

**PROPERTY TAX ALLOCATION AGREEMENT BETWEEN THE
WINDSOR PROTECTION DISTRICT, RINCON VALLEY FIRE PROTECTION
DISTRICT, BENNETT VALLEY FIRE PROTECTION DISTRICT
AND THE COUNTY OF SONOMA FOR THE REORGANIZATION OF FIRE
DISTRICTS IN THE CENTRAL PORTION OF SONOMA COUNTY**

This Property Tax Allocation Agreement ("Agreement") is entered into and effective January 29, 2019, between the Windsor Fire Protection District ("WFPD"), the Rincon Valley Fire Protection District ("RVFPD"), and the Bennett Valley Fire Protection District ("BVFPD"), which are all fire districts organized and operated pursuant to the Fire Protection District Law of 1987 (collectively referred to as the "Districts"); and the County of Sonoma (the "County"), with respect to the following Recitals, which are incorporated as a substantive part of this Agreement.

RECITALS

WHEREAS, the Boards of Directors of the Districts and the County Board of Supervisors on behalf of the Mountain Volunteer Fire Company in County Service Area No. 40 ("Mountain VFC"), all located in Sonoma County, California (collectively referred to as "the Parties"), desire to initiate proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with section 56000 of the California Government Code, with the Local Agency Formation Commission of the County of Sonoma ("Sonoma LAFCO") for the reorganization of the Parties as specified herein; and

WHEREAS, the Parties have agreed to initiate proceedings with Sonoma LAFCO by adoption of Concurrent Resolution No. 18-0491, effective November 13, 2018, for a reorganization consisting of the dissolution of RVFPD and BVFPD, and detachment of Mountain VFC from County Service Area No. 40; and annexation of the territory in the dissolved Districts and detached area to the WFPD resulting in a reorganized WFPD, to be named thereafter the Sonoma County Fire District ("SCFD"); and

WHEREAS, the Parties are the primary providers of fire suppression, prevention, rescue, emergency medical services and hazardous material emergency response and other services relating to the protection of lives and property ("Fire Protection Services") within areas in the central portion of the unincorporated area of the County, which boundaries are reflected and included in Exhibit "A", which will be attached to this Agreement upon the Effective Date, attached to and incorporated into as a part of this Agreement (the "Subject Territory"); and

WHEREAS, the Subject Territory is consistent with the amended spheres of influence of the Parties to be adopted by Sonoma LAFCO on February 6, 2019; and

WHEREAS, Fire Protection Services for the portion of the Subject Territory which is located within Mountain VFC and contiguous Incident Response Plan ("IRP") areas are a part of the services provided under the authority of the Board of Supervisors; and,

WHEREAS, a portion of property tax revenues allocated by law for fire protection has supported Fire Protection Services for the Subject Territory; and,

WHEREAS, the Parties approved and adopted Four Party Concurrent Resolution No. 18-0491, effective November 13, 2018, jointly requesting Sonoma LAFCO to approve the proposed reorganization and annexation of the Subject Territory, and

WHEREAS, the WFPD submitted its "Application for Reorganization to form the Sonoma County Fire District" to Sonoma LAFCO on December 12, 2018, and

WHEREAS, the Districts and County are desirous of facilitating successful Fire Protection Services in the Subject Territory, should the reorganization and annexation be approved, by entering into this Agreement relating to the real property tax revenue derived from the Subject Territory now allocated for fire protection in CSA-40 and the Districts, and

WHEREAS, the County is investing additional funds beyond property taxes in order to encourage a reduction in the number of fire agencies in the County with the purpose of improving efficiency and effectiveness and to address equity issues related to the funding of various fire agencies; and

WHEREAS, the County is contributing additional funds beyond property taxes to offset the costs of SCFD providing services to the Mountain VFC; and

WHEREAS, this Agreement is intended to specifically implement the proposed reorganization and annexation for the Subject Territory only.

NOW, THEREFORE, the parties agree as follows:

AGREEMENT

1. Effect of Recitals. The foregoing Recitals are incorporated into and are a part of this Agreement.

2. Definitions. For purposes of this Agreement, except as otherwise provided or unless the context otherwise requires:

(a) "Reorganization" means the dissolution of RVFPD and BVFPD, and detachment of Mountain VFC and contiguous IRP areas from County Service Area No. 40; and annexation of the territory in the dissolved Districts and detached area to the WFPD resulting in a reorganized WFPD, to be named thereafter the SCFD.

(b) "ACTTC" means the Sonoma County Auditor-Controller Treasurer-Tax Collector.

(c) "Property Tax Assessed Values" means the taxable assessed values including homeowner's exemptions and excluding Aircraft as presented in the State Board of Equalization Final Utility Roll and the County Assessor's Certified Roll.

