



Contract Number

10.407

SAP Number

County Administrative Office

| | |
|---|--|
| Department Contract Representative | Matthew Erickson |
| Telephone Number | (909) 387-5423 |
| Contractor | San Bernardino County Fire Protection District |
| Contractor Representative | Fire Chief Dan Munsey |
| Telephone Number | (909) 387-5779 |
| Contract Term | Effective Date through June 30, 2029, and continuing annually thereafter |
| Original Contract Amount | \$9,072,873 |
| Amendment Amount | |
| Total Contract Amount | Amount calculated annually |
| Cost Center | 1161161000 |

AGREEMENT BETWEEN THE COUNTY OF SAN BERNARDINO AND THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT RELATED TO THE "FUNDING GAP" ASSOCIATED WITH SAN BERNARDINO COUNTY LOCAL AGENCY FORMATION COMMISSION ORDER 3000

WHEREAS, in 2005 the San Bernardino County Board of Supervisors (County) submitted to the San Bernardino County Local Agency Formation Commission (LAFCO) an application to reorganize the then-existing County-governed fire agencies into a single management entity to simplify the delivery of fire protection services in the County and to create a more effective and efficient management arrangement for fire protection and emergency medical response services and to maintain these services at the then-current level of service at the time of such reorganization, and

WHEREAS, following several public hearings, on September 11, 2007, LAFCO approved the reorganization action effective July 1, 2008, which resulted in the formation of the San Bernardino County Fire Protection District (SBCFPD); and that approval is commonly referred to as LAFCO 3000, and

WHEREAS, during the reorganization process, and as part of its financial and service considerations, LAFCO staff found that in order to maintain levels of service, the historical General Fund support provided by the County for fire operations should be continued, and LAFCO staff determined further that the base amount of County General Fund support for Fiscal Year (FY) 2007-08 (\$8,318,318),

should be allocated permanently to the SBCFPD through a property tax exchange process under the provisions of Revenue and Taxation Code section 99.02 (herein referred to as the "R&T Code Transfer"), in order to sever the reorganized fire entity's reliance on the County's General Fund, and

WHEREAS, the Board of Supervisors, at the County Fire Reorganization Workshop of October 16, 2007 (Item No. 82), opposed the LAFCO staff recommendation for a permanent property tax transfer of \$8,318,318 from the County General Fund to fund fire services in the SBCFPD (for purposes of this Agreement, the financial shortfall to SBCFPD as of the reorganization date is defined as the "Funding Gap"), and

WHEREAS, subsequent to the reorganization and creation of the SBCFPD, the County has continued to provide, on an annual basis, ongoing General Fund dollars for fire and emergency medical services and operations ranging from \$7.4M to \$25.6M, and

WHEREAS, to meet the social needs of the population of SBCFPD within the County in the areas of public health and safety, as well as to provide for better clarity in the budgeting of General Fund dollars, the County now desires to enter into an agreement with the SBCFPD, for the purpose of providing an annual allocation based on an agreed-upon formula of ongoing General Fund support to address a portion of financial need of the SBCFPD, based on reconsideration of the financial analysis found in LAFCO 3000, and

WHEREAS, the County and SBCFPD intend that the annual allocation provided under this Agreement can be budgeted or used or spent for any lawful purpose of the SBCFPD.

NOW, THEREFORE, in consideration of the above, the County and SBCFPD agree as follows:

1. **Annual Payment.** For the term provided herein, the County will pay annually to the SBCFPD, beginning in FY 2019-20, an amount identified as the Funding Gap, which is established in the initial amount and subject to annual adjustment as set forth below.
2. **Reduction of Base Amount of Funding Gap.** In 2007, LAFCO 3000 identified the sum of \$8,318,318 as the amount that should be allocated permanently to the SBCFPD through a property tax exchange process under the provisions of Revenue and Taxation Code section 99.02 (i.e., the base amount). As of the date of this Agreement, the base amount of the Funding Gap as of FY 2007-08 must be reduced to \$7,274,184 to reflect changes to the handling of certain costs not considered in LAFCO 3000, as follows:
 - a. Beginning in FY 2019-20, the Office of Emergency Services (OES) was established as a department of the County and is funded through a separate allocation from the County General Fund. This results in a reduction of the base amount of the Funding Gap by the total amount of \$844,134.
 - b. The LAFCO 3000 calculation assumed that costs of staffing at the Baker Fire Station were to be included. However, the costs of staffing at the Baker Fire Station should be eliminated as those costs are paid through a separate allocation from the County General Fund. This results in a reduction of the Funding Gap by the amount of \$200,000.
3. **Adjustment of Base Amount of Funding Gap.** The parties agree that the reduced base amount of the Funding Gap (i.e., \$7,274,184 as of FY 2007-08), should be further adjusted to reflect the changes that would have occurred had the R&T Code Transfer taken place in 2007 as recommended by LAFCO 3000, as follows:

