

**MEMORANDUM OF UNDERSTANDING
BETWEEN COUNTY OF NEVADA, ROUGH & READY FIRE PROTECTION DISTRICT AND
PENN VALLEY FIRE PROTECTION DISTRICT**

This Memorandum of Understanding ("MOU"), dated as of November 18, 2025, is by and between the County of Nevada, hereinafter referred to as the "County", and Rough & Ready Fire Protection District ("RRFPD") and Penn Valley Fire Protection District ("PVFPD"), hereinafter referred to as the "Districts".

RECITALS

WHEREAS, in Nevada County, California, under the Fire Protection District Law of 1987, the Districts provide the inhabitants within District boundaries with various services, including, but not limited to, fire protection services, rescue services, emergency medical services, hazardous material emergency response services, ambulance services, and other services relating to the protection of lives and property ("Services"); and

WHEREAS, on March 20, 2023, RRFPD filed a Resolution of Application for dissolution with the Local Agency Formation Committee of Nevada County (LAFCo) and notified the public that the Rough & Ready Station #59 would close by June 30, 2023, and all parties recognize that it is imperative that the Rough & Ready community has adequate fire protection services; and

WHEREAS, on April 11, 2023, PVFPD filed a Resolution of Application for Annexation of the RRFPD territory, once RRFPD was dissolved; and

WHEREAS, at the June 22, 2023, LAFCo meeting, the Districts announced that they would explore reorganizing into one district to increase the effectiveness and efficiency of fire protection and other services delivery, by seeking, pursuant to the provisions of Government Code section 56000 et seq., a consolidation ("Reorganization") and the Resolution for dissolution was withdrawn and

WHEREAS, LAFCo undertook a countywide Municipal Services Review, which was completed on November 21, 2024; and

WHEREAS, in recognition that independent fire protection districts in Nevada County are essential in ensuring public peace, health and safety, the County supports the Districts' efforts to reorganize; and

WHEREAS, California Government Code section 26227 provides that the County Board of Supervisors may appropriate and expend money to finance programs deemed to be necessary to meet the social needs of the population of the county, including, but not limited to, the areas of health, law enforcement and public safety; and

WHEREAS, on August 8, 2023, the County Board of Supervisors approved a Memorandum of Understanding (MOU) (Resolution 23-429) to support the Rough and Ready Fire, Penn Valley Fire, and Nevada County Consolidated Fire Districts' efforts to reorganize through and funding contribution not to exceed \$1,000,000 to operate the Rough & Ready Fire Station #59 prior to consolidation; and

WHEREAS, on December 5, 2023, the County Board of Supervisors approved "Amendment 1" to the MOU (Resolution 23-608) to extend the deadline for Section 4(b) "Milestone 2"; and

WHEREAS, on May 28, 2024, the County Board of Supervisors approved "Amendment 2" to the MOU (Resolution 24-241) to provide a one-year extension of the MOU to support the consolidation effort underway; and

WHEREAS, the Rough and Ready Fire Protection District Board declined a reorganization proposal by Nevada County Consolidated Fire District at their April 8, 2025, Board meeting and decided to seek reorganization efforts solely with Penn Valley Fire Protection District; and

WHEREAS, the Penn Valley and Rough and Ready Fire Protection Districts seek to complete reorganization efforts and file required documentation with the Nevada County Local Agency Formation Commission (LAFCo) by December 1, 2025; and

WHEREAS, on May 15, 2025, the County received notice from Nevada County Consolidated Fire District that they will no longer be pursuing reorganization efforts as originally agreed and requested to withdraw from the original Memorandum of Understanding; and

WHEREAS, the Penn Valley and Rough and Ready Fire Protection Districts are providing operational coverage of Station #59 as of May 31, 2025; and

WHEREAS, on June 24, 2025, the County Board of Supervisors approved Resolution 25-320 repealing and replacing the Memorandum of Understanding between County of Nevada, Rough & Ready Fire Protection District, Penn Valley Fire Protection District, and Nevada County Consolidated Fire District, removing Nevada County Consolidated Fire District and to maintain operations of Rough & Ready Fire Station No. 59 during the reorganization of these districts into one consolidated district; and

WHEREAS, on September 10, 2025 the County of Nevada received a formal request from the Penn Valley Fire Protection and Rough & Ready Fire Protection Districts to open the County Master Property Tax Allocation Agreement to provide additional funding in support of a consolidated District; and

WHEREAS, the County of Nevada will not open the County Master Property Tax Allocation Agreement as affirmed by Board of Supervisors Resolution 25-497 as the allowable exchange of property tax revenue is complex, has limitations, and may negatively impact other special districts; and

WHEREAS, the County of Nevada recognizes the additional time is needed for the Districts to secure sufficient resources to support operation of Station #59; and

WHEREAS, the County of Nevada agrees to provide additional gap funding for up to five years in support of consolidation and maintain operation of Station #59.

