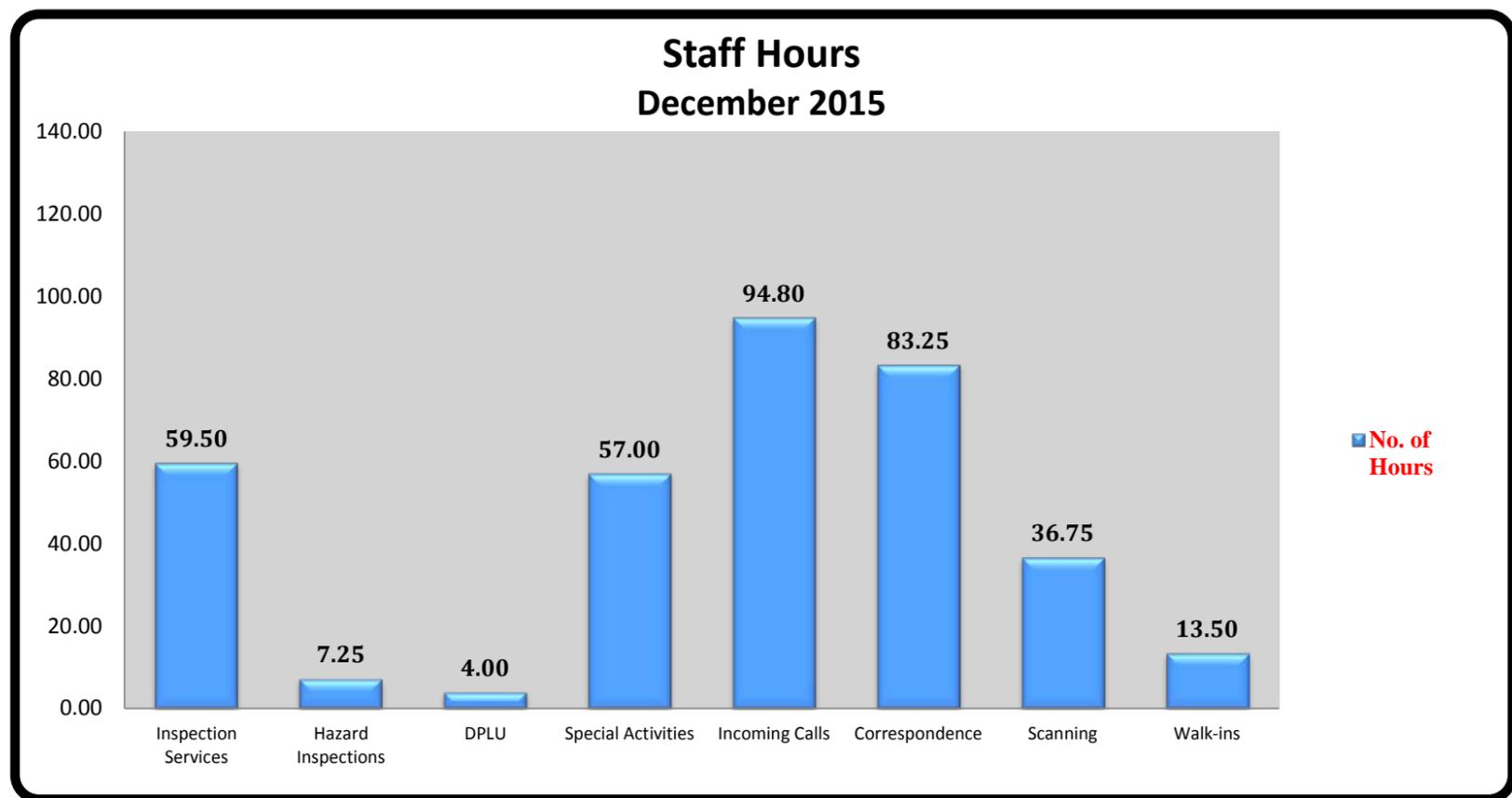
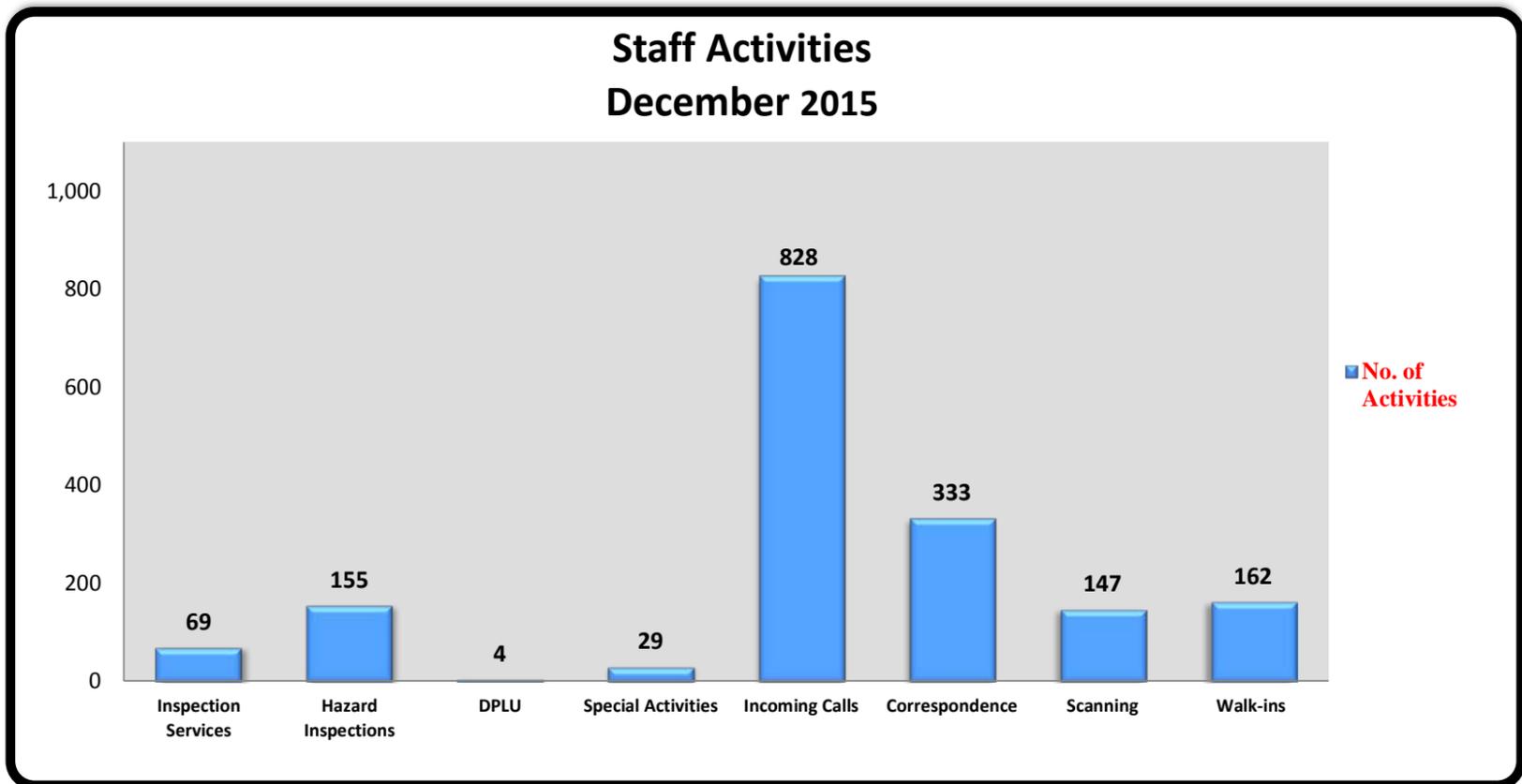


Year	Res/Add	Comm	Total
2011	915,329	62,210	977,539
2012	621,659	4,126	625,785
2013	872,058	17,980	890,038
2014	1,110,107	36,156	1,146,263
2014 YTD	1,110,107	36,156	1,146,263
2015 YTD	483,883	43,042	526,925

Comparison 2014/2015 Total Square Footage

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2014</b>	66,782	12,561	52,601	77,293	157,035	19,168	55,817	111,794	57,680	189,713	8,606	337,213
<b>2015</b>	75,647	30,699	21,404	46,109	51,601	46,651	89,960	20,996	25,861	70,781	47,216	35,865

**Rancho Santa Fe Fire Protection District**  
**Fire Prevention Bureau Monthly Activity Summary**  
**December 2015**



**Comparison 2014/2015 Total Monthly Hours/Activities**

2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Activities</b>	1592	1662	1776	1958	2653	3649	5058	3997	1952	1844	2143	1261
<b>Hours</b>	269.25	325.08	334.35	334.05	433.25	536.95	668.32	667.33	404.8	413.03	389.88	99.50

2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Activities</b>	1761	1490	2001	1985	1771	2474	2561	2189	2104	2145	1811	1727
<b>Hours</b>	423.45	301.18	411.9	416.92	323.8	486.28	444.52	422.95	387.67	414	402.48	356.05

NOTE: This summary report is not intended to capture all staff hours worked but only to illustrate activity.

**Rancho Santa Fe Fire Protection District**  
**Fire Prevention Bureau Monthly Activity Summary**  
**December 2015**

<b>WEBSITE/INTERNET</b>		<b>Staff Hours</b>
<b>Update existing info &amp; documents:</b>		<b>6.0</b>
<i>Updated home page, news, etc</i>		3.0
<i>Updated Holiday Safety info and pages</i>		3.0
		0.0
<b>Compile &amp; write new information:</b>		<b>10.0</b>
<i>New Website Development</i>		10.0
<b>Social Media</b>		<b>6.0</b>
<i>Facebook "Fans" - 712</i>		4.0
<i>Twitter "Followers" - 2044</i>		2.0
<b>TOTAL</b>		<b>22.0</b>
<b>PUBLICATIONS</b>		<b>Staff Hours</b>
<b>Design/write brochures, flyers, etc:</b>		<b>6.0</b>
<i>Evacuation Brochures</i>		1.0
<i>El Niño posters/flyers</i>		5.0
<b>TOTAL</b>		<b>6.0</b>

**Rancho Santa Fe Fire Protection District**  
**Fire Prevention Bureau Monthly Activity Summary**  
**December 2015**

<b>MEDIA RELATIONS</b>	<b>Staff Hours</b>
<b>On-scene Public Information Officer:</b>	<b>0.0</b>
<b>Press Releases:</b>	<b>2.0</b>
<i>Winter Home Safety Press Release</i>	1.0
<i>Toy Drive</i>	1.0
<b>Other Articles/Stories/Interviews:</b>	<b>1.0</b>
<i>Don't Drink and Drive Ad</i>	1.0
<b>TOTAL</b>	<b>3.0</b>

<b>EDUCATIONAL PROGRAMS/PRESENTATIONS</b>	<b>Staff Hours</b>
<b>Children's Programs</b>	<b>22.0</b>
<i>Coloring Contest Voting</i>	12.0
<i>Station Tours</i>	4.0
<i>Hands-only CPR at Horizon Prep</i>	6.0
<b>Adult Programs:</b>	<b>8.0</b>
<i>Hands-only CPR at RSF Farmers Market</i>	8.0
<b>TOTAL</b>	<b>30.0</b>

**Rancho Santa Fe Fire Protection District**  
**Fire Prevention Bureau Monthly Activity Summary**  
**December 2015**

<b>EVENTS</b>		<b>Staff Hours</b>
<b>External/Community Events:</b>		<b>1.0</b>
<i>Pick up Toys for Tots from Women's Golf Club</i>		1.0
<b>Internal Events:</b>		<b>0.0</b>
		<b>0.0</b>
<b>TOTAL</b>		<b>1.0</b>
<b>CONTINUING EDUCATION</b>		<b>Staff Hours</b>
<b>Training Classes:</b>		<b>0.0</b>
<b>Conferences:</b>		<b>0.0</b>
<b>Meetings:</b>		<b>4.0</b>
<i>Staff meetings</i>		4.0
<i>Shift Meeting</i>		0.0
<i>CSA 17 Pub Ed</i>		0.0
<i>So Cal Pub Ed</i>		
<b>TOTAL</b>		<b>4.0</b>
<b>CLERICAL</b>		<b>Staff Hours</b>
<b>Prevention-related:</b>		<b>48.0</b>
<i>Mailbox, email inbox, phone calls, news clips, etc.</i>		42.0
<i>Phone Calls</i>		6.0
<b>Non-prevention/non-minute related:</b>		<b>21.0</b>
<b>TOTAL</b>		<b>69.0</b>
<b>TOTAL HOURS</b>		<b>135.0</b>



**South Lake County Fire Protection District**  
in cooperation with  
**California Department of Forestry and Fire Protection**

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P.O. Box 1360 Middletown, CA 95461 - (707) 987-3089

December 14, 2015

Rancho Santa Fe Fire Protection District  
18027 Calle Ambiente  
P.O. Box 410  
Rancho Santa Fe, CA 92067-0410

Chief Tony Michel,

The Board of Directors of the South Lake County Fire Protection District humbly thanks your department for responding to the Valley Fire. About 200 fire departments helped to contain the fire that is now known to be the third worst fire in California, destroying more than 1,100 homes and consuming about one third of the Fire District.

The outpouring of donations has been overwhelming. This generosity will aid in helping our community as we rebuild.

We again thank you for your courageous efforts and offer the enclosed certificate as a token of our appreciation.

Respectfully,

SOUTH LAKE COUNTY FIRE PROTECTION DISTRICT

Madelyn Martinelli  
President, Board of Directors

/gf



# South Lake County Fire Protection District

County of Lake, State of California



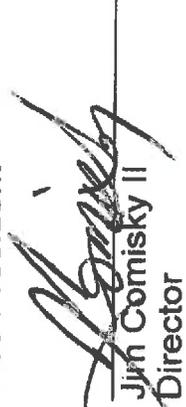
The community is genuinely grateful  
to you for keeping them safe.

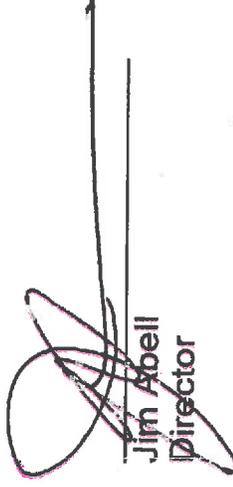
The Board of Directors wishes to thank  
**Rancho Santa Fe Fire Protection District**  
for responding to the Valley Fire.

  
Madelyn Martinelli  
President

  
Theresa Foster  
Vice President

  
Rob Bostock  
Director

  
Jim Comisky II  
Director

  
Jim Abell  
Director

December 14, 2015

COUNTY CONTRACT NUMBER (*Insert Number*)  
**AGREEMENT WITH RANCHO SANTA FE FIRE PROTECTION DISTRICT FOR FIRE PROTECTION AND  
 EMERGENCY SERVICES FOR HARMONY GROVE VILLAGE**

This Agreement ("Agreement") is made and entered into on the date shown on the signature page ("Effective Date") by and between the County of San Diego, a political subdivision of the State of California ("County") and the Rancho Santa Fe Fire Protection District ("District"), with reference to the following facts:

**RECITALS**

- A. WHEREAS, the County, by action of the Board of Supervisors on June 18, 2013, Minute Order No. 4, authorized the Director of Purchasing and Contracting to negotiate new contracts with fire agencies, and upon successful negotiation and determination of a fair and reasonable price, award contracts to improve fire protection and emergency response services in the unincorporated area; and
- B. WHEREAS, the County of San Diego desires to contract with the Rancho Santa Fe Fire Protection District (RSFFPD) to provide fire protection services as described below on an interim basis, until the proposed reorganization of the RSFFPD and County Service Area No. 107 (CSA 107) is completed; and
- C. WHEREAS District is specially trained and possesses certain skills, experience, education and competency to perform these services; and
- D. WHEREAS District and County are empowered by law to provide fire protection services including fire suppression measures, fire protection measures and emergency response services; and
- E. WHEREAS the Chief Administrative Officer made a determination that District can perform the services more economically and efficiently than the County, pursuant to Section 703.10 of the County Charter; and
- F. WHEREAS the Agreement shall consist of this document, Exhibit A Statement of Work, Exhibit B Insurance Requirements, Exhibit C, Payment Schedule, and Exhibit D, License. In the event that any provision of the Agreement or its Exhibits, A, B or C, conflicts with any other term or condition, precedence shall be: First (1st) the Agreement; Second (2nd) Exhibit B; Third (3rd) Exhibit A; Fourth (4th) Exhibit C; Fifth (5<sup>th</sup>) Exhibit D.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

**ARTICLE 1**  
**PERFORMANCE OF WORK**

- 1.1 Standard of Performance. District shall, in good and workmanlike manner and in accordance with the highest professional standards, at its own cost and expense, furnish all of the labor, technical, administrative, professional and all other personnel, all supplies and materials, equipment, printing, transportation, facilities, and all other means whatsoever, except as herein otherwise expressly specified to be furnished by County, necessary or proper to perform and complete the work and provide the services required of District by this Agreement.
- 1.2 District's Representative. The person identified on the signature page ("District's Representative") shall ensure that District's duties under this Agreement shall be performed on behalf of the District by qualified personnel; District represents and warrants that (1) District has fulfilled all applicable requirements of the laws of the State of California to perform the services under this Agreement and (2) District's Representative has full authority to act for District hereunder. District and County recognize that the services to be provided by District's Representative pursuant to this Agreement are unique: accordingly, District's Representative shall not be changed during the Term of the Agreement without County's written consent. County reserves the right to terminate this Agreement pursuant to Clause 7.1 "Termination for Default", if District's Representative should leave District's employ, or if, in County's judgment, the work hereunder is not being performed by District's Representative.
- 1.3 District as Independent Contractor. District is, for all purposes of this Agreement, an independent Contractor, and neither District nor District's employees or subcontractors shall be deemed to be employees of the County. District shall perform its obligations under this Agreement according to the District's own means and methods of work which shall be in the exclusive charge and under the control of the District, and which shall not be subject to control or supervision by County except as to the results of the work. Neither District nor District's employees or subcontractors shall be entitled to any benefits to which County employees are entitled, including without limitation, overtime, retirement benefits, workers' compensation benefits and injury leave.
- 1.4 District's Agents and Employees or Subcontractors. District shall obtain, at District's expense, all agents, employees and subcontractors required for District to perform its duties under this Agreement, and all such services shall be performed by District's Representative, or under District's Representative supervision, by persons authorized by law to perform such services. Retention by District of any agent, employee or subcontractor shall be at District's sole cost and expense, and County shall have no obligation to pay District's agents, employees or subcontractors; to support any such person's or entity's claim against the District; or to defend District against any such claim.

