

**INTERAGENCY AGREEMENT BETWEEN THE COUNTY OF SONOMA AND
FIRST 5 SONOMA COUNTY COMMISSION**

This Interagency Agreement is made and entered into ON March 25, 2025, by and between the County of Sonoma, a political subdivision of the State of California (“COUNTY”) and the First 5 Sonoma County Commission (“FIRST 5”), a legal public entity separate from the COUNTY. COUNTY and FIRST 5 are collectively referred to as the Parties.

Recitals

WHEREAS, on November 5, 2024, the voters of Sonoma County approved Measure I, the “Sonoma County Child Care and Children’s Health Initiative Ordinance”, which added Article IX to Chapter 12 of the Sonoma County Code (“the Ordinance”); and

WHEREAS, the Ordinance levies a one-quarter cent tax countywide, known as the “Sonoma County Child Care and Children’s Health Tax” (the Tax); and

WHEREAS, the purpose and intent of the Ordinance is to ensure that Sonoma County children receive the high-quality early care, education and health screening and care they need to be successful adults; and

WHEREAS, proceeds from the Tax shall be used exclusively to increase access to high-quality child care, preschool, and early education services to benefit low- and middle income children and families in Sonoma County; to improve wages and compensation for child care providers and early educators who provide those services; to maintain and protect the availability and accessibility of local health and mental health care services that are specific to the unique needs of infants, toddlers and pediatric patients; and to support the efficient administration of Tax proceeds; and

WHEREAS, proceeds from the Tax shall be deposited into the COUNTY Treasury in a special fund entitled the Sonoma County Child Care and Children’s Health Fund (the Fund) and governed by the provisions of the Ordinance; and

WHEREAS, each year, all Tax revenue, after providing for COUNTY’s costs to administer and operate the Tax, and after temporarily providing the City of Sebastopol with an amount equal to that waived under City’s Measure U, shall be appropriated by COUNTY’s Board of Supervisors for the purposes as set forth in the Ordinance and consistent with the Sonoma County Child Care and Children’s Health Program Plan and Budget; and

WHEREAS, proceeds from the Tax may not be used to replace the level of funding for direct services established in the Fiscal Year 2023-2024 budget for either COUNTY or FIRST 5, to support child care, preschool, early education or pediatric/mental health services, unless state, federal or other non-county funding earmarked for these purposes have been reduced by the same amount; and

WHEREAS, an advisory committee, known as the Community Advisory Council, is charged with developing policy and programmatic recommendations related to the Fund and its implementation; promoting and facilitating fiscal transparency in the administration of the Fund and annually reviewing the Fund for the prior year; and

WHEREAS, FIRST 5 is designated as the “Administering Agency” of the Fund to develop and administer all of the programs, activities, and services paid for by the Fund; and

WHEREAS, FIRST 5 is also charged with developing the Child Care and Children’s Health Plan, the First 5 Sonoma County Strategic Plan, and Annual Expenditure Plan, the First 5 Sonoma County Strategic Allocation Plan, which shall be integrated with FIRST 5’s existing strategic planning cycle; allocating funds pursuant to the Annual Expenditure Plan; developing, administering, overseeing implementation and evaluation of impact of all programs and services paid for with the Fund; providing staff support for the Community Advisory Council; developing a Program Plan Evaluation; operating with the intention to promote transparency and public accountability and maintain good fiscal stewardship of public resources; and awarding funds pursuant to the contracting requirements applicable to FIRST 5 and the Ordinance.

NOW, THEREFORE, in consideration of the foregoing, COUNTY and FIRST 5 do hereby agree as follows:

1. The Parties agree to comply with the purpose, intent, use of fund limitations and specific implementation provisions of the Ordinance, which becomes operative on April 1, 2025.
2. Tax Fund. Proceeds from the Tax shall be deposited into the COUNTY treasury in a special fund entitled the Sonoma County Child Care and Children's Health Fund (the Fund). Monies deposited into the Fund, together with any interest that accrues thereon, shall be governed by and subject to the requirements set forth in Ordinance Section 12-72.
3. Administering Agency for the Fund. FIRST 5 shall serve as the Administering Agency for the Fund to develop and administer all programs activities and services paid for by the Fund.
4. Sonoma County Child Care and Children’s Health Program Plan and Budget.

