

ATTACHMENT 3

COUNTY OF SONOMA
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DEPUTY COUNTY ADMINISTRATOR

May 3, 2018

Mr. Sean McGlynn, City Manager
City of Santa Rosa
100 Santa Rosa Avenue, Room 10
Santa Rosa, CA 95404

Re: Amendment of Roseland Annexation Resolution and
Reorganization of Roseland Fire Protection District

Dear Sean:

The County proposes that the City join with the County in a formal request to the Sonoma Local Agency Formation Commission ("LAFCO") to amend LAFCO's Resolution No. 2676, adopted August 2, 2017 ("Resolution"), to ensure the effectuation of the Pre-Annexation Agreement entered into by the City and the County on December 20, 2016 ("Agreement"). LAFCO must receive this request as soon as possible to ensure the Agreement is properly implemented.

As you are aware, the Agreement was the culmination of years of negotiation, and relied upon the parties' agreed-upon calculations of the property tax revenue impacts of the annexation. These calculations assumed that the City portion of the Roseland Fire Protection District ("District") would detach from the City upon the effective date of the annexation. The parties made this assumption a provision of the Agreement, stating in Section 2(a) that, upon the effective date of the annexation of the Roseland Annexation Area into the City, the property taxes generated from the Roseland Annexation Area will be exchanged in the same proportions as set out in the Master Tax Exchange Agreement ("Master"), including City receipt of the property tax share generated from the Roseland Annexation Area of the District.

In reliance upon these calculations, and in recognition that the property tax share that the City would receive under the Master would be insufficient for the City's ongoing provision of services to the Roseland Annexation Area, the County agreed to make an annual payment to the City of \$226,400 as a supplement to the property tax share the County would transfer to the City under the Master.

In line with the Agreement, the City's Resolution of Application initiating proceedings for the reorganization commonly known as the Roseland Annexation ("Proposal") included detachment

of the Roseland Annexation Area from the District. However, for reasons described in the Resolution, LAFCO deviated from the Proposal and proposed that the Roseland Annexation Area would not detach from the District upon annexation, but would rather be reorganized as a subsidiary district of the City at a later date.

This deviation from the Proposal alters the calculations that the parties relied on in negotiating the Agreement, and contradicts the Agreement's express terms. The County has discussed the Resolution at length with LAFCO's Executive Officer, and understands that LAFCO did not intend to contradict the Agreement.

County Counsel has worked with both LAFCO and the City Attorney to develop an amendment to the Resolution that would both effectuate the Pre-Annexation Agreement and serve the needs of the District's residents. We ask that the City join the County in requesting this amendment of LAFCO.

Sincerely,

A handwritten signature in black ink, appearing to read 'S Bratton', with a long horizontal flourish extending to the right.

Sheryl Bratton
County Administrator