

MEASURE H FUNDING AGREEMENT
BETWEEN THE COUNTY OF SONOMA AND
~~GOLD RIDGE FIRE PROTECTION DISTRICT~~THE CITY OF PETALUMA

This Agreement is made and entered into as of _____ (“Effective Date”) by and between the County of Sonoma, a political subdivision of the State of California, and ~~Gold Ridge Fire Protection District~~the City of Petaluma, a California municipal corporation and charter city, hereinafter referred to as “COUNTY” and the “~~FIRE AGENCY~~CITY”, and collectively as “the Parties.”

RECITALS

WHEREAS, on March 5, 2024, the voters of Sonoma County approved Measure H, “The Improved and Enhanced Local Fire Protection, Paramedic Services and Disaster Response Transactions and Use Tax Ordinance”, which added Article VIII to Chapter 12 of the Sonoma County Code (hereinafter “the Ordinance”); and

WHEREAS, the Ordinance provides funding to achieve effective and efficient regional fire response services throughout Sonoma County; and

WHEREAS, the County of Sonoma is charged with a fiduciary duty in administering the tax proceeds generated by the Ordinance and implementation of the Ordinance is the responsibility of an Oversight Committee which reports directly to the Sonoma County Board of Supervisors; and

WHEREAS, Section 12-61 of the Ordinance states: “The Expenditure Plan set forth in section 12-66 is intended as a specific and legally binding and enforceable limitation on how the proceeds of the transactions and use tax imposed by this Ordinance may be spent”; and

WHEREAS, as part of the Ordinance Expenditure Plan, Section 12-66(D) provides allocation percentages for entities receiving funds generated by the Ordinance (“Recipients”); and

WHEREAS, as part of independent Oversight Committee and performance audit, Section 12-67(B) of the Ordinance requires Recipients to prepare and distribute to the Oversight Committee specific information in annual reports not later than December 31st of each year; and

WHEREAS, as part of the oversight and administration of the Ordinance, Section 12-68(A) of the Ordinance requires a funding agreement between the County of Sonoma and Recipients before any tax proceeds are distributed; and

WHEREAS, Section 12-65 of the Ordinance requires that Ordinance proceeds shall not be used to supplant ~~FIRE AGENCY’S~~Recipients’ historical ~~proportional general fund contribution originating allocation from taxes and fees~~ to support the operating (non-capital project or limited term expenses) cost for providing fire related services, and establishes a baseline maintenance of effort amount consisting of each Recipient’s baseline fire-related services operating budget (not

including limited term funds such as capital projects, grants, grant matches, or other one-time revenues) for fiscal year 2021-2022~~requirement that shall not be violated~~; and

WHEREAS, Section 12-68(A) of the Ordinance further requires that the funding agreement between the County of Sonoma and Recipients shall establish existing revenue used to fund existing personnel in order to establish the baseline for measuring compliance with the requirement that sales tax proceeds generated by the Ordinance shall only be used to pay for the purposes authorized in Section 12-66(B) of the ordinance, which include recruitment of additional personnel, and also retention of existing personnel; and

WHEREAS, the County of Sonoma and Recipients desire to have a uniform agreement to ensure consistency in distribution, reporting, oversight, and administration of the funds generated by the Ordinance.

NOW, THEREFORE, in consideration of the foregoing, COUNTY and ~~FIRE AGENCY~~CITY 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 became operative October 1, 2024.
2. Allocation of Funds. As provided in Section 12-66(D), the allocation percentage of funds generated by the Ordinance to be received by ~~FIRE AGENCY~~CITY is ~~nine and sixty-seven one hundredths percent (9.67%)~~seven and nineteen one hundredths percent (7.19%) to be used for the purposes set forth in Sections 12-66(B) and 12-66(C) of the Ordinance, which include, but are not limited to: wildfire prevention; preparedness; emergency response and vegetation management; recruitment and retention of local firefighters; updates to essential equipment and facilities; transfer of funds among designated local agencies or entities; implementation costs; and countywide expenditures. ~~Effective July 1, 2023, the following County Service Area 40 fire agencies were annexed into the Gold Ridge Fire Protection District: Bodega; Camp Meeker; Fort Ross; Lakeville; Two Rock; Valley Ford; and Wilmar.~~ As provided in Section 12-66(E), the successor fire agency of any enumerated entity in Section 12-66(D) shall receive the funds set forth in that section.
3. Distribution of Funds. COUNTY shall distribute the sales tax proceeds to ~~FIRE AGENCY~~CITY on a quarterly basis based on the following schedule:

July – September proceeds will be distributed by the 10th of December;
October – December proceeds will be distributed by the 10th of March;
January – March proceeds will be distributed by the 10th of June;
April – June proceeds will be distributed by the 10th of September.