- a. modified by the percent change in assessed valuation of taxable property within the boundary of the SBCFPD from FY 2007-08 to 2019-20 as shown in Exhibit A, which exhibit is attached hereto and incorporated herein by this reference (it is understood that report names and computer systems might change and references herein and in Exhibit A to specific reports are included to clarify intent);
 - b. but excluding the assessed valuation of taxable property located within city annexation areas that occurred effective on and after July 1, 2016, as shown in Exhibit A, which exhibit is attached hereto and incorporated herein by this reference;
 - c. and also excluding the assessed valuation of taxable property located within unincorporated annexation areas that occurred effective on and after July 1, 2015, as shown in Exhibit A, which exhibit is attached hereto and incorporated herein by reference;
 - d. resulting in the adjusted amount of \$9,072,873 (referred to herein as the 2019-20 Amount).
 - e. The 2019-20 Amount will be paid to the SBCFPD by the County in FY 2019-20.
4. **Future Adjustments to the 2019-20 Amount.** The parties agree that future adjustments should continue to reflect the changes in value that would have occurred had the R&T Code Transfer taken place in 2007 as recommended by LAFCO 3000, as follows:
- a. For FY 2020-21, the 2019-20 Amount will be adjusted by the percent change in assessed valuation of taxable properties within the boundary of the SBCFPD for 2020-21 (excluding the assessed valuation of taxable property representing city annexations effective on and after July 1, 2016, and unincorporated annexations effective on and after July 1, 2015). This is the same methodology used in Exhibit A.
 - b. For subsequent fiscal years, the amount to be paid to SBCFPD will be calculated using the same methodology.
5. For the purposes of this Agreement, city annexations are defined as reorganizations/annexations that result in the SBCFPD providing the agreed upon services within the boundary of the City/Town.
6. The amount due under this Agreement will be calculated and paid each fiscal year by the County to the SBCFPD by February 1st of the fiscal year for which the calculation is performed.
7. Amounts paid to the SBCFPD under this Agreement can be used or set-aside for any lawful purpose of the SBCFPD and its use is not restricted.
8. Except as provided in Paragraphs 9 and 10, below, this Agreement cannot be modified, amended or terminated without the written approval of the Board of Supervisors and Board of Directors of both County and the SBCFPD, respectively.
9. The County reserves the right, in its sole discretion, to unilaterally terminate this Agreement upon execution of a permanent transfer of property tax revenue from the County to the SBCFPD under Section 99.02 of the Revenue and Taxation Code, or other relevant code section. The intention of the parties is that the transfer to be initiated or approved by the County will result in a property tax revenue transfer to the SBCFPD in an amount not less than, the then-current amount as adjusted and/or calculated under this Agreement. Such unilateral termination shall only be effective once the permanent transfer of property tax revenue is implemented, and SBCFPD receives this revenue. It is the intent of this Agreement that the SBCFPD will not suffer a loss of revenue in any transition year.