(a) FIRST 5, in collaboration with the Community Advisory Council, shall develop the Sonoma County Child Care and Children’s Health Program Plan and Budget , the First 5 Sonoma County Strategic Plan (the Plan), including an annual budget, on a five-year cycle to govern the use of Tax proceeds. The Plan shall be designed to meet the respective needs of regions throughout the County with respect to increasing, improving and maintaining access to quality early care and education for families and children, improving workforce compensation of family child care providers and early educator employees, and improving children’s access to health and mental health care and shall describe program requirements, including the specific projects and purposes for which the monies may be expended, and shall conform with the requirements of Ordinance Sections 12-72, 12-75 and 12-76. The Plan and budget shall be approved by FIRST 5 and COUNTY through its Board of Supervisors. Every fourth year of the Plan, a new Plan shall be developed by FIRST 5, with input from the Community Advisory Council and other community stakeholders.

(b) During the implementation of each Plan, and prior to the development of a new one, FIRST 5 shall conduct an evaluation (“Program Plan Evaluation”), which may be conducted by an external evaluator with input from the Community Advisory Council, to determine the effectiveness of investments and to inform the next Plan. Evaluation findings shall be disseminated to relevant stakeholders, including the Sonoma County Child Care Planning Council, local health care systems and COUNTY’s Board of Supervisors.

(c) When and where feasible, the planning and budgeting processes shall be integrated into FIRST 5’s existing strategic planning cycle, should avoid duplication in administrative efforts and shall leverage existing administrative efforts

5. Annual Expenditure Plan. In addition to the Plan as set forth in Section 4 above, on an annual basis, FIRST 5 shall prepare an Annual Expenditure Plan, the First 5 Sonoma County Strategic Allocation Plan, based on the recommendations of the Community Advisory Council and other community input. The Annual Expenditure Plan shall be approved by FIRST 5.

6. Allocation and Appropriation of Funds.

(a) In each year, one hundred percent (100%) of revenue generated by the Tax, together with any interest that accrues thereon, after providing the COUNTY its costs to administer and operate the Tax, and after temporarily providing the City of Sebastopol (City) with an amount equal to what the City would have received under City's collection of the second waived one-quarter cent transactions and use tax collected by City's Measure U, as determined and memorialized in the Memorandum of Understanding Between The City of Sebastopol and County of Sonoma Regarding Measure U and Measure I (MOU), dated December 17, 2024, and until such time as the MOU is terminated, shall be appropriated by COUNTY's Board of Supervisors for the following purposes pursuant to the Annual Expenditure Plan and consistent with the Plan:

(1) Sixty percent (60%) of the annual revenue shall be allocated to the following:

(A) To increase the number of low- and middle-income children from birth through age five with access to safe, nurturing, affordable, and high-quality child care, preschool, and early education services across the county, with priority for children who (1) are homeless, (2) are from historically underserved communities, or (3) have other high priority needs as designated in the Plan.

(B) To improve the compensation and benefits of child care providers and early educator employees by providing rate increases, workforce development supports and enhancements.

(C) To develop, maintain, upgrade, and expand, as needed, early care and education facilities.

(D) For reasonable expenditures of the Administering Agency for the efficient administration of the Fund, including the obligations imposed by this Ordinance. The Administering Agency may reserve funds received in one or more fiscal years to address anticipated fluctuations in revenue in subsequent fiscal years.