**552828**

**COUNTY CONTRACT NUMBER (Insert Number)**

**AGREEMENT WITH RANCHO SANTA FE FIRE PROTECTION DISTRICT FOR FIRE PROTECTION AND EMERGENCY SERVICES FOR HARMONY GROVE VILLAGE**

Any subcontract or consultant agreement, which is in excess of fifty thousand dollars (\$50,000) or twenty five percent (25%) of the value of the contract, whichever is less, or a combination of subcontracts or consultant agreements to the same individual or firm for the Agreement period, or any subcontract or consultant agreement for professional medical or mental health services, regardless of value, must have prior concurrence of the Contracting Officer's Representative ("COR"). District shall provide Contracting Officer Representative with copies of all other subcontracts relating to this Agreement entered into by District within 30 days after the effective date of the subcontract. Such subcontractors of District shall be notified of District's relationship to County. "Subcontractor" means any entity, other than County, that furnishes to District services or supplies relevant to this Agreement other than standard commercial supplies, office space, and printing services.

- 1.4.1 District Responsibility. In the event any subcontractor is utilized by District for any portion of the project, District retains the prime responsibility for carrying out all the terms of this Agreement, including the responsibility for performance and insuring the availability and retention of records of subcontractors in accordance with this Agreement. No subcontract utilizing funds from this Agreement shall be entered into which has a term extending beyond the ending date of this Agreement.
- 1.4.2 Mandated Clause. All subcontracts shall include the Standard Terms and Conditions required of District Articles 3, 7, 8, 9, 10, 11, 12, 13, 14 and 16 herein.
- 1.4.3 County Approval. As identified above, all subcontracts under this Agreement shall have prior written approval of the Contracting Officer Representative.

**ARTICLE 2**  
**SCOPE OF WORK**

- 2.1 Statement of Work. District shall perform the work described in the "Statement of Work" attached as Exhibit "A" to this Agreement, and by this reference incorporated herein, except for any work therein designated to be performed by County.
- 2.2 Right To Acquire Equipment and Services. Nothing in this Agreement shall prohibit the County from acquiring the same type or equivalent equipment and/or service from other sources, when deemed by the County to be in its best interest.
- 2.3 Responsibility For Equipment. For cost reimbursement Agreements, County shall not be responsible nor be held liable for any damage to persons or property consequent upon the use, misuse, or failure of any equipment used by District or any of District's employees, even though such equipment may be furnished, rented, or loaned to District by County. The acceptance or use of any such equipment by District or District's employees shall be construed to mean that District accepts full responsibility for and agrees to exonerate, indemnify and hold harmless County from and against any and all claims for any damage whatsoever resulting from the use, misuse, or failure of such equipment, whether such damage be to the employee or property of District, other Contractors, County, or other persons. Equipment includes, but is not limited to material, computer hardware and software, tools, or other things.
  - 2.3.1 District shall repair or replace, at District's expense all County equipment or fixed assets that are damaged or lost as a result of District negligence.
- 2.4 Non-Expendable Property Acquisition. County retains title to all non-expendable property provided to District by County, or which District may acquire with funds from this Agreement if payment is on a cost reimbursement basis, including property acquired by lease purchase Agreement. District may not expend funds under this Agreement for the acquisition of non-expendable property having a unit cost of \$5,000 or more and a normal life expectancy of more than one year without the prior written approval of Contracting Officer Representative. District shall maintain an inventory of non-expendable equipment, including dates of purchase and disposition. Inventory records on non-expendable equipment shall be retained, and shall be made available to the County upon request, for at least three years following date of disposition. Non-expendable property that has value at the end of a contract (e.g. has not been depreciated so that its value is zero), and which the County may retain title under this paragraph, shall be disposed of at the end of the Agreement as follows: At County's option, it may: 1) have District deliver to another County contractor or have another County contractor pick up the non-expendable property; 2) allow the District to retain the non-expendable property provided that the District submits to the County a written statement in the format directed by the County of how the non-expendable property will be used for the public good; or 3) direct the District to return to the County the non-expendable property.

**ARTICLE 3**  
**DISENTANGLEMENT**

3.1 General Obligations

At County's discretion, District shall accomplish a complete transition of the services as set forth in Exhibit A to this Agreement (for purposes of this Article 3.1, these shall be referred to as the "Disentangled Services") being terminated

**552828**

**COUNTY CONTRACT NUMBER (Insert Number)**

**AGREEMENT WITH RANCHO SANTA FE FIRE PROTECTION DISTRICT FOR FIRE PROTECTION AND EMERGENCY SERVICES FOR HARMONY GROVE VILLAGE**

from District and the Subcontractors to County, or to any replacement provider designated by County, without any interruption of or adverse impact on the Disentangled Services or any other services provided by third parties. This process shall be referred to as the Disentanglement. District shall fully cooperate with County and any new service provider and otherwise promptly take all steps, including, but not limited to providing to County or any new service provider all requested information or documentation, required to assist County in effecting a complete Disentanglement. District shall provide all information or documentation regarding the Disentangled Services or as otherwise needed for Disentanglement, including, but not limited to, data conversion, client files, interface specifications, training staff assuming responsibility, and related professional services. District shall provide for the prompt and orderly conclusion of all work required under the Agreement, as County may direct, including completion or partial completion of projects, documentation of work in process, and other measures to assure an orderly transition to County or the County's designee of the Disentangled Services. All District work done as part of the Disentanglement shall be performed by District and will be reimbursed by the County at no more than District's costs, up to the total amount of this Agreement. District shall not receive any additional or different compensation for the work otherwise required by the Agreement. District's obligation to provide the Services shall not cease until the earlier of the following: 1) The Disentanglement is satisfactory to County, including the performance by District of all asset-transfers and other obligations of District provided in this Paragraph, has been completed to the County's reasonable satisfaction or 2) twelve (12) months after the Expiration Date of the Agreement.

**3.2 Disentanglement Process**

The Disentanglement process shall begin on any of the following dates: (i) the date County notifies District that no funds or insufficient funds have been appropriated so that the Term shall be terminated pursuant to the Agreement, Article 7; (ii) the date designated by County not earlier than sixty (60) days prior to the end of any initial or extended term that County has not elected to extend pursuant to the Agreement's, Signature Page, Contract Term; or (iii) the date any Termination Notice is delivered, if County elects to terminate any or all of the Services pursuant to the Agreement, Article 7. Subject to Exhibit A District's obligation to perform Disentangled Services, and County's obligation to pay for Disentangled Services, shall expire: (A) when funds appropriated for payment under this Agreement are exhausted, as provided in this Agreement, Article 7; (B) at the end of the initial or extended term set forth in this Agreement's, Signature Page, Contract Term; or (C) on the Termination Date, pursuant to this Agreement, Article 7 (with the applicable date on which District's obligation to perform the Services expires being referred to herein as the "Expiration Date"). District and County shall discuss in good faith a plan for determining the nature and extent of District's Disentanglement obligations and for the transfer of the Disentangled Services in process provided, however, that District's obligation under this Agreement to provide all Disentangled Services shall not be lessened in any respect.

**3.3 Specific Obligations**

The Disentanglement shall include the performance of the following specific obligations:

**3.3.1 No Interruption or Adverse Impact**

District shall cooperate with County and all of the County's other service providers to ensure a smooth transition at the time of Disentanglement, with no interruption of Disentangled Services or other work required under the Agreement, no adverse impact on the provision of Disentangled Services or other work required under the Agreement or County's activities, no interruption of any services provided by third parties, and no adverse impact on the provision of services provided by third parties.

**3.3.2 Third-Party Authorizations**

Without limiting the obligations of District pursuant to any other clause in Exhibit A herein, District shall, subject to the terms of any third-party contracts, procure at no charge to County any third-party authorizations necessary to grant County the use and benefit of any third-party contracts between District and third-party contractors used to provide the Disentangled Services, pending their assignment to County. Similarly, at County's direction, District shall obtain all legally necessary client consents or authorizations legally necessary to transfer client data to County or any new service provider.

3.3.2.1

**3.3.3 Delivery of Documentation**

District shall deliver to County or its designee, at County's request, all documentation and data related to County, including, but not limited to, the County Data and client files, held by District, and District shall destroy all copies thereof not turned over to County, all at no charge to County. Notwithstanding the foregoing, District may retain one (1) copy of the documentation and data, excluding County Data, for archival purposes or warranty support.

**3.4 Findings Confidential.** Any reports, information, data, etc., given to or prepared or assembled by District under this Agreement which the County requests to be kept as confidential shall not be made available to any individual or organization by the District without the prior written approval of the County.

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- 3.5 Publication, Reproduction or Use of Materials. No material produced, in whole or in part, under this Agreement shall be subject to copyright in the United States or in any other country. The County shall have unrestricted authority to publish, disclose, distribute and otherwise use, in whole or in part, any reports, data or other materials prepared under this Agreement. All reports, data and other materials prepared under this Agreement shall be the property of the County upon completion of this Agreement.

**ARTICLE 4**  
**COMPENSATION**

The Payment Schedule, and/or budget are in Exhibit C and the compensation is on the Signature page. County will pay District the agreed upon price(s), pursuant to Exhibit C for the work specified in Exhibit A, Statement of Work. The County is precluded from making payments prior to receipt of services (advance payments). District shall provide and maintain an accounting and financial support system to monitor and control costs to assure completion of the Agreement. Invoices are subject to the requirements below.

4.1 Fiscal for Cost Reimbursement (Rev. 7/15/08)

- 4.1.1 General Principles. District shall, comply with generally accepted accounting principles and good business practices, including all applicable cost principles published by the Federal Office of Management and Budget (OMB), including A-122, which can be viewed at <http://www.whitehouse.gov/omb/circulars>. For-profit organizations shall use cost principles for commercial organizations set forth in the FAR (48 CFR part 31.2) to determine allowable costs. District shall comply with all federal, State and other funding source requirements. District shall, at its own expense, furnish all cost items associated with this Agreement except as herein otherwise specified in the budget or elsewhere to be furnished by County. District shall submit annually to the County a cost allocation plan in accordance with OMB guidelines.
- 4.1.2 Travel Restrictions. Allowable travel costs as provided in the applicable cost principles may not exceed those established by the General Services Administration (GSA) available on-line at <http://www.gsa.gov/portal/category/21287>
- 4.1.3 Agreement Budget. In no event shall the Exhibit C Agreement budget total be increased or decreased prior to County approved Agreement amendment. In no event shall County pay District in excess of the amount identified on the Signature Page.
- 4.1.4 Administrative Adjustment. The COR may make administrative Agreement adjustments to change or modify the budget as long as the total Agreement amount or Agreement term is not modified.
- 4.1.5 Agreement Amendment. An Agreement amendment signed by the Contracting Officer is required to modify the total Agreement amount or Agreement term.

4.2 Invoices and Payment

- 4.2.1 Invoices For Reimbursement. District shall submit properly executed annual invoices to the Contracting Officer's Representative ("COR") for reimbursement of allowable costs associated with the work performed in the prior fiscal year. Payments will be paid as described in paragraph 4.2.2 below. District's annual invoices shall be completed and submitted in accordance with written COR instructions and shall include a statement certifying whether it is in compliance with the debarment and suspension paragraph within Article 8.
- 4.2.2 Payments. County agrees to reimburse District after receipt of properly completed invoice. County will reimburse pursuant to the terms of Exhibit B. District shall maintain supporting documentation of expenses as specified in Articles 11 and 13. Payments will be made in arrears after receipt of properly completed invoice approved by the COR. Payment shall be NET 30 days from receipt and approval of invoice unless otherwise stated.
- 4.2.3 Full Compensation. Pending any adjustments by the COR, each invoice approved and paid shall constitute full and complete compensation to District for the invoice. This Agreement constitutes the entire Agreement between District and County. District shall be entitled only to reimbursement for allowable, allocable and reasonable costs associated with services pursuant to Exhibit A.
- 4.2.4 Final Fiscal Year End Settlements. District shall submit the final invoice for reimbursement for services performed during the County fiscal year by the final fiscal year settlement date, which will be established by each department. This settlement date shall be no more than 60 calendar days from the end of the County fiscal year. County may, in its sole discretion, choose to not process invoices for reimbursement for services performed during that fiscal year after this date. The County fiscal year shall be defined as July 1, through June 30, unless otherwise defined in this Agreement.
- 4.2.5 Final Agreement Settlement Date. District shall submit the final invoice for reimbursement for services performed during the final fiscal year of the contract by the final contract settlement date, which shall be no more than 60

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calendar days from the final date of the contract services. County may, in its sole discretion, choose to not process invoices for reimbursement for services performed during the final fiscal year of the contract after the final Agreement settlement date.

- 4.2.6 Availability of Funding. The County's obligation for payment of any Agreement beyond the current fiscal year is contingent upon the availability of funding from which payment can be made. No legal liability on the part of the County shall arise for payment beyond June 30 of the calendar year unless funds are designated by the County and are made available for such performance.

County shall, in its sole discretion, have the right to terminate or suspend this Agreement upon thirty (30) days' written notice to District in the event that Federal, State or County funding for this Agreement ceases or is reduced prior to the ordinary expiration of the term of this Agreement. In the event of reduction of funding for the Agreement, County and District shall meet within ten (10) days of written notice to renegotiate this Agreement based upon the modified level of funding. In this case if no Agreement is reached between County and District within 10 days of the first meeting, either party shall have the right to terminate this Agreement within ten (10) days written notice of termination.

In the event of termination of this Agreement in accordance with the terms of this Section, District shall be entitled to retain all sums paid as of the effective date of such termination, subject to any payment offset to which County may be entitled, for damages or otherwise, under the terms of this Agreement. In the event of termination of this Agreement pursuant to this Section, in no event shall District be entitled to any loss of profits on the portion of this Agreement so terminated, or to other compensation, benefits, reimbursements or ancillary services other than as herein expressly provided.

- 4.2.7 Conditions Prerequisite To Payments. County may elect not to make a particular payment if any of the following exists:

4.2.7.1 Misrepresentation. District, with or without knowledge, made any misrepresentation of substantial and material nature with respect to any information furnished to County.

4.2.7.2 Unauthorized Actions by Contractor. District took any action pertaining to this Agreement which required County approval, without having first received said County approval.

4.2.7.3 Default. District was in default under any terms and conditions of this Agreement.

4.2.7.4 Fees for Service. District implemented a schedule of fees to be charged to clients or third party client representatives without prior County approval.

- 4.2.8 Withholding Of Payment. County may withhold reimbursement until reports, data, audits, or other information required for Agreement administration or to meet County, State, Federal or other funding source reporting or auditing requirements are received and approved by COR or designee. County may also withhold payment if, in County's opinion, Contractor is in noncompliance with this Agreement.

- 4.2.9 Interpretation of Claim Provisions. As used in this Section, the term "claim" refers to a claim filed pursuant to San Diego County Code of Administrative Ordinances Article V-A, "Processing and Certification of Routine Claims." The term "claim" as used in this Article 4 does not refer to a claim filed pursuant to San Diego County Code of Administrative Ordinances, Article X, "Claims Against the County."

- 4.2.10 Severability Limits. Severability pertains only to those Agreements that originate in one fiscal year and end in another fiscal year. This Agreement is severable for and limited to the amounts in the attached budget. In no event shall District exceed the Severability Limits.

- 4.2.11 Disallowance. In the event District receives payment from County for a service, for which reimbursement is later disallowed by County, the State, the Federal government, or any other funding source, Contractor shall promptly refund the disallowed amount to County on request, or County may offset the amount disallowed from any payment due to or to become due to District under this Agreement or any other Agreement. Similarly, a disallowance under a prior Agreement may be offset against this Agreement.

- 4.2.12 Partial Payment. If District fails to perform specified services, provide specified products or perform services or provide products timely and in accordance with specified requirements, District shall be paid only the reasonable cost for the services performed or products provided for the payment period as determined by the COR.

- 4.2.13 Project Generated Revenue. Project Generated Revenue realized by District in excess of the Agreement budget shall be utilized in support of the Project.

4.2.13.1 Project Generated Revenue and Expenditures shall be reported at the end of the Agreement period.

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4.2.13.2 With COR approval, District may expend a remaining balance of project generated revenue in the term of a subsequent County Agreement in support of this Project.

4.2.14 Rate of Expense. District shall control its rate of expense in relation to units of service and anticipated revenues.

4.2.15 District shall inform the COR when it is anticipated that the need for services will exceed the approved service units and budget; however, District's claim/invoice shall not exceed the approved budget.

Any records of revenues, expenditures and/or clinical records under this Agreement shall be subject to compliance with Federal, State or local laws or regulations and may be audited and/or reviewed by the County and/or the appropriate Federal, State or County District. In the event of an audit disallowance of any claimed cost which is subject to compliance with Federal, State or local law or regulations, District shall be liable for any costs or lost revenue resulting there from.

**ARTICLE 5**  
**AGREEMENT ADMINISTRATION**

5.1 County's Agreement Administrator. The Director of Purchasing and Contracting is designated as the Contracting officer ("Contracting Officer") and is the only County official authorized to make any Changes to this Agreement. The County has designated the individual identified on the signature page as the Contracting Officer's Representative ("COR")

5.1.1 County's COR will chair District progress meetings and will coordinate County's Agreement administrative functions. The COR is designated to receive and approve District invoices for payment, audit and inspect records, inspect District services, and provide other technical guidance as required. The COR is not authorized to change any terms and conditions of this Agreement. Only the Contracting Officer, by issuing a properly executed amendment to this Agreement, may make changes to the scope of work or total price.