10. This Agreement is from the effective date described in Paragraph 14 through June 30, 2029 (“Initial Term”). The term of this Agreement shall automatically renew for successive one-year periods immediately following the expiration of the Initial Term. Except as provided in Paragraph 9, above, this Agreement may not be terminated during the Initial Term without the mutual agreement of both County and SBCFPD. After the Initial Term, County or SBCFPD may terminate this Agreement without cause and for its convenience with an effective date of June 30th, by providing the non-terminating party notice of termination at least one year in advance of the June 30th termination date.
11. If any word, phrase, clause, sentence, paragraph, section, article, part or portion of this Agreement is or shall be invalid for any reason, the same shall be deemed severable from the remainder hereof and shall in no way affect or impair the validity of this Agreement or any other portion thereof.
12. The recitals of this Agreement are incorporated into the body of this Agreement by this reference.
13. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute one and the same Agreement. The parties shall be entitled to sign and transmit an electronic signature of this Agreement (whether by facsimile, PDF or other email transmission), which signature shall be binding on the party whose name is contained therein. Each party providing an electronic signature agrees to promptly execute and deliver to the other party an original signed Agreement upon request.
14. This Agreement shall take effect on the date it is signed and approved by authorized representatives of both County and the SBCFPD.
15. This Agreement shall be governed by the laws of the State of California. Any action or proceeding between the County and SBCFPD concerning the interpretation or enforcement of this Agreement, or which arises out of or is in any way connected with this Agreement, shall be instituted and tried in the appropriate state court in the County of San Bernardino, California.
16. Time is of the essence for each and every provision of this Agreement.
17. Since the parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any party.
18. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a party shall give the other party any contractual rights by custom, estoppel, or otherwise.
19. Nothing contained in this Agreement shall be construed as a relinquishment of any rights now held by the County or SBCFPD.
20. This Agreement, including Exhibit A, which is attached hereto and incorporated by reference, and other documents incorporated herein, represents the final, complete and exclusive agreement between the parties hereto. Any prior agreement, promises, negotiations or representations relating to the subject matter of this Agreement not expressly set forth herein are of no force or effect. This Agreement is executed without reliance upon any promise,

warranty or representation by any party or any representative of any party other than those expressly contained herein. Each party has carefully read this Agreement and signs the same of its own free will.

IN WITNESS WHEREOF, the County of San Bernardino and the San Bernardino County Fire Protection District have each caused this Contract to be subscribed by its respective duly authorized officers, on its behalf.

SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT

▶ 

 Curt Hagman, Chairman, Board of Directors

Dated: JUN 09 2020
 SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD

By Lynna Monell ~~Laura H. Welch~~ Secretary

 Deputy



COUNTY OF SAN BERNARDINO

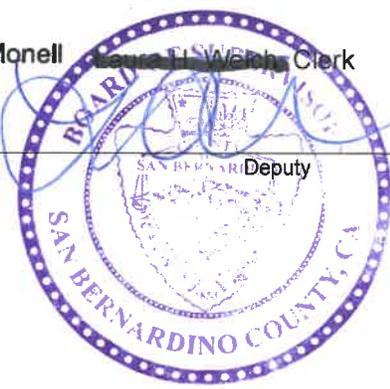
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 Curt Hagman, Chairman, Board of Supervisors

Dated: JUN 09 2020
 SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD

By Lynna Monell ~~Laura H. Welch~~ Clerk

 Deputy



FOR COUNTY USE ONLY

| | | |
|-------------------------------------|----------------------------------|---------------------------------|
| Approved as to Legal Form | Reviewed for Contract Compliance | Reviewed/Approved by Department |
| ▶ _____ | ▶ _____ | ▶ _____ |
| Scott Runyan, Deputy County Counsel | | |
| Date _____ | Date _____ | Date _____ |

warranty or representation by any party or any representative of any party other than those expressly contained herein. Each party has carefully read this Agreement and signs the same of its own free will.

IN WITNESS WHEREOF, the County of San Bernardino and the San Bernardino County Fire Protection District have each caused this Contract to be subscribed by its respective duly authorized officers, on its behalf.

SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT

COUNTY OF SAN BERNARDINO

▶

Curt Hagman, Chairman, Board of Directors
Dated: _____

▶

Curt Hagman, Chairman, Board of Supervisors
Dated: _____

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD

• Laura H. Welch, Secretary

Laura H. Welch, Clerk

By _____
Deputy

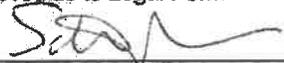
By _____
Deputy

FOR COUNTY USE ONLY

Approved as to Legal Form

Reviewed for Contract Compliance

Reviewed/Approved by Department



Scott Runyan, Deputy County Counsel

Date 6/3/2020

▶

Date _____

▶

Date _____

| SBCFPD Assessed Valuation | |
|---------------------------|-----------------------|
| Agency/Account Code | Regional Service Zone |
| UF01-GA01 | Valley |
| UF01-GA02 | Mountain |
| UF01-GA03 | North Desert |
| UF01-GA04 | South Desert |

