

**PROPERTY TAX ALLOCATION AGREEMENT AND APPROPRIATIONS LIMIT
ADJUSTMENT BETWEEN THE GLEN ELLEN FIRE PROTECTION DISTRICT,
VALLEY OF THE MOON FIRE PROTECTION DISTRICT, AND THE COUNTY OF
SONOMA FOR THE REORGANIZATION OF FIRE DISTRICTS IN THE
SOUTHEASTERN PORTION OF SONOMA COUNTY**

This Property Tax Allocation and Appropriations Limit Transfer Agreement ("Agreement") is entered into and effective February 11, 2020, between the Glen Ellen Fire Protection District ("GEFPD"), the Valley of the Moon Fire Protection District ("VOMFPD"), 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 Mayacamas Volunteer Fire Company in County Service Area No. 40 ("Mayacamas 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 Districts have agreed to initiate proceedings with Sonoma LAFCO by adoption of Concurrent Resolution No. 2019/2020-08, effective December 10, 2019, for a reorganization consisting of the dissolution of VOMFPD, and detachment of Mayacamas VFC from County Service Area No. 40; and annexation of the territory in the dissolved District and detached area to the GEFPD resulting in a reorganized GEFPD, to be named thereafter the Sonoma Valley Fire District ("SVFD"); 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 approved and adopted by Sonoma LAFCO on November 6, 2019; and

WHEREAS, Fire Protection Services for the portion of the Subject Territory which is located within Mayacamas 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 GEFPD submitted its “Application for Reorganization to form the Sonoma Valley Fire District” to Sonoma LAFCO on December 16, 2019, 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, 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 VOMFPD and detachment of Mayacamas VFC from County Service Area No. 40; and annexation of the territory in the dissolved District and detached area to the GEFPD resulting in a reorganized GEFPD, to be named thereafter the SVFD.

(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.

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 SVFD, 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 SVFD 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 SVFD 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. Supplemental Revenue Sharing Payment.

(a) In addition to any property taxes transferred pursuant to Sections 3 or 4 of this Agreement, the County shall make a supplemental payment to the SVFD in an amount equal to \$158,000 for Fiscal Year 2020-21. The amount shall be annually adjusted beginning in FY 2021-22 in proportion with the average change in the Transient Occupancy Tax revenue collected by the County over three fiscal years, which payment shall continue in perpetuity subject to the provisions of this Agreement (“Revenue Sharing Payment”). The formula used to calculate this Payment is set out in Exhibit B.

(b) Each year on or before September 15th, County shall provide to SVFD the Transient Occupancy Tax Values collected by the County of Sonoma for the prior fiscal year, and the calculations of the percentage change as compared to the prior year’s Transient Occupancy Tax collected by the County. This calculation will be used to the next fiscal year’s payment amount which will be made by applying the percentage change calculated above to the amount of the Revenue Sharing Payment due from County to SVFD hereunder in the current year. For example, the Fiscal Year 2021-22 payment shall be determined by applying the rate of change between actual collections in Fiscal Year 2019-20 and Fiscal Year 2018-19.

(c) County will issue the initial Revenue Sharing Payment in Fiscal Year 2020-21, regardless of whether the Effective Date falls in Fiscal Year 2019-20. However, the amount of the Revenue Sharing Payment shall be prorated for that year if the Effective Date does not occur until after September 30, 2020. County will issue the initial Revenue Sharing Payment, prorated if appropriate, within sixty (60) days of the Effective Date Thereafter, SVFD 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 SVFD within fifty (50) days following ACTTC verification of the Revenue Sharing Payment amount.

(d) If the electorate votes in favor of a countywide revenue measure intended to fund fire protection services, in calendar year 2020 which includes an on-going allocation for Mayacamas VFC in the amount of 0.31% (estimated to be approximately \$158,000) per year then this section (5) shall be modified as follows. Subsection 5(a) shall read: (a) In addition to any property taxes transferred pursuant to Sections 3 or 4 of this Agreement, the County shall make a supplemental payment to the SVFD in an amount equal to \$158,000 for Fiscal Year 2020-21. The Supplemental Revenue Sharing Payment shall be discontinued after Fiscal Year 2020-21. Sections 5(b) and 5(c) shall be deleted.

6. One-Time Payment. To share in the SVFD's costs in annexing portions of CSA-40, the County will provide funding in the amount of \$92,000 to SVFD within 60 days of the Effective Date.

7. Appropriations Limit Adjustment.

(a) Pursuant to Article XIIIIB of the California Constitution, if responsibility for a governmental service is transferred from one entity to another, the Appropriations Limits of each affected entity must be adjusted to reflect that transfer. The adjustment is to be in such reasonable amount as the entities mutually agree.

(b) As the provision of fire services in the Affected Territory will be transferred from County Service Area No. 40 (Fire Services) to the SVFD on the Effective Date of this Agreement, it is necessary to transfer appropriations limit from Fire Services to SVFD.

(c) SVFD and Fire Services agree that \$51,053 represents the property tax revenue and value of the current Appropriations Limit to transfer to SVFD from CSA-40 for fiscal year 2020-21, prorated for fiscal year 2020-21 if fire services for the Affected Territory did not transfer from Fire Services to District until September 30, 2020 or later.

This amount will be adjusted by annual adjustment factors, provided by the State in May of each year.

(d) Fire Services agrees to reduce its Appropriations Limit by \$51,053 for fiscal year 2020-21, and continuing thereafter, to reflect the transfer of limit to SVFD.

(e) SVFD agrees to reflect this increase of limit in its calculation of its Appropriations Limit by the (prorated) amount in fiscal year 2020-21 and the full amount continuing thereafter.

8. Local Debt Limit. Should a court determine that the payments under Sections 3, 4, and 5 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.

9. Accounting. The designated representatives of County and SVFD shall have the right to audit any records and supporting documentation pertaining to the performance of this Agreement. County and SVFD 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.

10. Termination.

(a) SVFD 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 or Appropriations Limit 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. 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.

11. 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.

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

13. 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.

14. 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.

15. 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:

SVFD

Sonoma Valley Fire District
630 2nd Street West
Sonoma, CA 95476

GEFPD

Glen Ellen Fire Protection District
630 2nd Street West
Sonoma, CA 95476

VOMFPD

Valley of the Moon Fire Protection District

630 2nd Street West
Sonoma, CA 95476

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.

16. 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.

17. 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.

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

19. 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.

20. 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.

21. 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.

GLEN ELLEN FIRE PROTECTION DISTRICT:



President, Board of Directors, GEFPD

Date

VALLEY OF THE MOON FIRE PROTECTION DISTRICT:



President, Board of Directors, VOMFPD

Date

COUNTY OF SONOMA:



Chair, Board of Supervisors

2/25/2020
Date

ATTEST:



Clerk of the Board of Supervisors

2/25/2020
Date

APPROVED AS TO FORM:

APPROVED AS TO FORM

General Counsel for Districts Date

Deputy County Counsel for County

2/25/20
Date

The amount of the supplemental payment in Year Y will be determined by the formula:

$$SP_{Y+1} = SP_Y * \sqrt{TOT_{Y-1}/TOT_{Y-3}}$$

Where:

SP_{Y+1} is the supplemental payment for the year being calculated;

SP_{Y+1} is the supplemental payment for current year;

TOT_{Y+1} is the total TOT received by the County the prior fiscal year; and

TOT_{Y+1} is the total TOT received by the County three years prior.

Thus for FY 2021-22 the calculation will be:

$$SP_{21-22} = SP_{20-21} * \sqrt{TOT_{19-20}/TOT_{17-18}}$$