5.1.2 Notwithstanding any provision of this Agreement to the contrary, County's COR may make Administrative Adjustments ("AA") to the Agreement, such as line item budget changes or adjustments to the service requirements, which do not change the purpose or intent of the Statement of Work, the Terms and Conditions, the Agreement period or the total Agreement price. Each AA shall be in writing and signed by COR and District. All inquiries about such AA will be referred directly to the COR.

5.2 Agreement Progress Meeting. The COR and other County personnel, as appropriate, will meet periodically with the District to review the Agreement performance. At these meetings the COR will apprise the District of how the County views the District's performance and the District will apprise the County of problems, if any, being experienced. The District shall also notify the Contracting Officer (in writing) of any work being performed, if any, that the District consider being over and above the requirements of the Agreement. Appropriate action shall be taken to resolve outstanding issues. The minutes of these meetings will be reduced to writing and signed by the COR and the District. Should the District not concur with the minutes, the District shall set out in writing any area of disagreement. Appropriate action will be taken to resolve any areas of disagreement.

**ARTICLE 6**  
**CHANGES**

6.1 Contracting Officer. The Contracting Officer may at any time, by a written order, make changes ("Changes"), within the general scope of this Agreement, in the definition of services to be performed, and the time (i.e.) hours of the day, days of the week, etc. and place of performance thereof. If any such Change causes an increase or decrease in the cost of, or the time required for, the performance of any part of the work under this Agreement, whether changed or not changed by such an order, an equitable adjustment shall be made in the Agreement price or delivery schedule, or both, and the Agreement shall be modified in writing accordingly. Such changes may require Board of Supervisors approval.

6.2 Claims. District must assert any claim for adjustment under this clause within thirty (30) days from the date of receipt by the District of the notification of Change; provided, however, that the Contracting Officer, if he decides that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment under this Agreement. Where the cost of property made obsolete or excess as a result of a change is included in the District's claim for adjustment, the Contracting Officer shall have the right to prescribe the manner of disposition of such property. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the clause of this Agreement entitled "Disputes" (Article 15). However, nothing in this clause shall excuse the District from proceeding with this Agreement as changed.

**ARTICLE 7**  
**SUSPENSION, DELAY AND TERMINATION**

7.1 Termination For Default. Upon District's breach of this Agreement, County shall have the right to terminate this Agreement, in whole or part. Prior to termination for default, County will send District written notice specifying the cause. The notice will

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give District ten (10) days from the date the notice is issued to cure the default or make progress satisfactory to County in curing the default, unless a different time is given in the notice. If County determines that the default contributes to the curtailment of an essential service or poses an immediate threat to life, health or property, County may terminate this Agreement immediately upon issuing oral or written notice to the District without any prior notice or opportunity to cure. In the event of termination under this Article, all finished or unfinished documents, and other materials, prepared by District under this Agreement shall become the sole and exclusive property of County.

If, after notice of termination of this Agreement under the provisions of this clause, it is determined for any reason that the District was not in default under the provisions of this clause, the rights and obligations of the parties shall, if this Agreement contains a clause providing for termination for convenience of the County, be the same as if the notice of termination had been issued pursuant to such clause.

- 7.2 County Exemption From Liability. In the event there is a reduction of funds made available by County to District under this or subsequent Agreements, the County of San Diego and its Departments, officers and employees shall incur no liability to District and shall be held harmless from any and all claims, demands, losses, damages, injuries, or liabilities arising directly or from such action.
- 7.3 Termination For Convenience. Either party may terminate this Agreement by giving 90 days' written notice to the other party.
- 7.4 Remedies Not Exclusive. The rights and remedies of County provided in this article shall not be exclusive and are in addition to any other rights and remedies provided by law or under resulting order.

**ARTICLE 8**

**COMPLIANCE WITH LAWS AND REGULATIONS**

- 8.1 Compliance with Laws and Regulations. District shall at all times perform their obligations hereunder in compliance with all applicable Federal, State, County, and local laws, rules, and regulations, current and hereinafter enacted, including facility and professional licensing and/or certification laws and keep in effect any and all licenses, permits, notices and certificates as are required. District shall further comply with all laws applicable to wages and hours of employment, occupational safety, and to fire safety, health and sanitation.
- 8.2 Contractor Permits and License. District certifies that it possesses and shall continue to maintain or shall cause to be obtained and maintained, at no cost to the County, all approvals, permissions, permits, licenses, and other forms of documentation required for it and its employees to comply with all existing foreign or domestic statutes, ordinances, and regulations, or other laws, that may be applicable to performance of services hereunder. The County reserves the right to reasonably request and review all such applications, permits, and licenses prior to the commencement of any services hereunder.
- 8.3 Equal Opportunity. District shall comply with the provisions of Title VII of the Civil Rights Act of 1964 in that it will not discriminate against any individual with respect to his or her compensation, terms, conditions, or privileges of employment nor shall District discriminate in any way that would deprive or intend to deprive any individual of employment opportunities or otherwise adversely affect his or her status as an employee because of such individual's race, color, religion, sex, national origin, age, handicap, medical condition, sexual orientation or marital status.
- 8.4 Affirmative Action. Each Contractor of services and supplies employing fifteen (15) or more full-time permanent employees, shall comply with the Affirmative Action Program for Vendors as set forth in Article IIIk (commencing at Section 84) of the San Diego County Administrative Code, which program is incorporated herein by reference. A copy of this Affirmative Action Program will be furnished upon request by COR or from the County of San Diego Internet web-site ([www.co.san-diego.ca.us](http://www.co.san-diego.ca.us)).
- 8.5 Non Discrimination. District shall ensure that services and facilities are provided without regard to ethnic group identification, race, color, nation origin, creed, religion, age, sex, or physical, mental disability, political affiliation and marital status in accordance with Title IX of the Education Amendments of 1972; Title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000-d), the Age Discrimination of 1975 (42 U.S.C. 6101), Article 9.5, Chapter 1, Part 1, Division 2, Title 2 (Section 11135, et seq) of the California Government Code, Title 9, Chapter 4, Subchapter 6 (Section 10800, et seq.) of the CCR and California Dept of Social Services Manual of Policies and Procedures (CDSS MPP) Division 21.
- 8.6 AIDS Discrimination. District shall not deny any person the full and equal enjoyment of, or impose less advantageous terms, or restrict the availability of, the use of any County facility or participation in any County funded or supported service or program on the grounds that such person has Acquired Immune Deficiency Syndrome, AIDS-related complex (ARC), or AIDS-related status (ARS), as those terms are defined in Chapter 1, Section 32.1203, San Diego County Code of Regulatory Ordinances.

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- 8.7 American With Disabilities Act (ADA) 1990. District shall not discriminate against qualified people with disabilities in employment, public services, transportation, public accommodations and telecommunications services in compliance with the Americans with Disabilities Act (ADA) and California Administrative Code Title 24.
- 8.8 Political Activities Prohibited. None of the funds, provided directly or indirectly, under this Agreement shall be used for any political activities or to further the election or defeat of any candidate for public office. District shall not utilize or allow its name to be utilized in any endorsement of any candidate for elected office. Neither the Agreement nor any funds provided thereunder shall be utilized in support of any partisan political activities, or activities for or against the election of a candidate for an elected office.
- 8.9 Lobbying. District agrees to comply with the lobbying ordinances of the County and to assure that its officers and employees comply before any appearance before the County Board of Supervisors. Except as required by this Agreement, none of the funds provided under this Agreement shall be used for publicity or propaganda purposes designed to support or defeat any legislation pending before State and Federal Legislatures, the Board of Supervisors of the County, or before any other local governmental entity. This provision shall not preclude District from seeking necessary permits, licenses and the like necessary for it to comply with the terms of this Agreement.
- 8.10 Religious Activity Prohibited. There shall be no religious worship, instructions or proselytization as part of or in connection with the performance of this Agreement.
- 8.11 Drug and Alcohol-Free Workplace. The County of San Diego, in recognition of individual rights to work in a safe, healthful and productive work place, has adopted a requirement for a drug and alcohol free work place, County of San Diego Drug and Alcohol Use Policy C-25. This policy provides that all County-employed Contractors and District's employees shall assist in meeting this requirement.
- 8.11.1 As a material condition of this Agreement, the District agrees that the District and the District's employees, while performing service for the County, on County property, or while using County equipment:
- 8.11.1.1 Shall not be in any way impaired because of being under the influence of alcohol or a drug.
- 8.11.1.2 Shall not possess an open container of alcohol or consume alcohol or possess or be under the influence of an illegal drug.
- 8.11.1.3 Shall not sell, offer, or provide alcohol or an illegal drug to another person; provided, however, that the foregoing restriction shall not be applicable to District or District's employee who as part of the performance of normal job duties and responsibilities prescribes or administers medically prescribed drugs.
- 8.11.2 District shall inform all employees who are performing service for the County on County property or using County equipment of the County objective of a safe, healthful and productive work place and the prohibition of drug or alcohol use or impairment from same while performing such service for the County.
- 8.11.3 The County may terminate for default or breach this Agreement, and any other Agreement the District has with the County, if the District, or District's employees are determined by the Contracting Officer not to be in compliance with the conditions listed herein.
- 8.12 Hazardous Materials. District shall comply with all Environmental Laws and all other laws, rules, regulations, and requirements regarding Hazardous Materials, health and safety, notices, and training. District agrees that they will not store any Hazardous Materials at any County Facility for periods in excess of ninety (90) days or in violation of the applicable site storage limitations imposed by Environmental Law. District agrees to take, at its expense, all actions necessary to protect third parties, including, without limitation, employees and agents of the County, from any exposure to Hazardous Materials generated or utilized in its performance under this Agreement. District agrees to report to the appropriate governmental agencies all discharges, releases, and spills of Hazardous Materials that are required to be reported by any Environmental Law and to immediately notify the County of it. District shall not be liable to the County for the County's failure to comply with, or violation of, any Environmental Law. As used in this section, the term "Environmental Laws" means any and all federal, state or local laws or ordinances, rules, decrees, orders, regulations or court decisions (including the so-called "common law"), including, but not limited to, the Resource Conservation and Recovery Act, relating to hazardous substances, hazardous materials, hazardous waste, toxic substances, environmental conditions or other similar substances or conditions. As used in this section the term "Hazardous Materials" means any chemical, compound, material, substance or other matter that: (a) is a flammable, explosive, asbestos, radioactive nuclear medicine, vaccine, bacteria, virus, hazardous waste, toxic, overtly injurious or potentially injurious material, whether injurious or potentially injurious by itself or in combination with other materials; (b) is controlled, referred to, designated in or governed by any Environmental Laws; (c) gives rise to any reporting, notice or publication requirements under any

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Environmental Laws, or (d) is any other material or substance giving rise to any liability, responsibility or duty upon the County or Lessee with respect to any third person under any Environmental Laws.

**ARTICLE 9**  
**CONFLICTS OF INTEREST; CONTRACTOR'S CONDUCT**

- 9.1 Conflicts of Interest. District presently has no interest, including but not limited to other projects or independent Agreements, and shall not acquire any such interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. The District shall not employ any person having any such interest in the performance of this Agreement. District shall not hire County's employees to perform any portion of the work or services provided for herein including secretarial, clerical and similar incidental services except upon the written approval of County. Without such written approval, performance of services under this Agreement by associates or employees of County shall not relieve District from any responsibility under this Agreement.
- 9.3.1. California Political Reform Act and Government Code Section 1090 Et Seq. District acknowledges that the California Political Reform Act ("Act"), Government Code section 81000 et seq., provides that District hired by a public District, such as County, may be deemed to be a "public official" subject to the Act if the District advises the District on decisions or actions to be taken by the District. The Act requires such public officials to disqualify themselves from participating in any way in such decisions if they have any one of several specified "conflicts of interest" relating to the decision. To the extent the Act applies to District, District shall abide by the Act. In addition, District acknowledges and shall abide by the conflict of interest restrictions imposed on public officials by Government Code section 1090 et seq.
- 9.3 Limitation Of Future Agreements Or Grants. It is agreed by the parties to the Agreement that District shall be restricted in its future Contracting with the County to the manner described below. Except as specifically provided in this clause, District shall be free to compete for business on an equal basis with other companies.
- 9.3.1 If District, under the terms of the Agreement, or through the performance of tasks pursuant to this Agreement, is required to develop specifications or statements of work and such specifications or statements of work are to be incorporated into a solicitation, District shall be ineligible to perform the work described within that solicitation as a prime or subcontractor under an ensuing County Agreement. It is further agreed, however, that County will not, as additional work, unilaterally require District to prepare such specifications or statements of work under this Agreement.
- 9.3.2 District may not apply for nor accept additional payments for the same services contained in the Statement of Work.

**ARTICLE 10**  
**INDEMNITY AND INSURANCE**

- 10.1 Indemnity. County shall not be liable for, and District shall defend and indemnify County and the employees and agents of County (collectively "County Parties"), against any and all claims, demands, liability, judgments, awards, fines, mechanics' liens or other liens, labor disputes, losses, damages, expenses, charges or costs of any kind or character, including attorneys' fees and court costs (hereinafter collectively referred to as "Claims"), related to this Agreement or the work covered by this Agreement and arising either directly or indirectly from any act, error, omission or negligence of District or its Contractors, licensees, agents, servants or employees, including, without limitation, Claims caused by the sole passive negligent act or the concurrent negligent act, error or omission, whether active or passive, of County Parties. District shall have no obligation, however, to defend or indemnify County Parties from a Claim if it is determined by a court of competent jurisdiction that such Claim was caused by the sole negligence or willful misconduct of County Parties.
- 10.2 Insurance. Prior to execution of this Agreement, District must obtain at its own cost and expense, and keep in force and effect during the term of this Agreement, including all extensions, the insurance specified in Exhibit "B," "Insurance Requirements," attached hereto.

**ARTICLE 11**  
**AUDIT AND INSPECTION OF RECORDS**

The County shall have the audit and inspection rights described in this section.

- 11.1 Audit And Inspection. District agrees to maintain and/or make available within San Diego County accurate books and accounting records relative to all its activities under this Agreement. Authorized Federal, State or County representatives shall have the right to monitor, assess, or evaluate District's performance pursuant to this Agreement, said monitoring, assessments, or evaluations to include but not limited to audits, inspection of premises, reports, and interviews of project staff and participants.

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At any time during normal business hours and as often as County may deem necessary, District shall make available to County, State or Federal officials for examination all of its records with respect to all matters covered by this Agreement and will permit County, State or Federal officials to audit, examine and make excerpts or transcripts from such records, and to make audits of all invoices, materials, payrolls, records of personnel, information regarding clients receiving services, and other data relating to all matters covered by this Agreement. If an audit is conducted, it will be done in accordance with generally accepted government auditing standards as described in "Government Auditing Standards," published for the United States General Accountability Office or the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing.

If any services performed hereunder are not in conformity with the specifications and requirements of this Agreement, County shall have the right to require the District to perform the services in conformity with said specifications and requirements at no additional increase in total Agreement amount. When the services to be performed are of such nature that the difference cannot be corrected, County shall have the right to (1) require District immediately to take all necessary steps to ensure future performance of the services in conformity with requirements of the Agreement, and (2) reduce the Agreement price to reflect the reduced value of the services performed. In the event District fails to perform the services promptly or to take necessary steps to ensure future performance of the service in conformity with the specifications and requirements of the Agreement, County shall have the right to either (1) by Agreement or to otherwise have the services performed in conformity with the Agreement specifications and charge to District any cost occasioned to County that is directly related to the performance of such services, or (2) terminate this Agreement for default as provided in the Termination clause.

- 11.2 External Audits. District will provide the following to their COR:
- 11.2.1 COR shall be advised of all pending audits by Federal or State representatives regarding Contracted services identified in this Agreement within seventy-two (72) hours of the District receiving notice of the audit.
  - 11.2.2 District shall provide COR with a copy of the draft and final State or Federal audit reports within twenty four (24) hours of receiving them.
  - 11.2.3 District shall provide COR a copy of the contractor's response to the draft and final State or Federal audit reports at the same time as response provided to the State or Federal representatives.
  - 11.2.4 District shall provide COR a copy of the State or Federal audit's representative's response to the contractors' response within forty-eight (48) hours of receiving it. This will continue until the State or Federal auditors have accepted and closed the audit.
- 11.3 Availability. The materials described above shall be made available at the office of the District, at all reasonable times, for inspection, audit or reproduction, until the expiration of three (3) years from the date of final payment under this Agreement, or by section 11.4.1 and 11.4.2, below:
- 11.4.1 If this Agreement is completely or partially terminated, the records relating to the work terminated shall be made available for a period of three (3) years from the date of any resulting final settlement.
  - 11.4.2 Record which relate to appeals under the "Disputes" clause of this Agreement, or litigation or the settlement of claims arising out of the performance of this Agreement, shall be made available until such appeals, litigation, or claims have been disposed of, or three years after Agreement completion, whichever is longer. County shall keep the materials described above confidential unless otherwise required by law.
- 11.4 Subcontract. The District shall insert a clause containing all the provisions of this Article 11 in all subcontract hereunder except altered as necessary for proper identification of the Contracting parties and the Contracting officer under the County's prime Agreement.