(2) Forty percent (40%) of the annual revenue shall be allocated to the following:

(A) To assure the financial viability of the local children's health and mental health care safety net and its accessibility, including the expansion of specialized staff that provide perinatal, pediatric and pediatric subspecialty screening, assessment, referral and treatment of trauma, complex illnesses and conditions, and other health problems, without regard to insurance status or their ability to pay; and

(B) To explore, pilot and implement innovative programs that enable pediatric patients and their families to better access community based, pediatric health care and mental health services, including perinatal mental health, and that enhance the effectiveness of such services.

(b) Pursuant to the above, FIRST 5 shall allocate such funding after it has been appropriated. Notwithstanding the foregoing, FIRST 5 shall have the authority, at any time, to reduce the level of service provided for in the Plan or Annual Expenditure Plan to respond to reduced revenues generated from the Tax.

(c) Tax proceeds may be expended for the purposes set forth herein as direct grants, as contractual or program payments for services and activities, as the nonfederal share of Medicaid payments or other federal program payments through certified public expenditures or intergovernmental transfers, as reimbursement or other compensation for costs, as incentives, or through programs or other vehicles identified or developed in conjunction with County Health and Human Services departments, local hospitals, health care and specialty provider representatives. The contracting requirements applicable to First 5 shall apply to funds awarded herein.

7. No Supplanting Allowed. Tax proceeds may not be used to replace the funding level for direct services established in either COUNTY's or FIRST 5's Fiscal Year 2023-2024 budget to support child care, preschool, early education or pediatric health/mental health services, unless state, federal or other non-county funding earmarked for these purposes have been reduced by the same amount. Further, Tax proceeds may not be used to replace or otherwise supplant the tax revenue funding and other county or state funding and payment currently provided or otherwise available in support of health care providers and/or child care and early education providers.

8. Distribution of Funds. COUNTY shall distribute the Tax proceeds to FIRST 5 on a quarterly basis based on the following schedule:

April – June proceeds will be distributed by the 30th of September;
July – September proceeds will be distributed by the 31st of December;
October – December proceeds will be distributed by the 31st of March;
January – March proceeds will be distributed by the 30th of June;

The first distribution of tax proceeds from COUNTY to FIRST 5 will be by the 30th of September, 2025.

9. Community Advisory Council. FIRST 5 shall provide staff support to the Community Advisory Council, whose members shall be appointed by COUNTY's Board of Supervisors.

10. Appropriations Limit. Tax proceeds generated by the Ordinance shall be attributed to the appropriations limit of the County, and not to the appropriations limit of FIRST 5.

11. Records. The Parties shall retain all records regarding expenditures of funds generated by the Ordinance for a period of three (3) years from the date of the expenditure and make such records available as soon as practicable to each other upon request.

12. Audit Requirement. Subject to Section 12-71(c) of the Ordinance, on an annual basis, COUNTY shall cause an annual audit of the Tax Fund to be conducted, which shall be submitted to COUNTY Board of Supervisors and made available to the public. The audit shall be conducted by an independent certified public accountant that is not an employee of COUNTY, FIRST 5, or a member of any designated administering, planning and/or advisory council.

13. Over Allocation. If COUNTY over allocates Tax proceeds to FIRST 5 for any reason, FIRST 5 agrees to return the amount of such over allocation to COUNTY.

14. County Costs. As provided in Ordinance Section 12-72(e), the Parties agree COUNTY is authorized to allocate funds collected pursuant to the Ordinance to pay for the costs incurred to administer and operate the Tax. The Parties further agree that COUNTY's costs shall be removed from the total Tax proceeds prior to appropriation.

15. Indemnification. FIRST 5 shall defend, indemnify and hold harmless COUNTY, its officers,

officials, and employees, from and against any and all demands, claims, actions, litigation or other proceedings, liability, damages and costs (including but not limited to attorney fees), that arise out of the acts or omissions of FIRST 5 under this agreement. COUNTY shall defend, indemnify and hold harmless FIRST 5, its officers, officials, and employees, from and against any and all demands, claims, actions, litigation or other proceedings, liability, damages and costs (including but not limited to attorney fees), that arise out of the acts or omissions of COUNTY under this agreement.

