

**MEASURE H FUNDING AGREEMENT  
BETWEEN THE COUNTY OF SONOMA AND  
THE CITY OF SANTA ROSA**

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 the City of Santa Rosa, a California municipal corporation and charter city, hereinafter referred to as “COUNTY” and the “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 31<sup>st</sup> 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 CITY’S general fund contribution in support of the operating costs for providing fire related services and establishes a proportional allocation for maintenance of effort 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) and (C) 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 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 CITY is fourteen and four tenths percent (14.40%) to be used for the purposes set forth in Sections 12-66(B) and 12-66(C) of the Ordinance. 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 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 CITY per the Ordinance and this Agreement will be by the 10th of March 2025 for the October – December 2024 collection date.

4. Baseline maintenance of effort. As provided in Section 12-65, Ordinance proceeds shall not be used to supplant CITY's historical general fund contribution for providing fire related services. The proportional allocation to determine CITY's required maintenance of effort is determined by the CITY'S Fiscal Year 2021-22 historical general fund contribution originating from ad-valorem taxes and/or fees in support of the operating (non-capital project or limited-term expenses) cost for providing fire related services ("Baseline Allocated Fire Services Operating Costs") as a percent of CITY's baseline operating budget for Fiscal Year 2021-22, excluding limited term funds such as funds for capital projects, grant proceeds, grant matching funds or other one-time funds ("Proportional Allocation"). If the Proportional Allocation to CITY in any subsequent fiscal year is materially less than the Fiscal Year 2021-22 allocation, then the jurisdiction that provides funding shall be deemed to violate the maintenance of effort requirement. The CITY's Baseline Allocated Fire Services Operating Costs in Fiscal Year 2021-22 was \$35,516,543. equating to a

Proportional Allocation of 22.1percent (22.1 %). This information will be reported in CITY's Annual Report in Exhibit A. The Parties may execute an Amendment to this Funding Agreement prior to the submission of the Annual Report to set forth CITY's Proportional Allocation.

5. 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 which allocated revenues including proceeds from ad valorem property taxes, parcel taxes or any other taxes and/or fees so allocated, but excluding limited term funds such as grant proceeds, or other one-time revenues, was \$30,720,090.
6. 30-year limit on Bonded Indebtedness. As provided in Sections 12-63 and 12-66(C), CITY 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 CITY'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 CITY not later than December 31<sup>st</sup> of each year in the form attached hereto as Exhibit A.
  - b. If CITY 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, CITY shall prepare an annual report to be provided to SCFCA no later than September 30<sup>th</sup> 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 CITY for any reason, CITY 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. CITY 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 COUNTY's breach of its fiduciary duty, gross negligence or willful misconduct.
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 CITY:                      City of Santa Rosa  
                                      100 Santa Rosa Ave.  
                                      Santa Rosa, CA 95404

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 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.
  - 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 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.

b. All obligations of CITY under the terms of this Agreement are expressly subject to CITY's continued authorization to receive and spend the sales tax proceeds generated by the Ordinance. If for any reason CITY's right or ability to collect or expend such sales tax proceeds is terminated, suspended, or modified, in whole or in part, CITY 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 CITY to expend sales tax proceeds for the purposes of the Agreement; and (ii) the availability, taking into consideration all the obligations of CITY under all outstanding contracts, agreements to other obligations of CITY, of funds for such purposes.

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

COUNTY OF SONOMA

CITY OF SANTA ROSA

By: \_\_\_\_\_  
Board of Supervisors, Chairperson

By: \_\_\_\_\_  
Mayor

ATTEST:

By: \_\_\_\_\_  
Clerk of the Board of Supervisors

By: \_\_\_\_\_  
City Clerk

APPROVED AS TO LEGAL FORM

FOR COUNTY:

FOR CITY:

\_\_\_\_\_  
County Counsel

\_\_\_\_\_  
City Attorney



## EXHIBIT A

### ANNUAL REPORT TO MEASURE H OVERSIGHT COMMITTEE

Pursuant to the requirements of Sonoma County Code section 12-67(B), this is the annual report of the allocation of funds received by the reporting agency under the Sonoma County voter-approved Measure H, "The Improved and Enhanced Local Fire Protection, Paramedic Services and Disaster Response Transactions and Use Tax Ordinance" (the "Ordinance").

Name of Agency receiving Measure H funds: \_\_\_\_\_

Reporting period:

1. Detail of the activities related to the Ordinance this reporting period, based on attached budget to actual report, balance sheet, and fund balance report.
2. Summary of the positions and start up, equipment and facilities that were funded with revenue from the Ordinance.
3. The specific activities that support fire prevention, including vegetation management.
4. Update on the status of facility capital improvement projects that are funded with revenue from the Ordinance.
5. Demonstration of compliance with the requirement that revenue from the Ordinance shall be used for enhancing operations.

Proportional budget allocation for fire related services:

FY 21-22 \$ 35,516,543; FY 21-22 22.1%; this reporting period: \$\_\_\_\_\_; \_\_\_\_%.

Personnel expenditures: FY 21-22 \$30,720,090; this reporting period \$\_\_\_\_\_.

6. Any material changes in service needs within the agency's jurisdiction or countywide.
7. Any remaining funds from allocations provided in previous years, and an explanation for proposed use of such funds.



Required Attachments:

Annual Budget

Budget to Actual Report

Balance Sheet

Fund Balance Report

Most recent annual audit and/or other independent financial review

FY 21-22 budget documents showing baseline dollar figure for maintenance of effort and personnel expenditures.