**ARTICLE 12**  
**INSPECTION OF SERVICE**

- 12.1 Subject to Inspection. All performance (including services, materials, supplies and equipment furnished or utilized in the performance of this Agreement, and workmanship in the performance of services) shall be subject to inspection and test by the County at all times during the term of this Agreement. District shall cooperate with any inspector assigned by the County to permit the inspector to determine whether District's performance conforms to the requirements of this Agreement. County shall perform such inspection in a manner as not to unduly interfere with District's performance.
- 12.2 Specification and Requirements. If any services performed by District do not conform to the specifications and requirements of this Agreement, County may require District to re-perform the services until they conform to said specifications and requirements, at no additional cost, and County may withhold payment for such services until Contractor correctly performs them. When the services to be performed are of such a nature that Contractor's cannot correct its performance, the County shall have the right to (1) require the District to immediately take all necessary steps to ensure

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future performance of services conforms to the requirements of this Agreement, and (2) reduce the Agreement price to reflect the reduced value of the services received by County. In the event District fails to promptly re-perform the services or to take necessary steps to ensure that future performance of the service conforms to the specifications and requirements of this Agreement, the County shall have the right to either (1) without terminating this Agreement, have the services performed, by Agreement or otherwise, in conformance with the specifications of this Agreement, and charge District, and/or withhold from payments due to Contractor, any costs incurred by County that are directly related to the performance of such services, or (2) terminate this Agreement for default.

**ARTICLE 13**  
**USE OF DOCUMENTS AND REPORTS**

- 13.1 Findings Confidential. Any reports, information, data, etc., given to or prepared or assembled by District under this Agreement which the County requests to be kept as confidential shall not be made available to any individual or organization by the District without the prior written approval of the County.
- 13.2 Ownership, Publication, Reproduction And Use Of Material. All reports, studies, information, data, statistics, forms, designs, plans, procedures, systems, and any other material or properties produced under this Agreement shall be the sole and exclusive property of County. No such materials or properties produced in whole or in part under this Agreement shall be subject to private use, copyright or patent right by District in the United States or in any other country without the express written consent of County. County shall have unrestricted authority to publish, disclose, distribute and otherwise use, copyright or patent, in whole or in part, any such reports, studies, data, statistics, forms or other materials or properties produced under this Agreement.
- 13.3 Confidentiality. County and District agree to maintain the confidentiality of and take industry appropriate and legally required measures to prevent the unlawful disclosure of any information that is legally required to be kept confidential. Except as otherwise allowed by local, State or federal law or regulation and pursuant to this Section 13.3, County and District agree to only disclose confidential records where the holder of the privilege, whether the County, the District or a third party, provides written permission authorizing the disclosure. District understands that County must disclose certain records pursuant to the California Public Records Act ("the Act"). If District demands that County not disclose requested records District believes qualify for exception or exemption from disclosure pursuant to the Act, County will comply with District's demand if District identifies those records and the applicable exception(s) or exemption(s), in writing, within five (5) business days from receipt of County's notice to District of the request for disclosure of records. If District does not identify the records and reason(s) that it deems some or all of the records to be confidential, County may disclose those records at its sole discretion. District agrees that its defense and indemnification obligations set forth in Section 10.1 of this Agreement extend to any Claim (as defined in Section 10.1) against the County Parties (as defined in Section 10.1) for records the County withholds from disclosure at District's direction. This Section 13.3 shall not prevent the County or its agents or any other governmental entity from accessing the confidential records for the purpose of audits or program reviews if that access is legally permissible under the applicable local, State or federal laws or regulations. Similarly, County or its agent or designee may take possession of the record(s) where legally authorized to do so.
- County may identify, for purposes of clarification, certain laws and regulations that are specifically applicable to District's work under this Agreement. Those laws and regulations may be set forth in Exhibit A – Statement of Work. County, however, is under no obligation to identify all applicable laws and regulations and assumes no liability for identifying confidentiality laws and regulations, if any, applicable to the work under this Agreement.
- 13.4 Maintenance Of Records. District shall maintain all records and make them available within San Diego County for a minimum of three (3) years from the ending date of this Agreement unless County agrees in writing to an earlier disposition or longer where legally required or while under dispute. District shall provide any requested records to County within 48-hours of the request.
- 13.5 Custody Of Records. County, at its option, may take custody of District's client records upon Agreement termination or at such other time as County may deem necessary. County agrees that such custody will conform to applicable confidentiality provisions of State and Federal law. Said records shall be kept by County in an accessible location within San Diego County and shall be available to District for examination and inspection.
- 13.6 Reports. District shall submit reports required in Exhibit A and additional reports as may be requested by the COR and agreed to by the District. Format for the content of such reports may be developed by County. The timely submission of these reports is a necessary and material term and condition of this Agreement and District agrees that failure to meet specified deadlines will be sufficient cause to withhold payment. District shall submit to County within thirty (30) days of the termination of this Agreement a report detailing all work done pursuant to this Agreement by District.
- 13.7 Evaluation Studies. District shall participate as requested by the County in research and/or evaluative studies designed to show the effectiveness and/or efficiency of District services or to provide information about District's project.

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ARTICLE 14  
(RESERVED)

ARTICLE 15  
DISPUTES

Notwithstanding any provision of this Agreement to the contrary, the Contracting Officer shall decide any dispute concerning a question of fact arising out of this Agreement that is not otherwise disposed of by the parties within a reasonable period of time. The decision of the Contracting Officer shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, capricious, arbitrary or so grossly erroneous as necessarily to imply bad faith. District shall proceed diligently with its performance hereunder pending resolution by the Contracting Officer of any such dispute. Nothing herein shall be construed as granting the Contracting Officer or any other administrative official, representative or board authority to decide questions of law, or issues regarding the medical necessity of treatment or to pre-empt any medical practitioners' judgment regarding the medical necessity of treatment of patients in their care. The foregoing does not change the County's ability to refuse to pay for services rendered if County disputes the medical necessity of care.

ARTICLE 16  
GENERAL PROVISIONS

- 16.1 Assignment and Subcontracting. District shall not assign any interest in this Agreement, and shall not transfer any interest in the same (whether by assignment or novation), without the prior written consent of the County; County's consent shall not be unreasonably withheld. The District shall make no Agreement with any party for furnishing any of the work or services herein contained without the prior written consent of the COR, pursuant to Paragraph 1.4.
- 16.2 Contingency. This Agreement shall bind the County only following its approval by the Board of Supervisors or when signed by the Purchasing and Contracting Director.
- 16.3 Entire Agreement. This Agreement, together with all Exhibits attached hereto and other agreements expressly referred to herein, constitute the entire agreement between the parties with respect to the subject matter contained herein. All prior or contemporaneous agreements, understandings, representations, warranties and statements, oral or written, including any proposals from District and requests for proposals from County, are superseded.
- 16.4 Sections and Exhibits. All sections and exhibits referred to herein are attached hereto and incorporated by reference.
- 16.5 Further Assurances. Parties agree to perform such further acts and to execute and deliver such additional documents and instruments as may be reasonably required in order to carry out the provisions of this Agreement and the intentions of the parties.
- 16.6 Governing Law. This Agreement shall be governed, interpreted, construed and enforced in accordance with the laws of the State of California.
- 16.7 Headings. The Article captions, Clause and Section headings used in this Agreement are inserted for convenience of reference only and are not intended to define, limit or affect the construction or interpretation of any term or provision hereof.
- 16.8 Modification Waiver. Except as otherwise provided in Article 6, "Changes," above, no modification, waiver, amendment or discharge of this Agreement shall be valid unless the same is in writing and signed by both parties.
- 16.9 Neither Party Considered Drafter. Despite the possibility that one party may have prepared the initial draft of this Agreement or played the greater role in the physical preparation of subsequent drafts, neither party shall be deemed the drafter of this Agreement and that, in construing this Agreement in case of any claim that any provision hereof may be ambiguous, no such provision shall be construed in favor of one party on the ground that such provision was drafted by the other.
- 16.10 No Other Inducement. The making, execution and delivery of this Agreement by the parties hereto has been induced by no representations, statements, warranties or agreements other than those expressed herein.
- 16.11 Notices. Notice to either party shall be in writing and either personally delivered or sent by certified mail, postage prepaid, return receipt requested, addressed to the party to be notified at the address specified herein. Any such notice shall be deemed received on the date of personal delivery to the party (or such party's authorized representative) or three (3) business days after deposit in the U.S. Mail or by email, as the case may be to the COR and Contractor's Representative identified on the signature page.

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- 16.12 Severability. If any term, provision, covenant or condition of this Agreement is held to be invalid, void or otherwise unenforceable, to any extent, by any court of competent jurisdiction, the remainder of this Agreement shall not be affected thereby, and each term, provision, covenant or condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
- 16.13 Successors. Subject to the limitations on assignment set forth in Clause 16.1 above, all terms of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective heirs, legal representatives, successors, and assigns.
- 16.14 Time. Time is of the essence of each provision of this Agreement.
- 16.15 Time Period Computation. All periods of time referred to in this Agreement shall include all Saturdays, Sundays and state or national holidays, unless the period of time specifies business days, provided that if the date or last date to perform any act or give any notice or approval shall fall on a Saturday, Sunday or State or national holiday, such act or notice may be timely performed or given on the next succeeding day which is not a Saturday, Sunday or State or national holiday.
- 16.16 Waiver. The waiver by one party of the performance of any term, provision, covenant or condition shall not invalidate this Agreement, nor shall it be considered as a waiver by such party of any other term, provision, covenant or condition. Delay by any party in pursuing any remedy or in insisting upon full performance for any breach or failure of any term, provision, covenant or condition shall not prevent such party from later pursuing remedies or insisting upon full performance for the same or any similar breach or failure.
- 16.17 Third Party Beneficiaries Excluded. This agreement is intended solely for the benefit of the County and its District. Any benefit to any third party is incidental and does not confer on any third party to this Agreement any rights whatsoever regarding the performance of this Agreement. Any attempt to enforce provisions of this Agreement by third parties is specifically prohibited.
- 16.18 Publicity Announcements and Materials. All public announcements, including those issued on District letterhead, and materials distributed to the community shall identify the County of San Diego as the funding source for Contracted programs identified in this Agreement. Copies of publicity materials related to Contracted programs identified in this Agreement shall be filed with the COR. County shall be advised at least twenty four (24) hours in advance of all locally generated press releases and media events regarding Contracted services identified in this Agreement.

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AGREEMENT WITH RANCHO SANTA FE FIRE PROTECTION DISTRICT FOR FIRE PROTECTION AND  
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**SIGNATURE PAGE**

**AGREEMENT TERM.** This Agreement shall be effective as of December 31, 2015 ("Effective Date") and shall remain in effect until the reorganization of the Rancho Santa Fe Fire Protection District and County Service Area No. 107 (CSA 107) is complete.

**COMPENSATION:** Pursuant to the payment terms specified in Exhibit C, County agrees to pay District in accordance with the method of payment stipulated in Article 4. It is understood that the parties will meet and confer on the contract price if adjustments are made to the scope of work for an extension of the term or terms. These discussions shall not obligate either party to make a requested adjustment to the scope of work or price except as otherwise set forth in this Agreement, nor shall it relieve either party of its obligations under the Agreement.

**COR.** The County has designated the following individual as the Contracting Officer's Representative ("COR")

Aimee Agle, Administrative Analyst  
5510 Overland Ave, Suite 100  
San Diego, CA 92123  
858/715-2208  
858/565-3499  
Aimee.Agle@sdcounty.ca.gov

**DISTRICT'S REPRESENTATIVE.** The District has designated the following individual as the District's Representative.

Tony Michel, Fire Chief  
P.O. Box 410  
Rancho Santa Fe, CA 92067  
858/756-5971  
858/756-4799  
Michel@rsf-fire.org

IN WITNESS WHEREOF, County and District have executed this Agreement effective as of the date first set forth above

**COUNTY OF SAN DIEGO**

By:   
JOHN M. PELLEGRINO, Director  
Department of Purchasing and Contracting

Date: 12/30/15

**Rancho Santa Fe Fire Protection District**

By:   
Tony Michel, Fire Chief

Date: 12-29-15

APPROVED AS TO FORM AND LEGALITY  
COUNTY COUNSEL

BY:   
SENIOR DEPUTY

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**AGREEMENT WITH RANCHO SANTA FE FIRE PROTECTION DISTRICT FOR FIRE PROTECTION AND  
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**Exhibit A – Statement of Work**

**District Services:**

District agrees to the following provisions and to provide the following services in exchange for compensation under this Agreement.

Starting on December 31, 2015 at 1800 hours, District agrees to provide fire protection and life safety services to Harmony Grove Village and surrounding areas in CSA 107. Service will be provided by a three (3)-person advance life support capable fire apparatus from a temporary fire station facility located at the intersection of Harmony Grove Village Parkway and Harmony Grove Rd and licensed to District pursuant to Exhibit D.

Specific functions the fire district will provide will include emergency dispatch services, fire suppression, paramedic level advanced life support at the first response level, field supervision, incident command and control, vehicle and technical rescue, hazmat response at the first responder operational level, response to hazardous conditions and public assistance requests, apparatus and equipment maintenance, logistical support and administration to include human resources, and insurance services including worker's compensation, liability, and vehicle.

District operates within a boundary drop agreement with all San Diego North Zone fire agencies, maintains automatic agreements with the Cities of Carlsbad, Del Mar, Encinitas, Escondido, San Diego, and Solana Beach and is a signatory to the State of California's Master Mutual Aid Agreement. This agreement shall not inhibit or prevent District from receiving mutual assistance or answering requests for mutual assistance from other fire departments or entities under mutual assistance or automatic aid agreements from surrounding agencies, areas within San Diego County, or other counties within the State of California.

**GENERAL:**

- The DISTRICT will provide prevention related services, identified below, that are in alignment with regional and industry standards using national, State and local standards and regulations and will have subject matter experts available to provide timely and responsive follow-up and consultation on all public inquiries, requests or complaints.

**DEFENSIBLE SPACE:**

- The DISTRICT will coordinate with Cal Fire and ensure that Defensible Space Inspections are completed for parcels located in CSA-107.
- The DISTRICT will process all vegetation/fire hazard reduction non-compliant properties for forced abatement.

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AGREEMENT WITH RANCHO SANTA FE FIRE PROTECTION DISTRICT FOR FIRE PROTECTION AND  
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**Exhibit B – Insurance Requirements**

Within 10 working days of the inception of the Agreement, the Rancho Santa Fe Fire Protection District (District) shall submit to the County of San Diego (County) certificates of insurance and appropriate separate endorsements to the actual insurance policy, evidencing that the District has obtained for the period of the Agreement, at its sole expense, insurance in the following forms of coverage and minimum amounts specified from insurance carriers with a Best's Rating of not less than A-, VII or a company of equal financial stability approved in writing by County's Risk Management Division.

- a. An occurrence policy of Commercial General Liability insurance insuring District against liability for bodily injury, personal injury or property damage arising out of or in connection with the District's performance of work or service under this Agreement of not less than \$3,000,000 per occurrence and \$3,000,000 general aggregate. The County of San Diego, its officers, agents, employees, and volunteers shall be added as Additional Insured by separate endorsement to the policy.
- b. Statutory Workers' Compensation, as required by State of California and Employer's Liability at \$1,000,000 each accident for bodily injury or disease. Coverage shall include waiver of subrogation endorsement in favor of County of San Diego.
- c. Comprehensive Automobile Liability covering all owned, non-owned and hired vehicles for bodily injury and property damage of not less than \$3,000,000 each accident.
- d. Professional Errors and Omissions Liability: \$3,000,000 per claim with an aggregate limit of not less than \$3,000,000. Professional Liability required if Contractor provides or engages any type of Professional services, including, but not limited to, medical professionals, counseling or legal services.
- e. Improper Sexual Conduct: \$1,000,000 per occurrence with an aggregate of not less than \$2,000,000.
- f. Certificates of insurance provided by District must evidence that the insurer providing the policy will give County written notice of cancellation in accordance with the policy provisions.

The County shall retain the right to review the coverage, form and amount of insurance required herein and may require District to obtain insurance reasonably sufficient in coverage, form and amount to provide adequate protection against the kind and extent of risk which exists at the time a change in insurance is required. County retains the right to demand a certified copy of any insurance policy required herein after 15 days notice.

District may fulfill some or all of the insurance requirements contained in this Agreement under a plan of self-insurance. District shall only be permitted to utilize such self-insurance if in the opinion of County Risk Management, Contractor's self-insurance program is sufficient to adequately compensate for the lack of other insurance coverage required by the Agreement. District's utilization of self-insurance shall not in any way limit liabilities assumed by District under the Agreement.

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**Exhibit C – Payment Schedule**

**1. COMPENSATION**

The County shall pay District on a monthly basis the sum of \$114,409.75 per month until June 30, 2016. Effective July 1, 2016, if the LAFCO reorganization process has not been completed, the County shall pay District the sum of \$118,252.00 per month, paid on a monthly basis.

This service fee shall include all personnel costs and administrative costs, and all operating and maintenance costs to run temporary facility.

**2. CLAIM FOR PAYMENT**

District will submit an invoice to County, no later than the tenth day of each month, for prior month's services. County shall pay District within thirty (30) days of receipt of invoice.

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**Exhibit D – License Agreement**

**COUNTY OF SAN DIEGO  
LICENSE FOR USE OF COUNTY  
FACILITIES AND PROPERTY**

This license agreement ("License") is entered into on December 30, 2015 ("Commencement Date") between the County of San Diego, a political subdivision of the State of California ("County"), and Rancho Santa Fe Fire Protection District, a special district organized under the laws of the State of California ("Licensee").

**RECITALS**

- A. Licensee wishes to use County-owned property ("Premises") described in Section 1 Premises for a fire station site and uses related to fire protection and emergency medical services.
- B. County is willing to permit Licensee to use the Premises subject to the terms and conditions contained in this License.

**LICENSE**

1. Premises. Licensee may use the 2.54 acre County-owned property located at 2604 Overlook Point Drive, Escondido, California and further identified as Assessor's Parcel Number (APN) 235-562-02. The property is improved with two modular homes and is referred to in this License as the "Premises". The Premises is further described in Exhibit "A" DESCRIPTION OF PREMISES of this License.

