



## COUNTY OF SONOMA

575 ADMINISTRATION  
DRIVE, ROOM 102A  
SANTA ROSA, CA 95403

### SUMMARY REPORT

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**Agenda Date:** 11/5/2019

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**To:** Board of Supervisors

**Department or Agency Name(s):** County Administrator

**Staff Name and Phone Number:** Terri Wright - 565-3775

**Vote Requirement:** Majority

**Supervisory District(s):** Countywide

**Title:**

**9:00 A.M.** - Sonoma County Wildfire Prevention, Emergency Alert and Response Sales Tax Measure

**Recommended Action:**

- A) Receive report from staff on proposed March 2020 Sonoma County Wildfire Prevention, Emergency Alert and Response Sales Tax Ballot Measure.
- B) Adopt a resolution introducing proposed ordinance imposing a 1/2 cent Transactions and Use Tax in Sonoma County for Sonoma County Wildfire Prevention, Emergency Alert and Response and increasing the County's Appropriations (Spending) Limit to allow expenditure of the proceeds of the proposed transactions and use tax and waiving further reading.
- C) Conduct a Public Hearing to consider the adoption of an Ordinance to impose a countywide Special Transaction and Use tax (sales tax) to provide additional funding for Sonoma County Wildfire Prevention, Emergency Alert and Response and increase the County's Spending Limit by a commensurate amount. The Ordinance if adopted, will be placed on the Ballot at the March 3, 2020 election, and will become effective if it is approved by two-thirds (2/3) of the voters voting on the measure.
- D) Direct staff to return during the 2<sup>nd</sup> Reading of the Ordinance to seek authorization to use General Fund Contingencies to finance the costs associated with placing the measure on the Ballot.

**Executive Summary:**

On January 29, 2019, the Sonoma County Board of Supervisors directed county staff to work with the Fire Services Working Group to develop recommendations regarding the placement of a ½ cent Transaction and Use Tax (Sales Tax) on a countywide election ballot. The Fire Services Working Group has been meeting weekly to develop recommendations in consultation with monthly meetings with Supervisors Rabbitt and Hopkins who constitute the Board of Supervisors Fire Services Ad Hoc. The recommendations are consistent with the Board's previous direction to provide more efficient, effective, and sustainable fire services in Sonoma County and establishes a mechanism to promulgate fire agency consolidations.

The actions before you consist of a public hearing to consider a Sales Tax to provide additional revenue for Sonoma County Wildfire Prevention, Emergency Alert and Response, and a resolution introducing the ordinance that would impose a ½-cent Sales Tax, if approved by the voters on March 3, 2020.

**Discussion:**

Background

The County of Sonoma began working in 2015 with local fire agencies to provide more efficient, effective, and sustainable fire services in Sonoma County. In April 2016, the Fire Services Advisory Council (Council) was formed to advise the Board of Supervisors on issues related to fire services and to make recommendations on funding allocated by the Board of Supervisors from County Proposition 172 Public Safety (Prop 172) and Transient Occupancy Tax (TOT) funding. In addition to advising on fire matters and funding recommendations, the Council also focused on fire agency consolidation efforts and began weighing in on proposed annexations that were under review by the Sonoma County Local Formation Commission (LAFCo) and making plans for regional consolidations. While these regional plans were being developed, the County experienced the October 2017 fires, and the Council determined that regional planning efforts must be supported by a more comprehensive, long-term plan that looked beyond regional boundaries to ensure great efficiency and effectiveness.

Following the October 2017 fires, the Fire Services Advisory Council reconstituted to a smaller planning group called the Fire Services Strategic Leadership Group, which led the effort to create a comprehensive plan. This plan, which became to be known as the Silver Plan, analyzed population density, call volumes, station coverage response times, special hazard areas, and local knowledge to develop a plan that would better serve the public. On August 14, 2018, the Board of Supervisors approved the recommendations of the Fire Services Strategic Leadership Group to establish a Comprehensive Fire Services Deployment Plan (Deployment Plan).