(d) "Effective Date" means the date of recordation of the LAFCO Executive Officer's Certificate of Completion for the Reorganization.

(e) "Unincorporated Area" means the area of the SCFD located outside the boundaries of the Town of Windsor.

3. Allocation and Payment of Property Taxes. As soon as permitted by state statute after the Effective Date, including, but not limited to Government Code Section 54900 et. seq. and Government Code Section 57204, the property tax revenues of the Subject Territory currently allocated to CSA-40 and the Districts for Fire Protection Services shall be transferred to SCFD, subject to the following:

(a) The parties agree that the ACTTC shall make any adjustments to the allocations of property tax revenue to CSA-40 and the Districts required by all applicable state law, which may cause the amount of the property tax revenue to be allocated to SCFD to be different from that previously allocated to CSA-40 and the Districts. These adjustments include, but are not limited to, applicable Educational Revenue Augmentation Fund calculations or allocations, or any changes to withholdings the ACTTC may apply to property tax administration or property tax appeals.

4. Transfer of Property Taxes in Interim Period. The County shall reimburse SCFD for the prorated property tax revenues of the Subject Territory currently allocated to CSA-40 for the period between the Effective Date and the date the transfer required by Section 2 is permitted by state statute.

5. Annual Revenue Sharing Payment.

(a) The County shall make an annual payment to the SCFD in an amount equal to \$1,589,713, as annually adjusted, which payment shall continue in perpetuity subject to the provisions of this Agreement ("Revenue Sharing Payment"). This initial dollar figure is a baseline amount to be annually adjusted based on the percentage change in annual Property Tax Assessed Values in the Unincorporated Area over the prior year beginning with the base year property tax value represented on Exhibit B, attached hereto and made a part of this Agreement.

(b) Each year on or before September 15th, County shall provide to SCFD the Property Tax Assessed Values within the Unincorporated Area as certified by the ACTTC, and SCFD will utilize this information to calculate the percentage change as compared to the prior year's Property Tax Assessed Values in the Unincorporated Area beginning with the base year property tax represented on Exhibit B, and apply that number to the payment amount made in the immediately preceding fiscal year to determine the amount of the Revenue Sharing Payment due from County to SCFD hereunder.

(c) County will issue the initial Revenue Sharing Payment, prorated for the period from the Effective Date until the last day of the then-current fiscal year, to SCFD within sixty (60) days of the Effective Date. Thereafter, SCFD will invoice County in October each year for the Revenue Sharing Payment due based on the calculation hereunder. The ACTTC will provide a verification of the amount provided in the invoice within 10 business days of the invoice. The County shall distribute the Revenue Sharing Payment to SCFD within fifty (50) days following ACTTC verification of the Revenue Sharing Payment amount.

(d) Either Party may notify the other Party in writing of its desire to amend this Section 5 of this Agreement, and provide a proposal for such amendment that is reasonably anticipated as closely as possible to result in the Revenue Sharing Payment amount being representative of the Parties' intent upon entering into this Agreement ("Notice"), if any of the following occur: (1) the AB 8 apportionment formula is amended, whether by legislative or judicial action, in such a way that would effect a material change to the amount of revenue received by SCFD from the Subject Territory; (2) the ACTTC is no longer able to determine the Property Tax Assessed Values within the Unincorporated Area; or (3) the electorate votes in favor of a countywide revenue measure intended to fund fire protection services.

(e) Within 30 days of Notice, County and SCFD staff shall meet and confer in good faith in a reasonable attempt to amend this Agreement to resolve the noticed issue. Where the issue involves Section 5(d)(2), the Parties will agree upon a new tax code(s) or tax rate areas or a combination of both that represents no less than 50% of the total Property Tax Assessed Value of the parcels in the Subject Territory to be used in determining the percentage change in Property Tax Assessed Values over the prior fiscal year beginning with the base fiscal year as determined in Exhibit B. Multiple meetings may be reasonably required under the meet and confer process, provided that the meet and confer process shall be completed within six months of Notice, unless extended in writing by the Parties. If the Parties are unable to resolve the issue through the meet and confer process within six months of Notice, or as agreed upon by the Parties in writing, the Parties agree to retain an agreed-upon neutral mediator and participate in at least five hours of mediation to resolve the issue. The Parties will use best efforts to resolve this issue through mediation and will share equally in the costs of the mediation. Should the issue not be resolved through mediation, then either Party may file an action for declaratory relief in Sonoma County Superior Court. Should a payment become due under this Agreement after Notice but before an amended Agreement is executed, County shall provide the SCFD with a payment equal to the amount provided in the prior year.

6. One-Time Payment. To share in the SCFD's costs in annexing portions of CSA-40, the County will provide funding in the amount of \$500,000 to SCFD within 60 days of the Effective Date.