2. Term. The term ("Term") of this License shall become effective upon signing and shall terminate upon the earlier of (1) the date of the Local Agency Formation Commission's (LAFCO) recordation of the certificate of completion with the County Recorder for the dissolution of CSA-107 and the expansion boundaries within Rancho Santa Fe Fire Protection District, or (2) the termination of COUNTY CONTRACT NUMBER \_\_\_\_\_ AGREEMENT WITH RANCHO SANTA FE FIRE PROTECTION DISTRICT FOR FIRE PROTECTION AND EMERGENCY SERVICES FOR HARMONY VILLAGE, but shall in no event exceed five (5) years ("Term").

3. Use. Licensee may use the Premises for the sole purpose of a fire station site and uses related to fire protection and emergency medical services.

4. Access. Licensee shall not impede the flow of vehicular traffic on, or restrict public access to or from, the Premises, except that Licensee shall have exclusive use of the two modular homes during the term of this License. Licensee shall not interfere with County operations at the Premises. When on the Premises, Licensee and Licensee's guests and invitees shall drive only on established roadways and driveways. County agrees not to impede or

interfere with the ingress and egress of emergency vehicles to and from the Premises during the term of this License.

5. License. This License is not a lease, does not create or convey an easement and does not convey any interest or estate in real property to Licensee. County may terminate this License at any time.

6. Insurance. Licensee shall submit the following insurance information to County within three (3) days of the Commencement Date of this License: certificates of insurance and appropriate separate endorsements to the actual insurance policy, evidencing that Licensee has obtained for the Term of this License, at its sole expense, insurance in the forms of coverage and minimum amounts specified below from insurance carriers with a Best's Rating of not less than A-VII or company of equal financial stability as approved by County's Risk Management.

- a. An occurrence policy of Commercial General Liability insurance insuring Licensee against liability for bodily injury, personal injury and property damage arising out of or in connection with Licensee's use of the Premises under this License. This insurance policy shall be for not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) general aggregate. The County of San Diego, its officers, agents, employees, and volunteers shall be added as Additional Insured by separate endorsement to the policy.
- b. Workers Compensation-Employers Liability as required by State of California and Employer's Liability at one million dollars (\$1,000,000) each accident for bodily injury or disease. Coverage shall include Waiver of Subrogation endorsement in favor of County of San Diego.
- c. Comprehensive Automobile Liability covering all owned, non-owned and hired vehicles for bodily injury and property damage of not less than one million dollars (\$1,000,000) each accident.
- d. Certificates of insurance provided by Licensee must evidence that the insurer providing the policy will give County written notice in accordance with policy provisions, at the address shown in Section 15, before any cancellation, lapse, reduction or other adverse change in the insurance.

7. License Fee. NONE

8. Defense and Indemnity. To the fullest extent permitted by law, County shall not be liable for, and Licensee shall defend and indemnify County and its elected officials, officers, agents, employees and volunteers (collectively, "County Parties"), against any and all claims, deductibles, self-insured retentions, demands, liability, judgments, awards, fines, mechanics' liens or other liens, labor disputes, losses, damages, expenses, charges or costs of any kind or character, including attorneys' fees and court costs (collectively, "Claims"), that arise out of or are in any way connected to this License or Licensee's use of the Premises arising either directly

or indirectly from any act, error, omission or negligence of Licensee or its officers, employees, agents, contractors, licensees, servants, guests or invitees including, without limitation, Claims caused by the sole passive negligent act or the concurrent negligent act, error or omission, whether active or passive, of County Parties. Licensee shall have no obligation, however, to defend or indemnify County Parties from a Claim if it is determined by a court of competent jurisdiction that the Claim was caused by the sole active negligence or willful misconduct of County Parties.

9. Maintenance, Clean Up and Repair. Licensee shall conduct its operations in an orderly manner and shall leave the Premises in as clean and good a condition as when Licensee entered the Premises pursuant to this License. If Licensee damages any County property or facilities or incurs excessive clean up of the Premises, Licensee shall promptly inform the Director and shall promptly reimburse the County for the full costs that County incurs to repair the damage or replace the item.

10. Intentionally omitted

11. License on Site. Licensee shall have a copy of this License available at all times when Licensee is using the Premises. Licensee shall show a copy of this License to County staff upon request.

12. Compliance with Stormwater Laws. Licensee's use of the Premises is subject to all present or future federal, state and local laws, statutes, regulations, ordinances, policies, guidelines and orders ("Stormwater Laws") regarding the discharge of pollutants into the stormwater conveyance system. Licensee's compliance with Stormwater Laws may include requirements for Licensee to develop, install, implement and maintain pollution prevention measures, source control measures and Best Management Practices ("BMPs"). BMPs can include operational practices, water or pollutant management practices, physical site features, or devices to remove pollutants from stormwater, to affect the flow of stormwater or to infiltrate stormwater to the ground. BMPs applicable to Licensee's use of the Premises may include a requirement that all materials, wastes or equipment with the potential to pollute urban runoff be stored in a manner that either prevents contact with rainfall and stormwater, or contains contaminated runoff for treatment and disposal. Licensee's is required to, and shall use, operate, maintain, develop, redevelop and retrofit the Premises, as necessary, in accordance with Stormwater Laws restricting the discharge of non-stormwater at or from the Premises; and Stormwater Laws requiring pollution prevention measures, source control measures, or the installation or use of BMPs. Licensee shall develop, install, implement and/or maintain at Licensee's sole cost and expense, any BMPs or similar pollution control devices required by Stormwater Laws and any implementing regulations or guidance.

Licensee understands and acknowledges that the Stormwater Laws applicable to Licensee's use of the Premises may be changed from time to time by federal, state and/or local authorities, and that additional requirements may become applicable based on changes in Licensee's activities or development or redevelopment by Licensee's or County. Licensee shall conduct stormwater training and perform regular stormwater self-inspections, and maintain

records of all stormwater training and self-inspections and provide all necessary documentation to County upon request.

To the extent required, Licensee's shall develop, install, implement, and maintain any additional BMPs and/or other pollution control practices at the Premises at Licensee's sole cost and expense. To the extent there is a conflict between any federal, state or local law, Licensee shall comply with the more restrictive provision. If County receives any fine or fines from any regulatory agency as a result of Licensee's failure to comply with Stormwater Laws, Licensee shall reimburse County for the entire amount of the fine(s).

13. Hazardous Substances. Licensee shall be solely responsible for fully complying with all present or future federal, state and local laws, statutes, regulations, ordinances, policies, guidelines and orders of any governmental entity regarding contaminated soils, hazardous materials or environmental clean-up, regardless of whether or not the obligation to comply is an obligation of the land owner. If any hazardous substance spills, leaks or is discharged from any facility on the Premises, Licensee shall immediately make all repairs necessary to prevent further spills, leaks or discharges and shall immediately clean up and promptly dispose of the spilled hazardous substance and any soil contaminated by the spill. If the Licensee fails to make the required repairs, to clean up the spill or to properly dispose of any contaminated soil, County may after written notice to Licensee take all steps County deems necessary to make the necessary repairs, to clean up the spill and to dispose of any contaminated soil. The Licensee shall reimburse the County for the cost of all repair and cleanup work performed by the County. Licensee shall reimburse the County for the cost of any work, plus administrative expenses, within thirty (30) days of receiving a bill for the work from the County. Licensee shall be solely responsible for paying all fines, damages and penalties imposed by any governmental agency regarding the production, storage, distribution, processing, handling, disposing, spilling, leaking or discharging of any hazardous substance.

Licensee shall indemnify, defend, reimburse and hold harmless County, its elected officials, employees, officers and agents from any and all liability, claims, damages or injuries to any person, including injury to the County or any of County's employees, officers, agents, representatives, guests, licensees, invitees, patrons, or of any other person whomsoever, and all expenses of investigating and defending against same, arising from or alleged to have arisen from or in connection with the presence of hazardous substances, toxic materials or hazardous waste upon, about or beneath the Premises or migrating to or from the Premises or arising in any manner whatsoever out of the violation of any governmental regulation pertaining to hazardous substances, toxic materials or hazardous waste which condition exists after the execution of this License.

14. Assignment. Licensee shall not assign or transfer any interest in this License.

15. Notices. Any notice required or permitted to be given pursuant to this License shall be written and shall be effective (a) when personally delivered to the recipient or sent by facsimile transmission; or (b) on the third business day after be sent by U.S. Mail, postage prepaid and addressed to the party as follows:

If to County: County of San Diego  
Department of General Services  
Real Estate Services Division  
5560 Overland Avenue  
Suite 410  
San Diego, California 92123

If to Licensee: Rancho Santa Fe Fire Protection District  
Attention: Fire Chief Tony Michel  
P.O. Box 410  
Rancho Santa Fe, CA 92067

16. Entire Agreement. This License constitutes the entire agreement between County and Licensee with respect to the subject matter contained in this License. All other representations, oral or written, are superseded by this License. Neither party is relying on any representation outside of this License. This License may be changed only by written amendment signed by County and Licensee.

17. Interpretation. This License shall be governed by the laws of the State of California. However, the provisions of this License shall be strictly construed against Licensee.

18. Intentionally omitted

19. Authority to Sign. Licensee represents and warrants that it has full power and authority to execute and fully perform its obligations under this License without the need for any further action, and that the person executing this License on behalf of Licensee is the duly designated agent of Licensee and is authorized to act on behalf of Licensee.

**THE REMAINDER OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK  
THE SIGNATURE PAGE IS ON THE FOLLOWING PAGE**

**SIGNATURES**

County and Licensee have caused this License to be executed by their duly authorized representatives.

“County”

County of San Diego,  
a political subdivision of the State of California

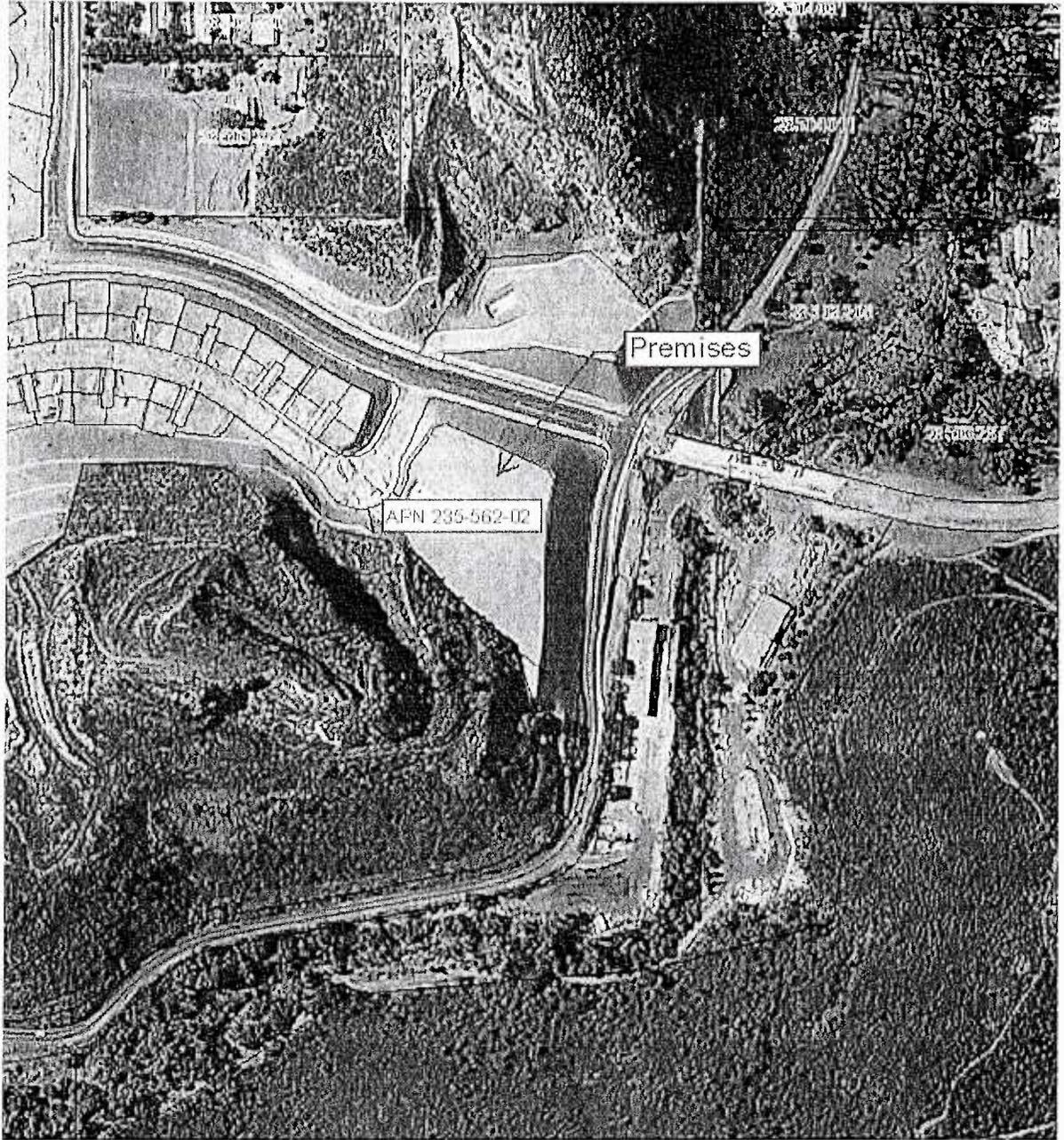
By:   
for April F. Heinze, P.E., Director,  
Department of General Services

“Licensee”

Rancho Santa Fe Fire Protection District,  
a special district organized under  
the laws of the State of California

By:   
Tony Michel, Fire Chief

**EXHIBIT "A"**  
**DESCRIPTION OF PREMISES**



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# STAFF REPORT

NO. 16-01

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**TO:** BOARD OF DIRECTORS  
**FROM:** TONY J. MICHEL, FIRE CHIEF  
**SUBJECT:** NCDJPA ADMINISTRATIVE SERVICES AGREEMENT ADDENDUM  
**DATE:** JANUARY 8, 2016

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## RECOMMENDATION

Staff recommends that the Board of Directors approve and authorize the Fire Chief to execute the second Amendment to the Administrative Service Agreement with North County Dispatch JPA.

## BACKGROUND

In September 2012, the Board of Directors approved the First Amendment of the Administrative Service Agreement with North County Dispatch (JPA). This agreement was for a one-year term, and has automatic renewal for successive one-year terms. As stated in the agreement, the agreement can be terminated, by either Party, upon one hundred twenty (120) days written notice.

For the past few years, the JPA has been working toward recruiting individuals to provide some, if not all of the administrative services that the fire district provides.

## CURRENT SITUATION

The fire district has continued to provide administrative services for the JPA without disruption. However, since July 1, 2015 the JPA has chosen to take more of the responsibilities within the administrative services agreement. Additionally, starting January 1, 2016, the JPA assumed the responsibility of preparing payroll and the associated CalPERS reporting. The intent of the JPA is to assume all responsibilities that are currently being provided by the District by July 1, 2016.

Since the JPA has chosen to take more responsibilities within the current agreement, JPA staff has requested the District consider a monetary reduction in the current agreement. District staff has analyzed their request and determined that it warrants consideration of a fee reduction. Staff recommends a twenty-five percent (25%) reduction to the remainder of FY16 quarterly installments. This monetary value of this proposed reduction is approximately \$10,464.

The District requests the Board consider two options for a monetary reduction in the First Amendment of the Administrative Service Agreement with North County Dispatch. The two options for your consideration are:

1. Renegotiate the current agreement with proper notice as specified in the current agreement, or
2. Develop an amendment to the current agreement

After thorough consideration with District staff, staff recommends the amendment option. This will allow District staff more flexibility if the JPA does not completely terminate the Administrative Services Agreement with the District.

The original *Administrative Services Agreement as amended* shall remain in full force and effect. District legal counsel has prepared and reviewed the proposed amendment.

## **SECOND AMENDMENT TO THE ADMINISTRATIVE SERVICES AGREEMENT**

This Second Amendment (“**Second Amendment**”) is entered into the 15<sup>th</sup> day of January, 2016 (“**Effective Date**”) regarding that certain ADMINISTRATIVE SERVICES AGREEMENT dated April 27, 2006 as amended (“**Agreement**”) by and between RANCHO SANTA FE FIRE PROTECTION DISTRICT (“**RSF**”) and the NORTH COUNTY DISPATCH JOINT POWERS AUTHORITY (“**JPA**”).

### **Recitals**

**WHEREAS**, the Agreement term ends on June 30, 2016; and

**WHEREAS**, JPA desires to have RSF provide administrative services to the term of the Agreement; and

**WHEREAS**, JPA desires to start a transition of the administrative service provided by RSF in the Agreement; and

**WHEREAS**, JPA desires to discontinue the administrative services provided by RSF after June 30, 2016; and

**WHEREAS**, The Parties agree to further amend the Agreement as more fully stated herein.

**NOW THEREFORE**, the parties agree as follows:

1. Paragraph 6 is hereby amended to reduce the FY16 quarterly installments beginning with the installment due January 1, 2016 by twenty-five percent (25%) for the remainder of this term. This percentage reduction is based on RSF, effective January 15, 2016 no longer providing the JPA the following administrative services:
  - a. Payroll services, including CalPERS reporting
2. Paragraph 7 is hereby amended to provide that the Agreement will terminate on June 30, 2016.
3. This Second Amendment may be executed simultaneously or in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.
4. Except as specifically provided herein all terms shall have the same meaning as defined in the Agreement.
5. Except as specifically amended herein, the Agreement shall remain in full force and effect.

Executed the first day and year appearing above at San Diego, California.