The Deployment Plan was developed to provide a long-term framework for planning, funding, and implementing enhanced fire and emergency alert services within Sonoma County. Through the development of the Deployment Plan, it became apparent that new revenue strategies to bolster the local property taxes and parcel taxes collected by local fire agencies was needed to implement the deployment options. As a result, on January 29, 2019, the Board directed staff to work the Strategic Leadership Group to explore the placement of a ½ Sales Tax on the ballot. On March 19, 2019, the Board directed the Strategic Leadership Group to expand the group's representation to include both labor and fire district board representatives to form the Fire Services Working Group. The Fire Services Working Group consists of the following members:

- Tim Aboudara - President, Santa Rosa Fire Fighters Local 1401
- Steve Akre - Sonoma Valley Chief and Emergency Services representative
- Jason Boaz - Healdsburg Chief and County Chiefs Association representative
- Dave Franceschi - Forestville Chief from Region 5
- Dan George - Gold Ridge Asst. Chief, and Volunteer Fire Administrator
- Tony Gossner - Santa Rosa Chief and cities representative
- Mark Heine - Sonoma County Fire District Chief and State Chiefs' representative
- Shana Jones - Unit Chief for CAL FIRE, Sonoma County
- Mike Mickelson - Asst. Chief Wilmar Volunteer Fire and Volunteer Fire representative
- Joe Petersen - Director Gold Ridge Fire and Fire Districts' representative

On July 23, 2019, the Board authorized the County Administrator to enter into a consulting agreement with Muelrath Public Affairs, Inc. to conduct a public engagement and outreach efforts that would consider options for placing a revenue measure on the ballot. A key component of the effort were two quantitative surveys and

two qualitative focus groups conducted by EMC Research, the findings of which were presented to the Board on October 22, 2019. The key findings identified by EMC Research show that: voters are concerned that the 2017 wildfires could happen again; are supportive of making sure local firefighters have the resources they need; have significant interests in improved emergency systems; and a ½-cent sales tax that is valid until ended by voters is viable at the two-thirds threshold.

#### Proposed Ballot Measure

The proposed Ordinance would impose a ½-cent Transaction and Use Tax (Sales Tax) until ended by voters, and would generate approximately \$51 million annually. Based on the Deployment Plan developed by the Fire Services Working Group, the Sales Tax would be used exclusively to supplement (not supplant) existing operational funding for Sonoma County Fire Agencies throughout unincorporated Sonoma County and the six cities that provide fire services to provide alert, warnings, and sirens; vegetation management, wildfire prevention and preparedness, response, and recruitment and retention of firefighters. The Measure would also provide funding to support the capital needs of identified jurisdictions and funding to the County of Sonoma to support regionalized alert and warning and vegetation management systems, and fire agency consolidations. An Expenditure Plan, which is included in the Ordinance sets out the particular goals, projects, programs, and systems of oversight that would be put in place if the tax were to pass. Two-thirds (2/3) of the voters casting a ballot must vote to approve the tax.

The State sales tax cap is 7.25% and state law limits the combined local sales tax of all jurisdictions within the County to a total of 9.25%. Effective April 2019, the City of Cotati has met this threshold. However, in September 2018, the Governor signed Senate Bill (SB) 152, which authorizes the County of Sonoma and its local jurisdictions to impose an additional 1% combined sales tax, increasing the combined cap in the County from 9.25% to 9.75%. Please see Attachment D for a breakdown of the current sales tax by jurisdiction.

The County has agreed to be responsible for the cost of the election, which is estimated to be approximately \$280,000 to \$420,000. If the election is successful, the County will receive reimbursement for the cost of the election from the proceeds of the tax prior to the distribution of the tax to the other entities.

#### Implementation of the Tax

To implement the tax, the County will have to contract with the California State Department of Tax and Fee Administration (formerly the State Board of Equalization) to collect and administer the tax and will be responsible for distribution of the tax revenue based on the Expenditure Plan. In order to receive an allocation, all agencies will enter into separate Funding Agreements with the County. The funding agreements will require Annual Reports from the agencies. The Annual Reports shall include the following information:

- 1) Budget to actual and fund balance reports.
- 2) A summary of the positions and start-up and alerting equipment funded with the tax.
- 3) The specific activities that support alert and warning, vegetation management, and fire prevention activities.
- 4) The efforts undertaken to cooperate with the Local Agency Formation Commission (LAFCO) to facilitate consolidation efforts. (Fire Districts only)
- 5) Status of facility improvements funded with the tax.
- 6) Demonstration of compliance with this plan that funds shall be used to pay for additional personnel and not existing operations except for the funding specifically allocated for firefighter recruitment and retention efforts represented in Exhibit B. □

- 7) Any material changes in service needs within the jurisdiction.