The first distribution of tax proceeds from COUNTY to ~~FIRE AGENCY~~CITY per the Ordinance and this Agreement will be by the 10th of March 2025 for the October – December 2024 collection date.

1. Baseline maintenance of effort. As provided in Section 12-65, Ordinance proceeds shall not be used to supplant ~~FIRE AGENCY Recipients’~~ historical general fund contribution originating from taxes and/or fees in support of the operating (non-capital project or limited-term expenses) cost of for providing fire related services. The ~~proportional amount of the allocation to determine CITY’s required~~ maintenance of effort is the FIRE AGENCY CITY’S baseline operating budget for Fiscal Year 2021-2022 allocated in support of the operating cost for providing fire related services as defined in Sections 12-66(B) and (C) of the Ordinance, which allocated revenues include proceeds from s ad valorem property taxes, parcel taxes or any other taxes and/or fees so allocated, in support of the operating cost for providing fire related services but excluding limited term funds such as funds for capital projects, grant proceeds, grant matching funds or other one-time ~~revenues~~ funds (“Baseline Allocated Fire Services Operating Costs”), The CITY’s Baseline Allocated Fire Services Operating Costs ~~was were~~ \$****18,281,560; equating to _____ percent (# %).

Section 12.65 of the Ordinance provides that if the proportional allocation provided to a Recipient in support of the operating cost of providing fire related services by that Recipient is materially different than the same proportion allocated in fiscal year 2021-2022, then the Recipient shall be deemed to not have upheld the maintenance of effort and will violate Section 12-65. For the purposes of this Agreement, failure to uphold the required maintenance of effort will be deemed to occur if in fiscal year 2025-2026 or a subsequent fiscal year while this Agreement is in effect the CITY’s Allocated Fire Services Operating Costs is materially less than the Baseline Allocated Fire Services Operating Costs, and the CITY has supplanted its Baseline Allocated Fire Services Operating Costs with Ordinance proceeds. For purposes of this section, the CITY’s Allocated Fire Services Operating Costs shall be deemed “Materially less” than the CITY’s Baseline Allocated Fire Services Operating Costs when Allocated Fire Services Operating Costs are less than 90% of the Baseline Allocated Fire Services Operating Costs.

1. — If the proportional allocation to FIRE AGENCY in any subsequently fiscal year is materially different than the FY 21/22 allocation, then the jurisdiction that provides funding shall be deemed to violate the maintenance of effort requirement.

2. Baseline personnel funding. For the purposes of Section 12-68(A) of the Ordinance, in order to establish the baseline amount for measuring compliance with the requirement that Ordinance proceeds used for personnel costs (other than permitted use for local firefighter retention in accordance with Section 12-66 of the Ordinance) shall only be used to pay for additional personnel, the CITY’s baseline operating budget for Fiscal Year 2021-2022 allocated in support of existing personnel costs for providing fire related services as defined in Sections 12-66(B) and (C) of the Ordinance, which allocated revenues include proceeds from ad valorem property taxes, parcel taxes or any other taxes and/or fees so allocated, but excluding limited term funds such as as provided in the

~~operating budget for Fiscal Year 2021-2022, FIRE AGENCY'S annual existing general fund revenues used to fund existing personnel, excluding limited term funds such as grant proceeds, strike team reimbursements, or other one-time revenues, in order to establish the baseline for measuring compliance with the requirement that sales tax proceeds shall only be used to pay for additional personnel are was \$16,965,131. ****.~~