Rancho Santa Fe Fire Protection District a  
Special District

North County Dispatch Joint Powers Authority

By: \_\_\_\_\_

Name: Tony Michel  
Its: Fire Chief, RSF

By: \_\_\_\_\_

Name: Lesli J. Wilson  
Its: Administrator, JPA

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# STAFF REPORT

NO. 2016-02

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**TO:** CHIEF MICHEL  
**FROM:** BATTALION CHIEF STURTEVANT  
**SUBJECT:** BUDGET AUTHORIZATION  
**DATE:** JANUARY 8, 2016



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The following budget actions are requested for approval and/or modification:

Description	FY 08/09 Budget	Funding Request	Funding Source	Action Requested
(1) Hurst eHydraulic Rescue Tool Set: (1) Cutter (1) Spreader (1) Ram (1) Various Accessories	\$40,000	32,697	Capital Replacement	Authorize purchase
<p><b>JUSTIFICATION for Funding Request:</b></p> <p>Staff is seeking authorization to purchase one (1) set of Hurst eHydraulic rescue tools. The new battery powered extrication tools will be placed on E2615. The older hydraulic tools on E2615 will be kept and placed on a reserve unit.</p> <p>The vendor will honor 2015 pricing conducted through Fire/Rescue GPO Contract #VH11277.</p> <p>In addition, District staff will seek reimbursement of \$20,000 from the State Homeland Security Grant Program.</p>				

**Rancho Santa Fe  
Fire Protection District**  
Rancho Santa Fe, California

**Annual Financial Report**

*For the Year Ended June 30, 2015*



# Mission Statement

To protect life, property, and environment through prevention, preparedness, education and emergency response.

## Rancho Santa Fe Fire Protection District

### Board of Directors as of June 30, 2015

<u>Name</u>	<u>Position</u>	<u>Elected/Appointed</u>	<u>Current Term</u>
James H. Ashcraft	President	Elected	12/12 - 12/16
John C. Tanner	Vice President	Elected	12/14 - 12/18
Nancy C. Hillgren	Director	Elected	12/12 - 12/16
Randall Malin	Director	Elected	12/12 - 12/16
Tucker Stine	Director	Elected	12/14 - 12/18

## Rancho Santa Fe Fire Protection District

**Tony Michel, Fire Chief**

**18027 Calle Ambiente**

**Rancho Santa Fe, CA 92067 (858)756-5971**

**[www.rsf-fire.org](http://www.rsf-fire.org)**

**Rancho Santa Fe Fire Protection District  
Annual Financial Report  
For the Year Ended June 30, 2015**

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
of the Rancho Santa Fe Fire Protection District  
Rancho Santa Fe, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Rancho Santa Fe Fire Protection (District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Rancho Santa Fe Fire Protection District as of June 30, 2015, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 1 to the basic financial statements, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plans-an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. The adoption of these statements requires retrospective application of previously reported net position at July 1, 2014 as described in note 10 to the basic financial statements. In addition, Net Pension Liability is reported in the Statement of Net Position in the amount of \$9,516,816 as of June 30, 2014, the measurement date as described in note 9 to the basic financial statements. This Net Pension Liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation as of June 30, 2013 which was then rolled-forward by the actuaries to June 30, 2014, the measurement date. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8, the Schedule of Proportionate Share of the Net Pension Liability, the Schedule of Contributions to Pension Plan and the Budgetary Comparison Schedules on pages 41 through 44, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 23, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

***Independent Auditors' Report***

To the Board of Directors  
of the Rancho Santa Fe Fire Protection District  
Rancho Santa Fe, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Rancho Santa Fe Fire Protection District (District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated December 23, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Directors  
of the Rancho Santa Fe Fire Protection District  
Rancho Santa Fe, California  
Page 2

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Santa Ana, California  
December 23, 2015

**Rancho Santa Fe Fire Protection District**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2015**

---

As management of the Rancho Santa Fe Fire Protection District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities and performance of the District for the fiscal year ended June 30, 2015. Please read it in conjunction with additional information that we have furnished in the accompanying basic financial statements, which follow this section.

**Financial Highlights**

- The District's total revenues increased by 0.66% or \$85,642, to \$12,938,912 in fiscal year 2015 due primarily to an increase in property tax revenues.
- The District's total expenses increased 3.46% or \$395,719, in fiscal year 2015 due primarily to increases in fire protection operational costs.
- The District's change in net position for the year ended June 30, 2015 was \$1,147,953.
- As a result of the implementation of the new pension standards, the net pension liability as of June 30, 2015 was \$9,516,816 and is recorded on the Statement of Net Position.

**Using This Financial Report**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Activities. This statement measures the success of the District's operations over the past year and can be used to determine the District's profitability and credit worthiness.

**Government-wide Financial Statements**

**Statement of Net Position and Statement of Activities**

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in them. Think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator of whether its *financial health* is improving or deteriorating.

**Governmental Funds Financial Statements**

**Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

**Rancho Santa Fe Fire Protection District**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2015**

**Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary information and compliance.

**Condensed Statements of Net Position**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Change</u>
<b>Assets:</b>			
Current assets	\$ 18,732,664	\$ 17,713,522	\$ 1,019,142
Capital assets, net	19,039,886	19,073,022	(33,136)
<b>Total assets</b>	<u>37,772,550</u>	<u>36,786,544</u>	<u>986,006</u>
<b>Deferred outflows of resources</b>	<u>1,465,727</u>	<u>-</u>	<u>1,465,727</u>
<b>Liabilities:</b>			
Current liabilities	1,342,453	1,201,827	140,626
Noncurrent liabilities	9,516,816	-	9,516,816
<b>Total liabilities</b>	<u>10,859,269</u>	<u>1,201,827</u>	<u>9,657,442</u>
<b>Deferred inflows of resources</b>	<u>3,041,933</u>	<u>-</u>	<u>3,041,933</u>
<b>Net position:</b>			
Net investment in capital assets	19,039,886	19,073,022	(33,136)
Restricted for capital projects	909,781	773,920	135,861
Unrestricted	5,387,408	15,737,775	(10,350,367)
<b>Total net position</b>	<u>\$ 25,337,075</u>	<u>\$ 35,584,717</u>	<u>\$ (10,247,642)</u>

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$25,337,075 as of June 30, 2015. Also, the District recorded a \$(11,395,595) prior period adjustment to net position to account for the implementation of GASB No. 68 and 71 to include a net pension liability of \$9,516,816 on the statement of net position as of June 30, 2015. See note 9 and 10 for further information.

A portion of the District's net position 75% or \$19,039,886 reflects its investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to operate the District; consequently, these assets are *not* available for future spending. At the end of fiscal year 2015, the District shows a positive balance in its unrestricted net position of \$5,387,408 that may be utilized in future years.

**Rancho Santa Fe Fire Protection District**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2015**

**Government-wide Financial Analysis (Continued)**

**Condensed Statements of Activities**

	<b>June 30, 2015</b>	<b>June 30, 2014</b>	<b>Change</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 524,712	\$ 558,859	\$ (34,147)
Operating grants and contributions	255,820	465,470	(209,650)
General revenues:			
Property taxes and assessments	11,301,391	10,713,147	588,244
Interest earnings	59,028	609,495	(550,467)
Other	842,961	551,299	291,662
Total revenues	12,983,912	12,898,270	85,642
<b>Expenses:</b>			
Fire protection operations:			
Salaries and wages	6,924,843	6,489,385	435,458
Employee benefits	2,278,336	2,469,140	(190,804)
Contractual services	1,130,385	1,068,702	61,683
Materials and supplies	784,576	659,847	124,729
Depreciation	717,819	753,166	(35,347)
Total expenses	11,835,959	11,440,240	395,719
Change in net position	1,147,953	1,458,030	(310,077)
<b>Net position:</b>			
Beginning of year	35,584,717	34,126,687	1,458,030
Prior period adjustment	(11,395,595)	-	(11,395,595)
End of year	\$ 25,337,075	\$ 35,584,717	\$ (10,247,642)

The statement of activities shows how the government's net position changes during the fiscal year. In the case of the District, net position increased by \$1,147,953 for the fiscal year ended June 30, 2015.

**Governmental Funds Financial Analysis**

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2015, the District's General Fund reported a fund balance of \$18,028,931. An amount of \$13,394,841 constitutes the District's *unassigned fund balance*, which is available for future use.

**Capital Asset Administration**

At the end of fiscal year 2015, the District's investment in capital assets amounted to \$19,039,886 (net of accumulated depreciation). This investment in capital assets includes structures and improvements and equipment. (See Note 3 for further information)

**Rancho Santa Fe Fire Protection District**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2015**

---

**Capital Asset Administration (Continued)**

Capital assets balances are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Non-depreciable assets	\$ 3,374,840	\$ 3,374,840
Depreciable assets	23,799,761	23,157,372
Accumulated depreciation and amortization	<u>(8,134,715)</u>	<u>(7,459,190)</u>
Total capital assets, net	<u>\$ 19,039,886</u>	<u>\$ 19,073,022</u>

**Conditions Affecting Current Financial Position**

Management is unaware of any conditions, which could have a significant impact on the District's current financial position, net position or operating results in terms of past, present and future.

**Requests for Information**

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the District's Administrative Manager, Karlana Rannals, at the Rancho Santa Fe Fire Protection District, P.O. Box 410, 18027 Calle Ambiente, Rancho Santa Fe, California, 92067 or (858) 756-5971.

## **BASIC FINANCIAL STATEMENTS**

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**Rancho Santa Fe Fire Protection District**  
**Statement of Net Position**  
**June 30, 2015**

**Assets**

**Assets:**

Cash and cash equivalents (note 2)	\$ 15,429,503
Accrued interest receivable	13,912
Accounts receivable	768,596
Property taxes receivable	18,699
Prepaid items	2,501,954
Capital assets – not being depreciated (note 3)	3,374,840
Capital assets, net – being depreciated (note 3)	15,665,046
<b>Total assets</b>	<u>37,772,550</u>

**Deferred Outflows of Resources**

**Deferred Outflows of Resources:**

Employer contributions to pension plans made after measurement date (note 9)	1,388,366
Changes in employer contributions and differences between proportionate share of pension expense (note 9)	61,157
Recognized portion of adjustment due to differences in proportions (note 9)	16,204
<b>Total deferred outflows of resources</b>	<u>1,465,727</u>

**Liabilities**

**Liabilities:**

Accounts payable and accrued expenses	310,453
Accrued salaries and related payables	393,280
Workers' compensation claims payable - PASIS (note 11)	94,426
Compensated absences (note 4 )	544,294
Net pension liability (note 9)	9,516,816
<b>Total liabilities</b>	<u>10,859,269</u>

**Deferred Inflows of Resources**

**Deferred Inflows of Resources:**

Differences between projected and actual earnings on pension plan investments (note 9)	2,901,275
Changes in employer contributions and differences between proportionate share of pension expense (note 9)	21,837
Recognized portion of adjustment due to differences in proportions (note 9)	118,821
<b>Total deferred inflows of resources</b>	<u>3,041,933</u>

**Net Position**

**Net Position:**

Net investment in capital assets (note 5)	19,039,886
Restricted for capital projects (note 5)	909,781
Unrestricted	5,387,408
<b>Total net position</b>	<u>\$ 25,337,075</u>

**Rancho Santa Fe Fire Protection District**  
**Statement of Activities**  
**For the Year Ended June 30, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Capital and Operating Grants</u>	
<b>Governmental activities:</b>				
Fire protection operations	\$ 11,835,959	\$ 524,712	\$ 255,820	\$ (11,055,427)
<b>Total governmental activities</b>	<u>\$ 11,835,959</u>	<u>\$ 524,712</u>	<u>\$ 255,820</u>	<u>(11,055,427)</u>
<b>General revenues:</b>				
Property taxes and assessments				11,301,391
Interest earnings				59,028
Other				842,961
<b>Total general revenues</b>				<u>12,203,380</u>
<b>Change in net position</b>				1,147,953
<b>Net Position:</b>				
Beginning of year, as previously stated				35,584,717
Prior period adjustment (note 10)				<u>(11,395,595)</u>
End of year				<u>\$ 25,337,075</u>

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**Rancho Santa Fe Fire Protection District**  
**Balance Sheet - Governmental Funds**  
**June 30, 2015**

<u>Assets</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 14,519,722	\$ 909,781	\$ 15,429,503
Accrued interest receivable	13,912	-	13,912
Accounts receivable	768,596	-	768,596
Property taxes receivable	18,699	-	18,699
Prepaid items	2,501,954	-	2,501,954
<b>Total assets</b>	<b>\$ 17,822,883</b>	<b>\$ 909,781</b>	<b>\$ 18,732,664</b>
 <b><u>Liabilities and Fund Balance</u></b>			
<b>Liabilities:</b>			
Accounts payable and accrued expenses	\$ 310,453	\$ -	\$ 310,453
Accrued salaries and related payables	393,280	-	393,280
<b>Total liabilities</b>	<b>703,733</b>	<b>-</b>	<b>703,733</b>
 <b>Fund balance: (note 7)</b>			
Nonspendable	2,501,954	-	2,501,954
Restricted	-	909,781	909,781
Committed	553,373	-	553,373
Assigned	668,982	-	668,982
Unassigned	13,394,841	-	13,394,841
<b>Total fund balance</b>	<b>17,119,150</b>	<b>909,781</b>	<b>18,028,931</b>
<b>Total liabilities and fund balance</b>	<b>\$ 17,822,883</b>	<b>\$ 909,781</b>	<b>\$ 18,732,664</b>

**Rancho Santa Fe Fire Protection District**  
**Reconciliation of the Balance Sheet of Governmental Funds to the**  
**Government-Wide Statement of Net Position of Governmental Activities**  
**June 30, 2015**

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<b>Fund balance of governmental funds</b>	<u>\$ 18,028,931</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	19,039,886
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Workers' compensation claims payable - PASIS	(94,426)
Compensated absences	(544,294)
Net pension liability is not due and payable in the current period and therefore is not reported in the governmental funds.	(9,516,816)
Pension contributions made during the year after the measurement date are reported as pension expense in governmental funds and as deferred outflows of resources in the government-wide financial statements.	1,465,727
Difference between projected and actual earnings on pension plan investments are reported in the government-wide financial statements:	
Projected earnings over actual earnings and differences in pension plan contribution proportions	<u>(3,041,933)</u>
<b>Total adjustments</b>	<u>7,308,144</u>
<b>Net position of governmental activities</b>	<u><u>\$ 25,337,075</u></u>

**Rancho Santa Fe Fire Protection District**  
**Statement of Revenues, Expenditures and Change in Fund Balances**  
**For the Year Ended June 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<b>Revenues:</b>			
Property taxes and assessments	\$ 11,301,391	\$ -	\$ 11,301,391
Charges for services	524,712	-	524,712
Operating grants and contributions	121,517	134,303	255,820
Interest earnings	57,470	1,558	59,028
Other	842,961	-	842,961
<b>Total revenues</b>	<u>12,848,051</u>	<u>135,861</u>	<u>12,983,912</u>
<b>Expenditures:</b>			
Fire protection operations:			
Salaries and wages	6,923,837	-	6,923,837
Employee benefits	2,677,765	-	2,677,765
Contractual services	1,130,386	-	1,130,386
Materials and supplies	784,576	-	784,576
Capital outlay	684,683	-	684,683
<b>Total expenditures</b>	<u>12,201,247</u>	<u>-</u>	<u>12,201,247</u>
<b>Change in fund balance</b>	646,804	135,861	782,665
<b>Fund Balance:</b>			
Beginning of year	16,472,346	773,920	17,246,266
End of year	<u>\$ 17,119,150</u>	<u>\$ 909,781</u>	<u>\$ 18,028,931</u>

**Rancho Santa Fe Fire Protection District**  
**Reconciliation of the Statement of Revenues, Expenditures, and Change in**  
**Fund Balances of Governmental Funds to the Government-Wide Statement of Activities**  
**For the Year Ended June 30, 2015**

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<b>Net change in fund balance of governmental funds</b>	<u>\$ 782,665</u>
Amount reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	684,683
Depreciation expense	(717,819)
Changes in net pension obligation reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.	302,573
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenses in governmental funds as follows:	
Net change in workers' compensation claims payable - PASIS	96,856
Net change in compensated absences	(1,005)
<b>Total adjustments</b>	<u>365,288</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ 1,147,953</u></u>

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**Rancho Santa Fe Fire Protection District**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2015**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies**

***Organization and Operations of the Reporting Entity***

The Rancho Santa Fe Fire Protection District was formed on October 14, 1946 under an order adopted by the County Board of Supervisors. The District spans approximately 38-square miles and protects over 31,412 citizens. The District is governed by a five-person elected Board of Directors. The Board is responsible for establishing policies, guidelines and providing direction for Fire District staff.

***Basis of Accounting and Measurement Focus***

***Government-wide Financial Statements***

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the District are to be reported in three categories, if applicable: 1) charges for services, 2) operating grants and contributions, and, 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grant and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

***Governmental Fund Financial Statements***

These statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. Incorporated into these statements is a schedule to reconcile and explain the differences in net position as presented in these statements to the net position presented in the Government-wide Financial Statements. The District has presented its General Fund, as its major fund, in this statement to meet the qualifications of GASB Statement No. 34.

Governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60-days after year-end) are recognized when due. The primary sources susceptible to accrual for the District are property taxes and assessments, interest earnings, investment revenue and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

**Rancho Santa Fe Fire Protection District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2015**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)**

***Basis of Accounting and Measurement Focus***

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

***Deferred Outflows of Resources*** represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

***Deferred Inflows of Resources*** represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, will not be recognized as a revenue until that time.

The District reports the following major governmental funds:

**General Fund** – is a government's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund when necessary.

**Special Revenue Fund** – is used for fees collected that can only be used to purchase capital assets.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in District net position during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Substantially all of District's cash is invested in interest bearing cash accounts. The District considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

**Investment Policy**

The District has adopted an investment policy to deposit funds in financial institutions. Investments are to be made in the following areas:

- San Diego County Pooled Investment Fund (SDCPIF)
- State of California local area investment fund (LAIF)
- U.S. Treasury Bills, Notes, and Bonds
- Negotiable Certificates of Deposit
- Government Agency Securities

**Rancho Santa Fe Fire Protection District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2015**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)**

**Property Taxes and Assessments**

Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations. Secured property taxes are levied on July 1 and become delinquent on December 10 and April 10, for the first and second installments, respectively. Unsecured personal property taxes are collected in one installment and become delinquent August 31.