7. Local Debt Limit. Should a court determine that the payments under Sections 3 or 4 constitute County-issued debt made in violation of California Constitution Article XVI, section 18, then the Parties agree that such payments are made in satisfaction of their obligations under Revenue and Taxation Code Section 99. The payments will remain as annual lump sum payments made separately from the ACTTC's AB 8 allocation process.

8. Accounting. The designated representatives of County and SCFD shall have the right to audit any records and supporting documentation pertaining to the performance of this Agreement. County and SCFD shall maintain such records for a minimum of four (4) years from the Effective Date and to allow access to such records during normal business hours.

9. Termination.

(a) SCFD Reorganization. This Agreement is contingent upon the final Reorganization. Should the Reorganization as contemplated above not occur, the parties agree that this Agreement shall be null and void and no transfers of revenues will occur without a new agreement to do so.

(b) Termination Due to Invalidity. Should any material portion of this Agreement be declared invalid or inoperative by a court of competent jurisdiction, the remainder of the Agreement shall remain in full force and effect, unless enforcement of this Agreement, as so invalidated, would be unreasonable or inequitable under all the circumstances or would frustrate the purposes of this Agreement and/or the rights and obligations of the Parties hereto.

(c) Termination Due to Change in Law. Subject to Section 5(d) and (e), should substantial changes occur in the statutory scheme or successor statutory schemes (whether by legislative or judicial action) governing this Agreement, including but not limited to the Government Code and Revenue and Taxation Code, which negate or frustrate the fundamental tenets of this Agreement, the parties may discuss a termination or amendment of this Agreement.

10. Remedies for Breach of Agreement. The parties may exercise any remedy available to them at law or in equity for a material breach by the other party, including specific performance, injunctive relief, and writ of mandate.

11. Modification/Amendment. This Agreement may be modified or amended only by a writing duly authorized and executed by the parties to this Agreement.

12. Enforcement. The Districts and County each acknowledge that this Agreement cannot bind or limit themselves or each other or their future governing bodies in the exercise of their discretionary legislative power except as the Agreement provides. However, each binds itself that it will insofar as is legally possible, fully carry out the intent and purposes hereof, if necessary, by administrative and ministerial action independent of that legislative power and that this Agreement may be enforced by injunction or mandate or other writ to the full extent allowed by law.

13. Integration. With respect to the subject matter hereof, this Agreement is intended to be an integrated agreement and supersedes any and all previous negotiations, proposals, commitments, writings and understandings of any nature whatsoever between the Districts and the County as to the subject matter of this Agreement.

14. Notice. All notices, requests, determinations or other correspondence required or allowed by law or this Agreement to be provided by the parties shall be in writing and shall be deemed given and received when delivered to the recipient by first-class mail (or an equal or better form of delivery including electronic mail) at the following addresses:

SCFD

Sonoma County Fire District
8200 Old Redwood Highway
Windsor, CA 95492

WFPD

Windsor Fire Protection District

8200 Old Redwood Highway
Windsor, CA 95492

RVFPD

Rincon Valley Fire Protection District
8200 Old Redwood Highway
Windsor, CA 95492

BVFPD

Bennett Valley Fire Protection District
6161 Bennett Valley Road
Santa Rosa, CA 95404

COUNTY

County of Sonoma
County Administrator's Office
575 Administration Drive, Suite 104A
Santa Rosa, Ca 95403

By giving notice, either party may change its address for these purposes.

15. Third Parties. This Agreement shall not be construed as or deemed an agreement for the benefit of any third party or parties. No other person shall have any right of action based upon any provision of this Agreement.

16. Attorney's Fees and Costs. In any action to enforce the provisions of this Agreement or for breach of the Agreement, the prevailing party shall recover from the other party, in addition to any damages, injunctive or other relief, all costs reasonably incurred at, before and after trial or on appeal, including without limitation attorneys' and witness (expert and otherwise) fees, deposition costs, copying charges and other expenses.

17. Approval. The parties represent that this Agreement was approved by their respective governing boards at a properly noticed meeting.

18. Choice of Law and Venue. This Agreement shall be governed by the laws of the State of California. Venue for actions and proceedings between the parties related to this Agreement shall be in the Northern District of California for any federal action and, unless otherwise agreed by the parties, in Sonoma County Superior Court for state actions.

19. Agreement Mutually Drafted. Each party has participated jointly in the drafting of this Agreement, which each party acknowledges is the result of negotiations between the parties, and the language used in this Agreement shall be deemed to be the language chosen by the parties to express their mutual intent. If an ambiguity or question of intent or interpretation arises, then this Agreement will accordingly be construed as drafted jointly by the parties, and no presumption or burden of proof will arise favoring or disfavoring any party to this Agreement by

virtue of the authorship of any of the provisions of this Agreement. The captions, headings and table of contents contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

20. Joint Defense. In the event of a third party challenge of any type to this Agreement, the parties agree to jointly defend the validity and implementation of the Agreement.