6. 30-year limit on Bonded Indebtedness. As provided in Sections 12-63 and 12-66(C), ~~FIRE AGENCYCITY~~ may issue limited tax bonds to finance any program or project in accordance with the Ordinance Expenditure Plan, as allowed by applicable law and as approved by their respective legislative body. The maximum bonded indebtedness shall not exceed the projected 30-year distribution of ~~FIRE AGENCYCITY'S~~ annual allocation and any costs associated with the issuance of such bonds shall be accounted for within the program category in which the bond proceeds are used
7. Reporting Requirements.
 - a. In order to ensure consistency in distribution, reporting, oversight, and administration of the funds generated by the Ordinance as set forth in Section 12-67(B) of the Ordinance, annual reports to the Oversight Committee shall be made by ~~FIRE AGENCYCITY~~ not later than December 31st of each year in the form attached hereto as Exhibit A.
 - b. If ~~FIRE AGENCYCITY~~ receives funding as part of the Countywide Expenditures from the Sonoma County Fire Chiefs Association ("SCFCA") pursuant to Section 12-66(C)(6) of the Ordinance, ~~FIRE AGENCYCITY~~ shall prepare an annual report to be provided to SCFCA no later than September 30th to be included in the SCFCA's annual report to the Oversight Committee.
8. Appropriations Limit. As provided in Section 12-64 of the Ordinance, revenue generated by the Ordinance shall be attributed to the appropriations limit of the County, and not to the appropriations limit of any Recipients.
9. 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 available as soon as practicable to each Party.
10. Audit authority of Oversight Committee. Subject to Sections 12-67(C) and 12-67(D) of the Ordinance, the Oversight Committee shall have the authority to audit the receipt and expenditures as set forth in the annual reports submitted by Recipients.
11. Over Allocation. If COUNTY over-allocates funds to ~~FIRE AGENCYCITY~~ for any reason, ~~FIRE AGENCYCITY~~ agrees to return the amount of such over allocation to COUNTY to be re-allocated per Section 12-66(D).

12. County Costs. As provided in Section 12-66(C)(5), the Parties agree COUNTY is authorized to allocate funds collected pursuant to the Ordinance to pay for expenses incurred which relate to the implementation of the tax, including payments necessary for the operation of the Oversight Committee and Ordinance reporting. The Parties further agree that any costs that exceed the County of Sonoma ACTTC Administrative Fee allocation as set forth in Section 12-66(D) shall be removed from the total tax proceeds prior to distribution of funds to all respective agencies.

13. ~~Indemnification. FIRE AGENCY 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, pertain to or relate in whole or in part to COUNTY'S obligations under this agreement, excepting only matters that are based upon the County's gross negligence or willful misconduct.~~ Limitation of Liability. COUNTY's sole obligations under this Agreement consist of fulfilling County's fiduciary duty of administering and disbursing the tax proceeds of the Ordinance in accordance with its terms, subject to the limitations in Section 22 of this Agreement. The Parties understand and agree that except for fulfillment of the COUNTY's fiduciary duties under the Ordinance, the COUNTY disclaims any and all other liability related to the Ordinance and the CITY's receipt and use of the Ordinance proceeds subject to the requirements of the Ordinance and this Agreement.

14. 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 ~~FIRE AGENCY~~ CITY: ~~Gold Ridge Fire Protection District~~ City of Petaluma
~~4500 Hessel Road~~ 11 English St.
~~Sebastopol~~ Petaluma, CA ~~95472~~ 94952

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

15. 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.

16. 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.
17. 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.
18. 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.
19. Assignment. The Agreement may not be assigned, transferred, hypothecated or pledged by any party without the express written consent of the other party.
20. Successors. This Agreement shall be binding upon the successor(s), assignee(s) or transferee(s) of the COUNTY or ~~FIRE AGENCY~~CITY as the case may be. This provision shall not be construed as an authorization to assign, transfer, hypothecate or pledge this Agreement other than as provided above. Notwithstanding the foregoing, per Section 12-66(E)(2) of the Ordinance, in the event any enumerated entity in Section 12-66(D) consolidates with or is annexed by another entity, the successor agency shall receive the funds allocated to the enumerated entity.
21. 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.
22. Limitation. 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 ~~FIRE AGENCY~~CITY, 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.

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

COUNTY OF SONOMA
~~DISTRICT~~CITY OF PETALUMA

~~GOLD RIDGE FIRE PROTECTION~~

By: _____
Board of Supervisors, Chairperson

By: _____
Peggy Flynn, City Manager

ATTEST:

By: _____
Clerk of the Board of Supervisors

By: _____
Caitlin Corley, City Clerk

APPROVED AS TO LEGAL FORM
FOR COUNTY:

FOR ~~FIRE AGENCY~~CITY:

County Counsel

Eric Danly, City Attorney—~~Counsel~~