Property taxes are allocated on the County of San Diego’s annual tax bills to property owners who receive fire protection service by the District. The County of San Diego Tax Collector’s Office collects the property taxes payments from the property owners and transfers the collections to the District’s operating fund held with the County Treasurer’s Office. The District has adopted the Teeter Plan as defined under the California Revenue and Taxation Code. Under the Teeter Plan, the District receives from the County 99.6% of the annual assessed secured and unsecured property taxes, with the County responsible for the collection of any delinquent property taxes.

Therefore, the County receives the benefits of collecting all penalty and interest charges on the delinquent property taxes; hence, no accrual for uncollected property taxes is recorded at year-end.

**Prepaid Items**

Certain payments to vendors reflects costs or deposits applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**Capital Assets**

Capital assets are recorded in the government-wide financial statements. Included in capital assets are land, building, building improvements, equipment and furniture and fixtures. District policy has set the capitalization threshold for reporting capital assets at \$10,000. Donated assets are recorded at estimated fair market value at the date of donation. Capital outlay is recorded as expenditures of the General Fund and as assets in the government-wide financial statements to the extent the District’s capitalization threshold is met. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Structures and improvements	20 to 40 years
Equipment and vehicles	5 to 12 years

**Compensated Absences**

The District’s policy is to permit full time employees to accumulate earned vacation leave. Safety employees with more than one year but less than 4 years may accumulate 144 hours of vacation per year; 168 hours for the fifth through ninth year of employment; 192 hours for the tenth through fourteenth year of employment; 240 hours for the fifteenth through nineteenth; and 288 hours thereafter. Safety management positions accrue vacation leave from 15 to 25 days per year depending on their position. Administrative employees in their first through fifth year may accumulate 80 hours of vacation per year; 120 hours for the sixth through tenth year; 136 hours for the eleventh through fifteenth year; 160 hours for the sixteenth through twentieth; and 200 hours after 21 years. Vacations may accumulate beyond the end of the calendar year.

**Rancho Santa Fe Fire Protection District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2015**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)**

**Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net pension of the District's pension plans and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the plans (Note 9). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

<b><u>CaIPERS</u></b>	
Valuation date	June 30, 2013
Measurement date	June 30, 2014
Measurement period	July 1, 2013 to June 30, 2014

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retirees) as of the beginning of the measurement period.

**Net Position**

The financial statements utilize a net position presentation. Net position is categorized as follows:

*Net Investment in Capital Assets* – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt outstanding against the acquisition, construction or improvement of those assets.

*Restricted* – This component of net position consists of constraints placed on assets reduced by liabilities and deferred inflows of resources use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* – This component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted component of net position.

**Fund Balance**

The financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

**Rancho Santa Fe Fire Protection District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2015**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)**

**Fund Balance (Continued)**

*Nonspendable* – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

*Restricted* – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation.

*Committed* – amounts that can only be used for specific purposes determined by formal action of the District’s highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

*Assigned* – amounts that are constrained by the District’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the District’s special revenue funds.

*Unassigned* – the residual classification for the District’s general fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Board of Directors established, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, followed by the unrestricted, committed, assigned and unassigned resources as they are needed.

***Fund Balance Policy***

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned and unassigned fund balances are considered unrestricted.

The purpose of the District’s fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

**Rancho Santa Fe Fire Protection District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2015**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)**

**Accounting Changes**

During fiscal year ended June 30, 2015, the District has implemented the following new GASB pronouncements:

Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts and equivalent arrangements. The requirements of No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. See notes 9 and 10 for further information on the implementation of these pronouncements.

Statement No. 69, *Government Combinations and Disposals of Government Operations*. The requirements of this Statement should be applied prospectively and are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013.

Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. See notes 9 and 10 for further information on the implementation of these pronouncements.

**Note 2 – Cash and Cash Equivalents**

Cash and cash equivalents at June 30, 2015, consist of the following:

Deposits held with financial institutions	\$	685,457
Deposits held with San Diego County Pooled Investment Fund (SDCPIF)		11,648,632
Deposits held with California Local Agency Investment Fund (LAIF)		2,505,937
Deposits held with Public Agencies Self Insurance System (PASIS)		553,373
Deposits held at NCDJPA (Mobile Data Computer (MDC))		36,104
Total cash and cash equivalents	\$	15,429,503

***Authorized Deposits and Investments***

Under provisions of the District’s investment policy, and in accordance with Section 53601 of the California Government Code, the District may invest in certain types of investments as listed.

***San Diego County Pooled Investment Fund***

The San Diego County Pooled Investment Fund (SDCPIF) is a pooled investment fund program governed by the County of San Diego Board of Supervisors, and administered by the County of San Diego Treasurer and Tax Collector. Investments in SDCPIF are highly liquid as deposits and withdrawals can be made at anytime without penalty. SDCPIF does not impose a maximum investment limit.

The County of San Diego’s bank deposits are either Federally insured or collateralized in accordance with the California Government Code. Pool detail is included in the County of San Diego Comprehensive Annual Financial Report (CAFR). Copies of the CAFR may be obtained from the County of San Diego Auditor-Controller’s Office – 1600 Pacific Coast Highway – San Diego, CA 92101.

**Rancho Santa Fe Fire Protection District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2015**

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**Note 2 – Cash and Cash Equivalents (Continued)**

***Local Agency Investment Fund***

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The District's investments with LAIF at June 30, 2015, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

*Structured Notes:* debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

*Asset-Backed Securities:* generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2015, the District had \$2,505,937 invested in LAIF, which had invested 2.08% of the pool investment funds in structured notes and Medium-term Asset-backed Securities. The LAIF fair value factor of 1.000375979 was used to calculate the fair value of the investments in LAIF.

***Custodial Credit Risk***

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the bank balance, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the District's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as SDCPIF and LAIF).

**Rancho Santa Fe Fire Protection District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2015**

**Note 2 – Cash and Cash Equivalents (Continued)**

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has the greater its fair value has sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

***Credit Risk***

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2015, the District's investment in the SDCPIF was rated by Standard & Poor's as AAAf / S1+.

**Note 3 – Capital Assets**

At June 30, 2015, the capital assets balances for the District are as follows:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2015</u>
Non-depreciable assets:				
Land	\$ 3,374,840	\$ -	\$ -	\$ 3,374,840
Total non-depreciable assets	<u>3,374,840</u>	<u>-</u>	<u>-</u>	<u>3,374,840</u>
Depreciable assets:				
Structures and improvements	19,068,227	-	-	19,068,227
Equipment and vehicles	4,089,145	684,683	(42,294)	4,731,534
Total depreciable assets	<u>23,157,372</u>	<u>684,683</u>	<u>(42,294)</u>	<u>23,799,761</u>
Accumulated depreciation:				
Structures and improvements	(4,277,911)	(478,625)	-	(4,756,536)
Equipment and vehicles	(3,181,279)	(239,194)	42,294	(3,378,179)
Total accumulated depreciation	<u>(7,459,190)</u>	<u>(717,819)</u>	<u>42,294</u>	<u>(8,134,715)</u>
Total depreciable assets, net	<u>15,698,182</u>	<u>(33,136)</u>	<u>-</u>	<u>15,665,046</u>
<b>Total capital assets, net</b>	<u>\$ 19,073,022</u>	<u>\$ (33,136)</u>	<u>\$ -</u>	<u>\$ 19,039,886</u>

**Note 4 – Compensated Absences**

At June 30, 2015, the compensated absences balance is as follows:

	<u>Balance July 1, 2014</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance June 30, 2015</u>	<u>Current Portion</u>
Compensated absences	\$ 543,289	\$ 434,631	\$ (433,626)	\$ 544,294	\$ 544,294

**Rancho Santa Fe Fire Protection District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2015**

**Note 5 – Net Position**

Net position as of June 30, 2015 was as follows:

Net investment in capital assets:	
Capital assets – not being depreciated	\$ 3,374,840
Capital assets, net – being depreciated	<u>15,665,046</u>
Total net investment in capital assets	<u><u>\$ 19,039,886</u></u>
Restricted net position:	
Restricted – capital projects	<u>\$ 909,781</u>
Total restricted net position	<u><u>\$ 909,781</u></u>

**Note 6 – Fund Balance**

Fund balance classifications as of June 30, 2015 are as follows:

Description	General Fund	Special Revenue Fund	Total Governmental Funds
<b>Nonspendable:</b>			
Prepaid items	\$ 2,501,954	\$ -	\$ 2,501,954
<b>Restricted:</b>			
Capital projects	-	909,781	909,781
<b>Committed:</b>			
Public Agency Self Insurance System	553,373	-	553,373
<b>Assigned:</b>			
Advanced life support equipment	124,688	-	124,688
Compensated absences	544,294	-	544,294
Total assigned	<u>668,982</u>	<u>-</u>	<u>668,982</u>
<b>Unassigned:</b>	<u>13,394,841</u>	<u>-</u>	<u>13,394,841</u>
<b>Total fund balance</b>	<u><u>\$ 17,119,150</u></u>	<u><u>\$ 909,781</u></u>	<u><u>\$ 18,028,931</u></u>

**Note 7 – Deferred Compensation Savings Plan**

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of the plan assets held in trust by Voya Financial at June 30, 2015 was \$6,290,112.

**Rancho Santa Fe Fire Protection District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2015**

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**Note 7 – Deferred Compensation Savings Plan (Continued)**

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

**Note 8 – Health Retirement Savings Account**

For the benefit of its employees, the District established, with the consent of a Trustee, a trust that is known as RSFFPD VEBA Health Savings Trust (Trust). The effective date of the Trust was January 1, 2006. The purposes of the Trust are (1) to provide a source of funds to pay benefits and administrative expenses under the District's Medical Retirement Savings Plan (Plan), and (2) to permit Trust assets to be invested and such earnings thereon to be not taxable under the Internal Revenue Code (Code).

All assets of the Plan are held in the Trust by the Trustee. The Trust is intended to qualify as a tax exempt trust under the Section 501(c)(9) of the Code. The assets held in the trust are for the exclusive benefit of the participants. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors. Market value of the plan assets held in trust by Voya Financial at June 30, 2015 was \$1,932,791.

**Rancho Santa Fe Fire Protection District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2015**

**Note 9 – Defined Benefit Pension Plans**

**Summary**

Type of Account	Balance as of July 1, 2014 (As Restated)	Additions	Deletions	Balance as of June 30, 2015
<b>Deferred Outflows of Resources:</b>				
Employer contributions to pension plan made after the measurement date:				
Miscellaneous Plan - Classic T1	\$ 107,676	\$ 83,237	\$ (107,676)	\$ 83,237
Miscellaneous Plan - Classic T2	267	28,903	(267)	28,903
Safety Plan T1	1,078,289	1,189,308	(1,078,289)	1,189,308
Safety Plan T2	1,076	86,918	(1,076)	86,918
Sub-total	<u>1,187,308</u>	<u>1,388,366</u>	<u>(1,187,308)</u>	<u>1,388,366</u>
Changes in employer contributions and differences between proportionate share of pension expense:				
Miscellaneous Plan - Classic T2	16,952	-	(4,461)	12,491
Safety Plan T1	3,465	-	(912)	2,553
Safety Plan T2	62,582	-	(16,469)	46,113
Sub-total	<u>82,999</u>	<u>-</u>	<u>(21,842)</u>	<u>61,157</u>
Recognized portion of adjustment due to differences in proportions:				
Miscellaneous Plan - Classic T1	-	16,204	-	16,204
<b>Total deferred outflows of resources</b>	<u>\$ 1,270,307</u>	<u>\$ 1,404,570</u>	<u>\$ (1,209,150)</u>	<u>\$ 1,465,727</u>
<b>Net Pension Liability:</b>				
Miscellaneous Plan - Classic T1	\$ 1,112,086	\$ -	\$ (298,182)	\$ 813,904
Miscellaneous Plan - Classic T2	2,753	-	(738)	2,015
Safety Plan T1	11,509,945	-	(2,817,719)	8,692,226
Safety Plan T2	11,482	-	(2,811)	8,671
<b>Total net pension liability</b>	<u>\$ 12,636,266</u>	<u>\$ -</u>	<u>\$ (3,119,450)</u>	<u>\$ 9,516,816</u>
<b>Deferred Inflows of Resources:</b>				
Recognized net differences between projected and actual earnings on pension plan investments:				
Miscellaneous Plan - Classic T1	\$ -	\$ 341,887	\$ (68,377)	\$ 273,510
Miscellaneous Plan - Classic T2	-	846	(169)	677
Safety Plan T1	-	3,280,587	(656,117)	2,624,470
Safety Plan T2	-	3,273	(655)	2,618
Sub-total	<u>-</u>	<u>3,626,593</u>	<u>(725,318)</u>	<u>2,901,275</u>
Changes in employer contributions and differences between proportionate share of pension expense:				
Miscellaneous Plan - Classic T1	29,636	-	(7,799)	21,837
Recognized portion of adjustment due to differences in proportions:				
Miscellaneous Plan - Classic T2	-	11,381	(2,995)	8,386
Safety Plan T1	-	108,841	(28,642)	80,199
Safety Plan T2	-	41,035	(10,799)	30,236
Sub-total	<u>-</u>	<u>161,257</u>	<u>(42,436)</u>	<u>118,821</u>
<b>Total deferred inflows of resources</b>	<u>\$ 29,636</u>	<u>\$ 3,787,850</u>	<u>\$ (775,553)</u>	<u>\$ 3,041,933</u>

**Rancho Santa Fe Fire Protection District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2015**

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**Note 9 – Defined Benefit Pension Plans (Continued)**

***Plans Description***

The District employees that are eligible to participate in District’s Miscellaneous and Miscellaneous PEPRA cost-sharing multiple-employer defined benefit pension plans administered by California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statutes within the Public Employee’s Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Copies of CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA, 95814.

***Benefits Provided***

CalPERS provide service retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment and can only be amended by the Board of Directors.

The Plan’s provisions and benefits in effect as of June 30, 2014, are summarized as follows:

**Miscellaneous Plan T1**  
**CLOSED TO NEW MEMBERS**

Hire date	Prior to December 24, 2012
Benefit formula	2.7% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Final Average Compensation Period	12 months
Retirement age	50 - 67 & up
Monthly benefits, as a % of eligible compensation	2.00% - 2.70%
Required employee contribution rates	8.00%
Required employer contribution rates	15.685%
Pre-Retirement Death Benefit	Optional Settlement 2W
Post-Retirement Death Benefit	\$500 Lump Sum
Non-Industrial Standard Disability	1.8% of final compensation X multiplied by service
COLA	2.00%

**Rancho Santa Fe Fire Protection District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2015**

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**Note 9 – Defined Benefit Pension Plans (Continued)**

**Miscellaneous Plan T2**

Hire date	May 1, 2012
Benefit formula	2.5% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Final Average Compensation Period	12 months
Retirement age	50 - 67 & up
Monthly benefits, as a % of eligible compensation	2.0% - 2.5%
Required employee contribution rates	8.00%
Required employer contribution rates	14.083%
Pre-Retirement Death Benefit	Optional Settlement 2W
Post-Retirement Death Benefit	\$500 Lump Sum
Non-Industrial Standard Disability	1.8% of final compensation X multiplied by service
COLA	2.00%

**Safety Plan T1**

Hire date	Prior to December 24, 2012
Benefit formula	3.0% @ 50
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Final Average Compensation Period	12 months
Retirement age	50 - 55 & up
Monthly benefits, as a % of eligible compensation	3.00%
Required employee contribution rates	9.00%
Required employer contribution rates	26.149%
Pre-Retirement Death Benefit	Optional Settlement 2W
Post-Retirement Death Benefit	\$500 Lump Sum
Non-Industrial Standard Disability	1.8% of final compensation X multiplied by service
COLA	2.00%

**Safety Plan T2**

Hire date	May 1, 2012
Benefit formula	3.0% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Final Average Compensation Period	12 months
Retirement age	50 - 55 & up
Monthly benefits, as a % of eligible compensation	2.4% - 3.0%
Required employee contribution rates	9.00%
Required employer contribution rates	20.774%
Pre-Retirement Death Benefit	Optional Settlement 2W
Post-Retirement Death Benefit	\$500 Lump Sum
Non-Industrial Standard Disability	1.8% of final compensation X multiplied by service
COLA	2.00%

**Rancho Santa Fe Fire Protection District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2015**

**Note 9 – Defined Benefit Pension Plans (Continued)**

***Employees covered***

As of June 30, 2013, from the actuarial report, the following employees were covered by the benefit terms for the Plan:

	<u>Misc. Plan - Classic T1</u>	<u>Misc. Plan - Classic T2</u>	<u>Safety Plan T1</u>	<u>Safety Plan T2</u>	<u>Total</u>
Active employees	6	3	40	4	53
Transferred	8	0	27	0	35
Separated	11	0	3	0	14
Retired	6	0	41	0	47
Total	<u>31</u>	<u>3</u>	<u>111</u>	<u>4</u>	<u>149</u>

***Contributions***

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers to be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For period ended June 30, 2014 (the measurement date), the active employee contribution rate is 8.00% of annual pay, and the average employer's contribution rate is 15.685% of annual payroll for the Miscellaneous Plan T1, 8.00% and 14.083% for Miscellaneous Plan T2, 9.00% and 26.149% for Safety Plan T1, 9.00% and 20.774% for Safety T2.