| Report ID | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | PI 163 |
|--------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------|
| Fiscal Year | Estimated (A) | | | | | | | | | | | |
| Report Date | | | | | | | | | | | | |
| | 4,332,049,099 | 4,358,725,296 | 4,070,432,037 | 3,886,565,303 | 3,890,796,186 | 3,936,469,476 | 4,089,634,153 | 4,479,165,395 | 4,795,473,694 | 5,086,833,794 | 12,106,190,217 | PI 163 |
| | 4,202,230,783 | 4,305,209,484 | 4,340,681,899 | 4,285,628,053 | 4,218,406,590 | 4,265,752,008 | 4,311,397,225 | 4,409,988,552 | 4,490,594,292 | 6,105,878,195 | 2017-18 | PI 163 |
| | 7,284,631,371 | 7,730,082,953 | 7,022,769,091 | 6,353,665,063 | 6,294,429,185 | 6,388,194,808 | 6,588,557,743 | 6,795,469,289 | 7,159,118,882 | 7,403,108,478 | 11/1/2017 | PI 163 |
| | 2,827,254,845 | 3,017,196,470 | 2,737,258,224 | 2,569,769,116 | 2,598,045,253 | 2,807,043,843 | 3,335,819,474 | 3,546,875,164 | 3,293,888,076 | 2,854,615,809 | 11/1/2017 | PI 163 |
| Total | 18,646,166,098 | 19,411,214,203 | 18,171,141,251 | 17,095,657,525 | 17,001,677,214 | 17,497,460,135 | 18,325,408,595 | 19,231,498,400 | 19,739,074,944 | 21,450,436,276 | 30,072,881,557 | |

| Unincorporated Annexations | |
|---|---|
| Mountain Service Zone - Crest Forest Fire (B) | |
| UF01-GA02 | Mountain Service Zone AV % Change |
| VF03-GA01 | Crest Forest Fire Assessed Valuation |
| | Estimate of Assessed Valuation to exclude |

Not included in SBCFPD AV in 2015-16

3.4%

| City Assessed Valuation | |
|-------------------------|--|
|-------------------------|--|

| Agency/Account Code | City |
|---------------------|----------------|
| CC17 GA01 | Hesperia |
| CC20 GA01 | Needles |
| CC30 GA01 | San Bernardino |
| CC31 GA01 | 29 Palms |
| CC32 GA01 | Upland |

| | | | | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1,469,161,481 | 1,469,161,481 | 1,469,161,481 | 1,469,161,481 | 1,469,161,481 | 1,469,161,481 | 1,469,161,481 | 1,469,161,481 | 1,469,161,481 | 1,469,161,481 | 1,469,161,481 | 1,469,161,481 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|

| Report ID | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | PI 163 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------|
| Fiscal Year | Estimated (A) | | | | | | | | | | | |
| Report Date | | | | | | | | | | | | |
| | 18,646,166,098 | 19,411,214,203 | 18,171,141,251 | 17,095,657,525 | 17,001,677,214 | 17,497,460,135 | 18,325,408,595 | 19,231,498,400 | 19,739,074,944 | 19,881,274,795 | 20,971,216,146 | PI 163 |
| | 4,102,978.1% | 7,572,642 | -6,388,435.8% | -5,918,636.1% | -0,549,732.1% | 2,916,082.4% | 4,731,820.8% | 4,944,445.3% | 2,639,298.0% | 1,227,007.1% | 4,954,363.6% | PI 163 |
| | 7,274,184 | 7,572,642 | 7,088,869 | 6,669,304 | 6,632,641 | 6,826,054 | 7,149,051 | 7,502,532 | 7,700,546 | 7,795,032 | 8,181,225 | PI 163 |
| Total | 0 | 0 |
| Assessed Valuation for Calculation | 18,646,166,098 | 19,411,214,203 | 18,171,141,251 | 17,095,657,525 | 17,001,677,214 | 17,497,460,135 | 18,325,408,595 | 19,231,498,400 | 19,739,074,944 | 19,881,274,795 | 20,971,216,146 | PI 163 |
| Percent Change | 4,102,978.1% | 7,572,642 | -6,388,435.8% | -5,918,636.1% | -0,549,732.1% | 2,916,082.4% | 4,731,820.8% | 4,944,445.3% | 2,639,298.0% | 1,227,007.1% | 4,954,363.6% | PI 163 |

Notes/Definitions:

All Assessed valuations in the calculations above represent the assessed valuations for the listed Agency/Account from the column Net Value After RDA on the PI163 and PI164 Reports.