AGREEMENT

NOW, THEREFORE, the parties agree as follows:

1. The County will support the operation of Rough & Ready Fire Station #59;

- a. The County will provide temporary gap funding to support the operations of Rough & Ready Fire Station #59 to serve the residents of the RRFPD and other surrounding districts (e.g. PVFPD and NCCFD), for five years (Fiscal Years 2026-27, 2027-28, 2028-29, 2029-30, and 2030-31), not to exceed \$500,000 in any fiscal year for a combined not to exceed total of \$1,500,000 in addition to the gap funding already provided under the previous MOU supporting the long-term goal of the Districts' Reorganization.
 - b. The County funds will serve as a match to RRFPD's annual revenue, estimated at \$588,600 per fiscal year starting in FY 2026/27 including tax revenues and special assessment fees, which shall be used for the sole purpose of operating Rough & Ready Fire Station #59.
 - c. The County's contribution may be provided from any available source including grant funds, at the County's discretion.
2. The Districts will provide fire protection and associated emergency services within RRFPD boundaries:
 - a. The Districts memorialized agreements to provide fire protection and other services to the area formerly covered by the RRFPD, which services commenced starting July 1, 2023.
 - b. The Districts agree to utilize County funds for the sole purpose of operating Rough & Ready Fire Station #59. District revenue shall be expended annually prior to utilizing County funds for the operation of Rough & Ready Fire Station #59. If supplementary permanent state, federal and/or other funding is received this funding shall be utilized in place of County funds.
 - c. The Districts will provide the County with a copy of their budgets and revenue and expenditure detail for Fiscal Years 2026-27, 2027-28, 2028-29, 2029-30, and 2030-31 which shall include a clear accounting of where the funding is appropriated in their budgets and its intended use. Budget accounting shall continue to be tracked independently for Rough & Ready Fire Station #59 for the duration of this MOU. Accounting records of the Districts shall be open to inspection by the County Auditor-Controller and/or County Chief Fiscal Officer at any time during business hours for the purpose of determining whether the funds were utilized only for the purpose of fire protection services within RRFPD's boundaries. Records shall be provided with any request to transfer funds in sufficient detail to support actual expenditures incurred. The District's annual audit report shall be submitted to the County for each fiscal year.
 - d. The Districts will develop and adopt a budget for the ongoing operation of Rough & Ready Fire Station #59 that does not assume County contributions in Fiscal Year 2031-32 and beyond. County funding contributions will not be provided in Fiscal Year 2031-32 and beyond.

3. The County Auditor-Controller will transfer funds to RRFPD operating fund 6724 or other fund as agreed upon by County and District(s) based upon cash flow analysis and tied to the “milestones” listed below.
 - a. Milestone 1: The Districts will submit a revised operational coverage plan and budget to the County no later than December 31, 2025 that includes a plan, budget, and specific funding proposal to be used to fill any funding shortfalls through this agreement period for the operation of Fire Station #59
 - b. Milestone 2: The Districts will complete the Reorganization process with LAFCo including required public hearings and submitting a final statement of the reorganization of the new district with the State Board of Equalization by December 1, 2026.
 - c. Milestone 3: The Reorganized District will provide fire protection and other services to the area formerly covered by the Rough & Ready Fire Protection District and continue enhanced services to the community that have been implemented including Advanced Life Support (ALS) resources.
 - d. Milestone 4: The Reorganized District shall submit a projected budget and plan for funding the District in Fiscal Year 2031-32 and beyond without County funding contributions to the County by June 30, 2028 for review.
 - e. Milestone 5: The Reorganized District shall partner with the County and facilitate a minimum of two community workshops in partnership with other County Fire Districts providing insight into current and historical fire service models, funding mechanisms, funding needs to achieve financial sustainability, challenges, sustainability, and other aspects to improve community awareness around local fire district services and funding. The County shall have ultimate approval authority over the agenda and content of the community workshops.
4. The Reorganized District shall not contract services out to third party agencies to operate services for Fire Station #59.
5. The Reorganized District shall actively seek grant opportunities in partnership with the County that support operations of Fire Station #59 and enhance services to the community. A minimum of one grant opportunity shall be applied for each fiscal year. Information shall be provided to the County prior to the end of each fiscal year including providing the application package for review including the information on the submittal date and result of the application.
6. The Reorganized District will actively partner with County, State, Federal, and legislative organizations to support the establishment of reasonable local fire district funding solutions that enhance sustainability of all districts.

7. The Districts and eventual Reorganized District are separate legal entities from the County with respect to all matters set forth in this MOU. This MOU is not intended, and shall not be construed, to create the relationship of agent, servant, employee, joint venture, joint powers, or association between County and Districts.
8. The Districts and eventual Reorganized District agree to cooperate and supply any documentation reasonably necessary for the convenience and information of the County within thirty (30) days of the date of request, unless additional time is specifically agreed upon by all parties.
9. The Districts and eventual Reorganized District shall comply with all applicable federal, state and local laws affecting the services covered by this MOU.
10. This MOU may only be revisited and modified by written agreement of all the parties.
11. This MOU shall commence on the date executed by the County and the Districts.
12. This MOU contains all the terms and conditions agreed upon by the parties.
13. This MOU may be executed in counterparts. The execution of a signature page of this MOU shall constitute the execution of the MOU, which shall be binding on each party upon that party's signing of such a counterpart.
14. This MOU will expire June 30, 2031.
15. NOTICES: All notices, requests, demands, or other communications under this MOU shall be in writing as follows:

To COUNTY: County of Nevada
Executive Office
950 Maidu Avenue
Nevada City, CA 95959
ATTN: Alison Lehman, CEO

To RRFPD: Rough & Ready Fire Protection District
14506 Rough and Ready Hwy
Mailing address: PO Box 10
Rough and Ready, CA 95975
ATTN: Chief Don Wagner

To PVFPD: Penn Valley Fire Protection District
10513 Spenceville Rd.
Penn Valley, CA 95946
ATTN: Chief Don Wagner

IN WITNESS WHEREOF, County and Districts, by their duly authorized representatives, have executed this MOU on the day and year first written above.

COUNTY OF NEVADA

Heidi Hall, Chair, Board of Supervisors

Date: _____

APPROVED AS TO FORM:

Katharine L. Elliott, County Counsel

ROUGH & READY FIRE PROTECTION DISTRICT

Date: _____

PENN VALLEY FIRE PROTECTION DISTRICT

Date: _____