IN WITNESS WHEREOF, the parties have entered into this Agreement in Sonoma County, California.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have entered into this Agreement in Sonoma County, California.

WINDSOR FIRE PROTECTION DISTRICT:

[Redacted Signature] 1/23/2019
President, Board of Directors, WFPD Date

RINCON VALLEY FIRE PROTECTION DISTRICT:

[Redacted Signature] 1/23/19
President, Board of Directors, RVFPD Date

BENNETT VALLEY FIRE PROTECTION DISTRICT:

[Redacted Signature] 1-23-19
President, Board of Directors, BVFPD Date

COUNTY OF SONOMA:

Supervisors:

Gorin: AYE Zane: AYE Gore: AYE Hopkins: ABSENT Rabbitt: NO
Ayes: 3 Noes: 1 Absent: 1 Abstain: 0

So Ordered.

[Redacted Signature]
[Redacted Signature] 2/5/19
Clerk of the Board of Supervisors Date

APPROVED AS TO FORM:

[Redacted Signature] 1/23/19
General Counsel for Districts Date

APPROVED AS TO FORM

Deputy County Counsel for COUNTY Date

WINDSOR FIRE PROTECTION DISTRICT:

President, Board of Directors, WFPD Date

RINCON VALLEY FIRE PROTECTION DISTRICT:

President, Board of Directors, RVFPD Date

BENNETT VALLEY FIRE PROTECTION DISTRICT:

President, Board of Directors, BVPD Date

COUNTY OF SONOMA:

Supervisors:

Gorin: Zane: Gore: Hopkins: Rabbitt:
Ayes: Noes: Absent: Abstain:

So Ordered.

ATTEST:

Clerk of the Board of Supervisors Date

APPROVED AS TO FORM:

General Counsel for Districts Date

APPROVED AS TO FORM

0 *0*
[Redacted Signature]

Deputy County Counsel for COUNTY Date

1/29/19

Exhibit A
(to be added upon the Effective Date)

Exhibit B

1. For purposes of Section 5; the Revenue Sharing Payment amount shall be \$1, 589,713. The first year after payment of the prorated Revenue Sharing Payment, the Revenue Sharing Payment amount shall be adjusted based on the annual change in the Property Tax Assessed Value for the Unincorporated Area from Fiscal Year 2018-2019 compared to the then current fiscal year, which shall be provided to SCFD by County on or before September 15th and this change shall be applied to the \$1,589,713 to determine the second year Revenue Sharing Payment amount. Each year thereafter, the annual change to the Revenue Sharing Payment amount shall be determined based on the immediately prior year's Property Tax Assessed Value within the Unincorporated Area as compared to the then current fiscal year's Property Tax Assessed Value, as provided by the County on or before each September 15th, subject to any revisions as set forth in Section 5(c), (d), and (e) of this Agreement.

2.

(a) Should the second year Revenue Sharing Payment become due prior to the date that the transfer required by Section 2 is permitted by state statute, the County shall determine the prior year Property Tax Assessed Value for the Unincorporated Area by adding together the Property Tax Assessed Value in the unincorporated Tax Rate Areas of the Windsor Fire Protection District and the Property Tax Assessed Value in the unincorporated Tax Rate Areas of the Subject Territory as previously provided by the Sonoma County Assessor to the ACTTC in compliance with Revenue and Taxation Code Section 99. The County shall determine the current year Property Tax Assessed Value for the Unincorporated Area by adding together the Property Tax Assessed Value in the unincorporated Tax Rate Areas of the Windsor Fire Protection District, the Property Tax Assessed Value in the unincorporated Tax Rate Areas of the dissolved fire protection districts in the Subject Territory and the Property Tax Assessed Value detached from CSA-40 in the Subject Territory as defined in the County's Geographic Information System (GIS).

(b) Should any subsequent year Revenue Sharing Payment become due prior to the date that the transfer required by Section 2 is permitted by state statute, the County shall determine the Property Tax Assessed Value for the Unincorporated Area by adding together the Property Tax Assessed Value in the unincorporated Tax Rate Areas of the Windsor Fire Protection District, the Property Tax Assessed Value in the unincorporated Tax Rate Areas of the dissolved fire protection districts of the Subject Territory and the Property Tax Assessed Value detached from CSA-40 in the Subject Territory as defined in the County's Geographic Information System (GIS).

3. For all years after the date that the transfer required by Section 2 is permitted by state statute, the County shall determine the Property Tax Assessed Value for the Unincorporated Area by subtracting the Town of Windsor's Property Tax Assessed Value from the SCFD's Property Tax Assessed Value.