For the year ended June 30, 2014, the contributions made for the Plan were as follows:

	<u>Misc. Plan - Classic T1</u>	<u>Misc. Plan - Classic T2</u>	<u>Safety Plan T1</u>	<u>Safety Plan T2</u>	<u>Total</u>
Contributions - employer	\$ 78,040	\$ 17,219	\$ 1,081,754	\$ 63,658	\$ 95,259
Contributions - employee	48,696	9,860	380,363	27,947	58,556
Total	<u>\$ 126,736</u>	<u>\$ 27,079</u>	<u>\$ 1,462,117</u>	<u>\$ 91,605</u>	<u>\$ 153,815</u>

***Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions***

As of June 30, 2015, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	<u>Misc. Plan - Classic T1</u>	<u>Misc. Plan - Classic T2</u>	<u>Safety Plan T1</u>	<u>Safety Plan T2</u>	<u>Total</u>
Proportionate Share of Net Pension Liability	\$ 813,904	\$ 2,015	\$ 8,692,226	\$ 8,671	\$ 9,516,816

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

**Rancho Santa Fe Fire Protection District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2015**

**Note 9 – Defined Benefit Pension Plans (Continued)**

***Proportionate Share of Net Pension Liability and Pension Expense***

The following table shows the plan’s proportionate share of the risk pool collective net pension liability over the measurement period.

<b>CalPERS Plan Type and Balance Descriptions</b>	<b>Plan Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Change in Plan Net Pension Liability</b>
<b>Miscellaneous Plan - Classic T1</b>			
Balance as of June 30, 2013 (Valuation Date)	\$ 4,526,416	\$ 3,414,330	\$ 1,112,086
Balance as of June 30, 2014 (Measurement Date)	4,795,781	3,981,877	813,904
<b>Change in plan net pension liability</b>	<b>\$ 269,365</b>	<b>\$ 567,547</b>	<b>\$ (298,182)</b>
<b>Miscellaneous Plan - Classic T2</b>			
Balance as of June 30, 2013 (Valuation Date)	\$ 11,206	\$ 8,453	\$ 2,753
Balance as of June 30, 2014 (Measurement Date)	11,873	9,858	2,015
<b>Change in plan net pension liability</b>	<b>\$ 667</b>	<b>\$ 1,405</b>	<b>\$ (738)</b>
<b>Safety Plan T1</b>			
Balance as of June 30, 2013 (Valuation Date)	\$ 44,614,822	\$ 33,104,877	\$ 11,509,945
Balance as of June 30, 2014 (Measurement Date)	46,779,283	38,087,057	8,692,226
<b>Change in plan net pension liability</b>	<b>\$ 2,164,461</b>	<b>\$ 4,982,180</b>	<b>\$ (2,817,719)</b>
<b>Safety Plan T2</b>			
Balance as of June 30, 2013 (Valuation Date)	\$ 44,508	\$ 33,026	\$ 11,482
Balance as of June 30, 2014 (Measurement Date)	46,667	37,996	8,671
<b>Change in plan net pension liability</b>	<b>\$ 2,159</b>	<b>\$ 4,970</b>	<b>\$ (2,811)</b>

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2013). The risk pool’s fiduciary net position (“FNP”) subtracted from its total pension liability (“TPL”) determines the net pension liability (“NPL”) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2014). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool’s FNP at the measurement date denotes the aggregate risk pool’s FNP at June 30, 2014 less the sum of all additional side fund (or unfunded liability) contribution made by all employers during the measurement period (2013-14).
- (3) The individual plan’s TPL, FNP and NPL are also calculated at the valuation date.

**Rancho Santa Fe Fire Protection District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2015**

**Note 9 – Defined Benefit Pension Plans (Continued)**

***Proportionate Share of Net Pension Liability and Pension Expense (Continued)***

- (4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.
- (5) The Plan’s TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employee on behalf of the plan during the measurement period.
- (6) The plan’s NPL at the Measurement Date is the difference between the TPL an FNP calculated in (5).

The District’s proportionate share of the net pension liability for the Plan as of June 30, 2013 and 2014 was as follows:

	<b>Misc. Plan - Classic T1</b>	<b>Misc. Plan - Classic T2</b>	<b>Safety Plan T1</b>	<b>Safety Plan T2</b>
Proportion June 30, 2013	0.013080%	0.00003%	0.13969%	0.00014%
Proportion June 30, 2014	0.013080%	0.00003%	0.13969%	0.00014%
Change - Increase (Decrease)	0.00000%	0.00000%	0.0000%	0.0000%

For the year ended June 30, 2015, the District recognized pension expense of \$1,085,793.

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions form the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Employer contributions to pension plans made after measurement date	\$ 1,388,366	\$ -
Differences between projected and actual earnings on pension plan investments	-	(2,901,275)
Changes in employer contributions and differences between proportionate share of pension expense	61,157	(21,837)
Recognized portion of adjustment due to differences in proportions	16,204	(118,821)
Total	<u>\$ 1,465,727</u>	<u>\$ (3,041,933)</u>

The \$1,388,366 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended June 30, 2016. Other amounts as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Year Ended June 30,</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
2016	27,629	\$ (767,754)
2017	26,472	(775,553)
2018	17,473	(767,066)
2019	5,787	(731,560)
2020	-	-
Thereafter	-	-
Total	<u>\$ 77,361</u>	<u>\$ (3,041,933)</u>

**Rancho Santa Fe Fire Protection District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2015**

**Note 9 – Defined Benefit Pension Plans (Continued)**

***Actuarial Assumptions***

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Misc. Plan - Classic T1</u>	<u>Misc. Plan - Classic T2</u>	<u>Safety Plan T1</u>	<u>Safety Plan T2</u>
Valuation Date	June 30, 2013	June 30, 2013	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:				
Discount Rate	7.50%	7.50%	7.50%	7.50%
Inflation	2.75%	2.75%	2.75%	2.75%
Payroll Growth	3.00%	3.00%	3.00%	3.00%
Projected Salary Increase	varies by entry age and service (1)			
Investment Rate of Return	7.50% (2)	7.50% (2)	7.50% (2)	7.50% (2)
Mortality	Derived using CalPERS' Membership Data for all funds (3)	Derived using CalPERS' Membership Data for all funds (3)	Derived using CalPERS' Membership Data for all funds (3)	Derived using CalPERS' Membership Data for all funds (3)

(1) Depending on age, service, and type of employment

(2) Net of pension plan investment expenses, including inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvement using Society of actuaries Scale BB.

There were no changes in assumptions, benefit terms, or other inputs that affected the measurement of the net pension liability. There were no changes between the measurement date of the net pension liability and the reporting date. The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuations were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

***Discount Rate***

The discount rate used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan.

**Rancho Santa Fe Fire Protection District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2015**

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**Note 9 – Defined Benefit Pension Plan (Continued)**

***Discount Rate (Continued)***

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

(a) an expected inflation of 2.5% for this period

(b) an expected inflation of 3.0% for this period

**Rancho Santa Fe Fire Protection District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2015**

**Note 9 – Defined Benefit Pension Plan (Continued)**

***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the District’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>Misc. Plan - Classic T1</u>	<u>Misc. Plan - Classic T2</u>	<u>Safety Plan T1</u>	<u>Safety Plan T2</u>	<u>Total</u>
1% Decrease	6.50%	6.50%	6.50%	6.50%	6.50%
Net Pension Liability	\$ 1,450,126	\$ 3,590	\$ 14,958,195	\$ 14,922	<u>\$ 16,426,833</u>
Current Discount Rate	7.50%	7.50%	7.50%	7.50%	7.50%
Net Pension Liability	\$ 813,904	\$ 2,015	\$ 8,692,226	\$ 8,671	<u>\$ 9,516,816</u>
1% Increase	8.50%	8.50%	8.50%	8.50%	8.50%
Net Pension Liability	\$ 285,901	\$ 708	\$ 3,529,338	\$ 3,521	<u>\$ 3,819,468</u>

***Pension Plan Fiduciary Net Position***

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

**Note 10 – Prior Period Adjustment**

As a result of the implementation of GASB Statements No. 68 and 71, net position as of July 1, 2014 was restated as follows:

Net position at July 1, 2014, as previously reported	<u>\$ 35,584,717</u>
Net pension liability	(12,636,266)
Employer contributions to pension plan made after the measurement date	1,187,308
Changes in employer contributions and differences between proportionate share of pension expense	<u>53,363</u>
Total restatements	<u>(11,395,595)</u>
Net position at July 1, 2014, as restated	<u>\$ 24,189,122</u>

**Note 11 – Risk Management**

The District is exposed to various risks of loss and has effectively managed risk through a combination of insurance, with deductibles, self-insurance, and employee education and prevention programs. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. In addition, there were no settlements or claims in the past three years that exceeded insurance coverage.

**Rancho Santa Fe Fire Protection District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2015**

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**Note 11 – Risk Management (Continued)**

The District is self-insured for workers' compensation benefits. The District is one of nine participants in the Public Agency Self-Insurance System (PASIS). PASIS is a joint-powers authority which was established in 1977 for the purpose of operating and maintaining a cooperative program of self-insurance and risk management for workers' compensation. There is no pooling of workers' compensation liability between the participants, and each participant self-insures their liability up to \$300,000 per occurrence.

All members are responsible for paying their own claims and related expenses. PASIS may advance funds to members who have incurred large losses; however, these advances must be repaid.

Excess insurance is purchased above the self-insured retention. As of June 30, 2015, the liability for workers' compensation claims payable was estimated at \$94,426.

Changes in workers' compensation claims payable for the year ended June 30, 2015, were as follows:

Estimated claims, beginning of year	\$	191,282
Estimated claims incurred		5,099
Revised prior claims estimate		(90,117)
Claim payments		(11,838)
Estimated claims, end of year	<u>\$</u>	<u>94,426</u>

The District is insured for a variety of potential exposures. The following is a summary of the insurance policies carried by the District as of June 30, 2015:

- General liability: \$1,000,000 per occurrence and \$3,000,000 aggregate. The District purchased additional excess coverage layers: \$10 million per occurrence and \$20 million aggregate for general and auto liability, which increases the limits on the insurance coverage noted above.
- Auto liability: \$1,000,000 liability limits and deductibles applied to specific vehicles with a \$1,000 deductible on Comprehensive and Collision, and other vehicles have a \$1,000 deductible on Comprehensive and on Collision.

**Note 12 – Contingencies**

***Litigation***

In the ordinary course of operations, the District is subject to other claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, other than the matter discussed above, will not materially affect its financial condition.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**Rancho Santa Fe Fire Protection District**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2015**

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**Schedule of Proportionate Share of the Net Pension Liability**  
**District's Plans**  
**(Last Ten Years\*)**

	<b>FY 2013-14</b>
<b><u>Misc. Plan - Classic T1</u></b>	
Proportion of the net pension liability	0.01308%
Proportionate share of the net pension liability	\$ 813,904
Covered - employee payroll	\$ 492,203
Proportionate share of the net pension liability as percentage of covered-employee payroll	165.36%
Plan's fiduciary net position as percentage of the total pension liability	83.03%
Proportionate share of aggregate employer contributions	\$ 107,676
<b><u>Misc. Plan - Classic T2</u></b>	
Proportion of the net pension liability	0.00003%
Proportionate share of the net pension liability	\$ 2,015
Covered - employee payroll	\$ 123,483
Proportionate share of the net pension liability as percentage of covered-employee payroll	1.63%
Plan's fiduciary net position as percentage of the total pension liability	83.03%
Proportionate share of aggregate employer contributions	\$ 267
<b><u>Safety Plan T1</u></b>	
Proportion of the net pension liability	0.13969%
Proportionate share of the net pension liability	\$ 8,692,226
Covered - employee payroll	\$ 4,150,937
Proportionate share of the net pension liability as percentage of covered-employee payroll	209.40%
Plan's fiduciary net position as percentage of the total pension liability	81.42%
Proportionate share of aggregate employer contributions	\$ 1,078,289
<b><u>Safety Plan T2</u></b>	
Proportion of the net pension liability	0.00014%
Proportionate share of the net pension liability	\$ 8,671
Covered - employee payroll	\$ 273,359
Proportionate share of the net pension liability as percentage of covered-employee payroll	3.17%
Plan's fiduciary net position as percentage of the total pension liability	81.42%
Proportionate share of aggregate employer contributions	\$ 1,076

\* Historical information is required only for measurement periods for which GASB No. 68 is applicable.

**Rancho Santa Fe Fire Protection District  
Required Supplementary Information (Continued)  
For the Year Ended June 30, 2015**

**Schedule of Contributions  
District's Plans  
(Last Ten Years\*)**

	<u>FY 2014-15</u>	<u>FY 2013-14</u>
<b><u>Misc. Plan - Classic T1</u></b>		
Actuarially determined contribution	\$ 83,237	\$ 78,040
Contributions in relation to the actuarially determined contribution	(83,237)	(78,040)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 506,969	\$ 492,203
Contributions as a percentage of covered-employee payroll	16.42%	15.86%
<b><u>Misc. Plan - Classic T2</u></b>		
Actuarially determined contribution	\$ 28,903	\$ 17,219
Contributions in relation to the actuarially determined contribution	(28,903)	(17,219)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 127,187	\$ 123,483
Contributions as a percentage of covered-employee payroll	22.72%	13.94%
<b><u>Safety Plan T1</u></b>		
Actuarially determined contribution	\$ 1,189,308	\$ 1,081,754
Contributions in relation to the actuarially determined contribution	(1,189,308)	(1,081,754)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 4,275,465	\$ 4,150,937
Contributions as a percentage of covered-employee payroll	27.82%	26.06%
<b><u>Safety Plan T2</u></b>		
Actuarially determined contribution	\$ 86,918	\$ 63,658
Contributions in relation to the actuarially determined contribution	(86,918)	(63,658)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 281,560	\$ 273,359
Contributions as a percentage of covered-employee payroll	30.87%	23.29%

**Notes to Schedule:**

**Benefit Changes** - The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact.

**Changes of Assumption** - There were no changes in assumptions.

Valuation Date:	June 30, 2011
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Average Remaining Period	20 years as of the valuation date
Assets Valuation Method	15 years smoothed market
Inflation	2.75%
Salary increases	3.30% - 14.20% depending on age, service and type of employment
Payroll growth	3.00%
Investment rate of return	7.50% net of administrative expenses

\* Historical information is required only for measurement periods for which GASB No. 68 is applicable.

**Rancho Santa Fe Fire Protection District**  
**Required Supplementary Information (Continued)**  
**For the Year Ended June 30, 2015**

**Budgetary Comparison Schedule – General Fund**

	<b>Adopted Original Budget</b>	<b>Board Approved Changes</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>					
Property taxes	\$ 10,057,600	\$ -	\$ 10,057,600	\$ 10,273,125	\$ 215,525
Voter approved taxes	1,029,500	-	1,029,500	1,028,265	(1,235)
In-lieu of property taxes – developer payments	304,800	-	304,800	241,593	(63,207)
Interest earnings	47,500	-	47,500	59,028	11,528
Rental income	268,400	-	268,400	261,483	(6,917)
Firefighting personnel reimbursement	75,000	-	75,000	335,740	260,740
Other	590,900	-	590,900	648,817	57,917
<b>Total revenues</b>	<u>12,373,700</u>	<u>-</u>	<u>12,373,700</u>	<u>12,848,051</u>	<u>474,351</u>
<b>Expenditures:</b>					
Fire protection operations:					
Salaries and wages	7,082,000	-	7,082,000	6,923,837	158,163
Employee benefits	3,153,700	-	3,153,700	2,677,765	475,935
Contractual services	1,295,000	-	1,295,000	1,130,386	164,614
Materials and supplies	574,000	-	574,000	784,576	(210,576)
Capital outlay	1,542,400	-	1,542,400	684,683	857,717
<b>Total expenditures</b>	<u>13,647,100</u>	<u>-</u>	<u>13,647,100</u>	<u>12,201,247</u>	<u>1,445,853</u>
<b>Excess(Deficiency) of revenues over(under) expenditures</b>	(1,273,400)	<u>\$ -</u>	(1,273,400)	646,804	<u>\$ (971,502)</u>
<b>Other financing sources(uses):</b>					
Transfer in(out)	172,100	-	172,100	-	-
Fund balance - beginning of year	14,756,015	-	14,756,015	16,472,346	-
Fund balance - end of year	<u>\$ 13,654,715</u>	<u>-</u>	<u>\$ 13,654,715</u>	<u>\$ 17,119,150</u>	<u>-</u>

**Rancho Santa Fe Fire Protection District  
Required Supplementary Information (Continued)  
For the Year Ended June 30, 2015**

**Budgetary Comparison Schedule – Special Revenue Fund**

	<u>Adopted Original Budget</u>	<u>Board Approved Changes</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>					
Capital grants and contributions – fire protection	\$ 388,709	\$ -	\$ 388,709	\$ 134,303	\$ (254,406)
Interest earnings	1,879	-	1,879	1,558	(321)
<b>Total revenues</b>	<u>390,588</u>	<u>-</u>	<u>390,588</u>	<u>135,861</u>	<u>(254,727)</u>
<b>Expenditures:</b>					
Capital outlay					
Structures, equipment and vehicles	-	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess(Deficiency) of revenues over(under) expenditures</b>	<u>390,588</u>	<u>\$ -</u>	<u>390,588</u>	<u>135,861</u>	<u>\$ (254,727)</u>
Fund balance - beginning of year	509,031		509,031	773,920	
Fund balance - end of year	<u>\$ 899,619</u>		<u>\$ 899,619</u>	<u>\$ 909,781</u>	

**Notes to Budgets and Budgetary Data**

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year the District's District Manager and Fiscal Officer prepares and submits an operating budget to the Board of Directors for the General Fund and Mitigation Fund no later than June of each year. The basis used to prepare the budget does not differ substantially from the modified accrual basis of accounting. The adopted budget becomes operative on July 1. The Board of Directors must approve all supplemental appropriations to the budget and transfers between major accounts. The District's annual budget is presented as a balanced budget (inflows and reserves equal outflows and reserves) adopted for the General Fund at the detailed expenditure-type level.

The District presents a comparison of the annual budget to actual results for the General Fund at the functional expenditure-type major object level for financial reporting purposes. The budgeted expenditure amounts represent the adopted budget. No Board approved supplemental appropriations were made. The budgeted revenue amounts represent the adopted budget as originally approved.