Definition: SBCFPD is the San Bernardino County Fire Protection District

Assessed valuation from city annexations effective on and after July 1, 2016 are included in this calculation beginning in the fiscal year that the city assessed valuation is initially included in the P1739E03 report for the SBCFPD and included in the Assessed Valuation of the SBCFPD.

Assessed valuation for annexations in the unincorporated area effective on and after July 1, 2015 are included in this calculation beginning in the fiscal year that the unincorporated assessed valuation is initially included in the P1739E03 report for the SBCFPD and included in the Assessed Valuation of the SBCFPD.

For purposes of this calculation, the four service zones are currently identified by the Agency Code/Account Codes of UF01 GA01 (Valley Service Area), UF01 GA02 (Mountain Service Area), UF01 GA03 (North Desert Service Area), UD01 GA04 (South Desert Service Area). The UF01 GA05 (SBCFPD-Admin) account is NOT used in this calculation because it does not represent unique territory/parcels.

(A) - SBCFPD did not appear on Property Tax reports until fiscal year 2009-10. Amounts for 2007-08 and 2008-09 are estimated using the assessed valuations for those years in Tax Rate Areas that are part of the SBCFPD when added in 2009-10.

(B) - Crest Forest Fire does not appear in the PI 163 report in 2016-17, the year its assessed valuation was added to the assessed valuation of the Mountain Service Zone of the SBCFPD. The estimated assessed valuation for 2016-17 equals the amount of the assessed valuation for 2015-16. After 2016-17 the amount grows at the same rate as the assessed valuation in the Mountain Service Zone.

| SBCFPD Assessed Valuation | |
|---------------------------|--------------------------|
| Agency/ Account Code | Regional Service Zone |
| UF01-GA01 | Valley |
| UF01-GA02 | Mountain |
| UF01-GA03 | North Desert |
| UF01-GA04 | South Desert |

| Report ID | PI 163 | PI 163 |
|--------------|-----------------------|-----------------------|
| Fiscal Year | 2018-19 | 2019-20 |
| Report Date | 10/31/2018 | 10/22/2019 |
| | 20,653,319,182 | 21,841,669,266 |
| | 6,576,613,128 | 6,866,082,078 |
| | 7,920,991,229 | 10,911,235,660 |
| | 4,145,427,505 | 4,426,861,067 |
| Total | 39,296,351,044 | 44,045,848,071 |

| Unincorporated Annexations | |
|---|---|
| Mountain Service Zone - Crest Forest Fire (B) | |
| UF01-GA02 | Mountain Service Zone AV % Change |
| VF03-GA01 | Crest Forest Fire Assessed Valuation |
| | Estimate of Assessed Valuation to exclude |

| | | |
|--------------|----------------------|----------------------|
| | 4.1% | 4.4% |
| Total | 1,582,427,028 | 1,652,077,390 |

| City Assessed Valuation | |
|-------------------------|----------------|
| Agency/ Account Code | City |
| CC17 GA01 | Hesperia |
| CC20 GA01 | Needles |
| CC30 GA01 | San Bernardino |
| CC31 GA01 | 29 Palms |
| CC32 GA01 | Upland |

| | |
|--------------|-----------------------|
| | 2,635,416,140 |
| | 305,386,125 |
| | 6,957,060,307 |
| | 7,440,833,841 |
| | 673,114,446 |
| | 696,289,672 |
| | 8,056,914,427 |
| Total | 17,288,651,130 |

| | | |
|------------------------------------|----------------|----------------|
| Assessed Valuation for Calculation | 22,007,699,914 | 23,256,807,175 |
| Percent Change | 4.9424314% | 5.675738% |
| | 8,585,575 | 9,072,873 |