#### Agency Consolidation and Reallocation Provisions

The Expenditure Plan also contains provisions to support meaningful efforts to consolidate the number of Fire Protection Districts within the County. Under the Expenditure Plan, Fire Protection Districts shall receive the funds allocated if an agency is cooperating and working towards regional consolidation efforts that achieve efficient, effective, and sustainable services within the County. To support this goal, the Board of Supervisors, in conjunction with LAFCO is authorized by the Expenditure Plan to review agencies' efforts towards consolidation and make a determination by a 4/5<sup>th</sup> vote that an agency has not taken appropriate steps towards consolidation. Upon this determination, the Board of Supervisors and LAFCO may hold the funds in trust or redistribute as necessary to meet the needs of the public originally served by the funds.

Funds may also be reallocation if a facility project is completed under budget and/or other funding sources became available; a project could not be completed due to extraordinary circumstances and/or the implementing agency requested deletion of the project. Lastly, the Expenditure Plan contains a provision that allows for the change in tax allocation upon a material change in service delivery needs due to the passage of time, technological advances, acts of God, or other significant event. This provision requires a unanimous vote from the Board of Supervisors.

#### Oversight Committee

The Expenditure Plan also contains a provision for the establishment of a Citizen's Oversight Committee (Committee) with appointed members serving three-year terms. The Committee shall review the receipt and expenditures of the revenue from the Transaction and Use Tax and the triennial independent audit. The Committee shall be comprised of two members of the Board of Supervisors, two members will be appointed by the Mayors of Sonoma County cities, and three members will be appointed by the Sonoma County Fire Chiefs Association.

#### Recommendations and Options

Staff recommends the Board conduct the noticed public hearing on the Sonoma County Wildfire Prevention, Emergency Alert and Response Sales Tax Ballot Measure and then chose to act upon one of the following options:

1. Adopt a resolution introducing and waiving the reading of the proposed Ordinance imposing a Transaction and use Tax for Sonoma County Wildfire Prevention, Emergency Alert and Response; or
2. Provide alternative direction to staff.

#### **Prior Board Actions:**

9-22-19: Received an update on the Fire Services Project

7-23-19: Approved the Muelrath Public Affairs, Inc. Consulting Contract.

3-19-19: Approved the North Bay Fire and Enhanced Services contracts and expansion of Fire Services Working Group.

1-29-19: Approved a Tax Exchange Agreement for the annexation of the Windsor, Rincon and Bennett Valleys Fire Districts and directed the Fire Services Working Group directed to develop recommendations regarding the placement of a ½ cent sales tax on ballot.

11-13-18: Approved a resolution supporting the annexation of the Mountain Volunteer Fire Co.

6-13-18: Received an update on the Fire Services Deployment Plan.

7-19-16: Authorized Transient Occupancy Tax funding to support fire services.

4-19-16: Adopted a resolution creating the Fire Services Advisory Council.

12-9-15: Received an interim report on the Fire Services Project.

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 19-20 Adopted</b>	<b>FY20-21 Projected</b>	<b>FY 21-22 Projected</b>
Budgeted Expenses			
Additional Appropriation Requested	400,000		
<b>Total Expenditures</b>		<b>0</b>	<b>0</b>
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies	400,000		
<b>Total Sources</b>	<b>400,000</b>	<b>0</b>	<b>0</b>

**Narrative Explanation of Fiscal Impacts:**

The Clerk Recorder Assessor estimates that cost to place this sales tax on the ballot between \$280,000 and \$420,000. The Board authorized \$500,000 during FY 2019-20 Budget Hearing to support efforts to place a potential fire tax on the ballot. On July 23, 2019, the Board authorized a contract with Muelrath Public Affairs, Inc. to conduct a public engagement and outreach effort that would consider options for placing a revenue measure on the ballot. The agreement with Muelrath Public Affairs, Inc. had a range depending upon the use of add-on services, with a not-to-exceed amount of \$435,000. Staff is seeking authority to use \$400,000 of General Fund Contingencies, however, staff does not expect the full amount of the Muelrath contract to be used and will return during 2<sup>nd</sup> Quarter Consolidation Budget Adjustments to authorize final appropriations based on the final expenditures on the Muelrath contract.

<b>Staffing Impacts:</b>			
<b>Position Title (Payroll Classification)</b>	<b>Monthly Salary Range (A-I Step)</b>	<b>Additions (Number)</b>	<b>Deletions (Number)</b>

**Narrative Explanation of Staffing Impacts (If Required):**

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**Agenda Date:** 11/5/2019

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**Attachments:**

Attachment A: Resolution of Introduction

Attachment B: Proposed Sonoma County Wildfire Prevention, Emergency Alert and Response Sales Tax Measure

Attachment C: Expenditure Plan (which is Attachment 1 of the Ordinance)

Attachment D: Sales Tax Chart

**Related Items “On File” with the Clerk of the Board:**