16. Notices. Any notice which may be required under this Agreement shall be in writing, shall be effective when received, and shall be given by personal service, or by certified or register mail, return receipt requested, to the addresses set forth below, or to such addresses which may be specified in writing to the parties hereto.

TO FIRST 5: First 5 Sonoma County
5340 Skylane Blvd
Santa Rosa, CA 95403

TO COUNTY: County of Sonoma
Auditor-Controller-Treasurer-Tax Collector
585 Fiscal Drive, #100
Santa Rosa, CA 95403

17. Additional Acts and Documents. Each Party agrees to do all such things and take all such actions, and to make, execute and deliver such other documents and instruments, as shall be reasonably requested to carry out the provisions, intent and purpose of this Agreement.

18. Integration. This Agreement represents the entire agreement of the Parties with respect to the subject matter hereof. No representations, warranties, inducements or oral agreements have been made by any of the Parties except as expressly set forth herein, or in other contemporaneous written agreements.

19. Amendment. This Agreement may not be changed, modified or rescinded except in writing, signed by all parties hereto, and any attempt at oral modification of this Agreement shall be void and of no effect.

20. Independent Agencies. The Parties renders their services under this Agreement as independent agencies. None of either Party's agents or employees shall be agents or employees of the other Party.

21. Assignment. The Agreement may not be assigned, transferred, hypothecated or pledged by any party without the express written consent of the other party.

22. Successor Agency. COUNTY may terminate FIRST 5 as the administering agency of the Fund and select a different entity as Administering Agency. If this occurs, the authority exercised by FIRST 5 herein shall be exercised by the successor Administering Agency.

23. Severability. Should any part of this Agreement be determined to be unenforceable, invalid, or beyond the authority of either party to enter into or carry out, such determination shall not affect the validity of the remainder of this Agreement which shall continue in full force and effect; provided that, the remainder of this Agreement can, absent the excised portion, be reasonably interpreted to give effect to the intentions of the parties.

24. Limitation.

a. All obligations of COUNTY under the terms of this Agreement are expressly subject to COUNTY'S continued authorization to collect and allocate the sales tax proceeds generated by the Ordinance. If for any reason COUNTY'S right to collect or expend such sales tax proceeds is terminated, suspended, or modified, in whole or in part, COUNTY shall promptly notify FIRST 5, and the parties shall consult on a course of action. If, after twenty-five (25) business days, a course of action is not agreed upon by the parties, this Agreement shall be deemed terminated by mutual or joint consent; provided, that any future obligation to fund from the date of the notice shall be expressly limited by and subject to (i) the lawful ability of COUNTY to expend sales tax proceeds for the purposes of the Agreement; and (ii) the availability, taking into consideration all the obligations of COUNTY under all outstanding contracts, agreements to other obligations of COUNTY, of funds for such purposes.

b. All obligations of FIRST 5 under the terms of this Agreement are expressly subject to FIRST 5's continued authorization to receive and spend the sales tax proceeds generated by the Ordinance. If for any reason FIRST 5's right or ability to collect or expend such sales tax proceeds is terminated, suspended, or modified, in whole or in part, FIRST 5 shall promptly notify COUNTY, and the parties shall consult on a course of action. If, after twenty-five (25) business days, a course of action is not agreed upon by the parties, this Agreement shall be deemed terminated by mutual or joint consent; provided, that any future obligation to fund from the date of the notice shall be expressly limited by and subject to (i) the lawful ability of FIRST 5 to expend sales tax proceeds for the purposes of the Agreement; and (ii) the availability, taking into consideration all the obligations of FIRST 5 under all outstanding contracts, agreements to other obligations of FIRST 5, of funds for such purposes.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

COUNTY OF SONOMA

FIRST 5 SONOMA COUNTY COMMISSION

By: _____
County Executive or designee

By: _____
Executive Director

APPROVED AS TO LEGAL FORM

APPROVED AS TO LEGAL FORM

By: _____

By: _____

Title: _____

Title: _____