

**OCEANO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO: 2024 - 14**

**A RESOLUTION BY THE BOARD OF DIRECTORS OF THE OCEANO COMMUNITY SERVICES DISTRICT APPROVING THE AGREEMENT BETWEEN THE COUNTY OF SAN LUIS OBISPO REGARDING TRANSFER OF REVENUE IN CONNECTION WITH DIVESTITURE OF THE OCEANO COMMUNITY SERVICES DISTRICT FIRE SERVICES AND THE ASSIGNMENT AND AMENDMENT OF THE OCEANO COMMUNITY SERVICES DISTRICT ONGOING CALPERS LIABILITIES AND RESPONSIBILITIES FOLLOWING THE WITHDRAWAL FROM THE FIVE CITIES FIRE AUTHORITY JOINT EXERCISE OF POWERS AGREEMENT**

**WHEREAS**, the Oceano Community Services District was formed in 1981 by a reorganization dissolving County Service Area No. 13, Oceano Lighting District, Oceano Beach Lighting District, Oceano Sanitary District, Oceano Fire Protection District; and

**WHEREAS**, the Oceano Community Services District Board of Directors initiated proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code, for divestiture of Fire Protection Services on January 11, 2023 via Resolution of Application 2023-3 and submitted an application to the Local Agency Formation Commission on February 26, 2023; and

**WHEREAS**, since March 2023, the Oceano Community Services District and the County of San Luis Obispo have worked collaboratively to develop the Plan for Service attached hereto that was approved by the Board of Directors on July 24, 2024; and

**WHEREAS**, the Oceano Community Services District is in agreement with the provisions outlined in the Plan for Services approved by the Board of Supervisors on June 18, 2024 attached hereto; and

**WHEREAS**, as outlined in the Plan for Service, fire protection services will be transferred to the County of San Luis Obispo with services provide by the County through a contract with Five Cities Fire Authority, upon approval of the divestiture by LAFCO; and

**WHEREAS**, the same share of the existing property tax currently used to fund fire services for the District will be transferred to and used by the County to offset the costs of providing fires services to the Community of Oceano; and

**WHEREAS**, as language included in the Plan for Service approved by the Board of Supervisors on June 18 and endorsed by the District on July 24, 2024 by Resolution 2024-11 that the District will retain 3.85% of current property tax revenue for the continuance of operation of the community's lighting service and the remaining 96.15% property tax revenue shall be transferred to the County; and

**WHEREAS**, in the case of a jurisdictional change other than a city incorporation or district formation which will alter the service area or responsibility of a local agency, Revenue and Taxation Code Section 99(a)(1) requires that the amount of property tax revenue to be exchanged, if any, and the amount of annual tax increment to be exchanged among the affected local agencies shall be determined by negotiation; and

**WHEREAS**, no later than the date on which the certificate of completion of the jurisdictional change is recorded with the County Recorder, the Executive Officer shall notify the County Auditor of the exchange of property tax revenues by transmitting a copy of said resolutions to him and the County Auditor shall thereafter make the appropriate adjustments as required by law; and

**WHEREAS**, the negotiations have taken place concerning the transfer of property tax revenues and annual tax increment between the County and the District pursuant to Section 99(b)(5) for the transfer of fire protection services from the District to the County; and

**WHEREAS**, it is in the public interest that such negotiated exchange of property tax revenues and annual tax increment be consummated.

**WHEREAS**, the Oceano Community Services District approves the attached agreement between the County of San Luis Obispo and the Oceano Community Services District regarding transfer of revenue in connection with divestiture of the Oceano Community Services District Fire Service; and

**WHEREAS**, the Oceano Community Services District approves the attached assignment and amendment of Oceano Community Services District's ongoing CalPERs liabilities and responsibilities following withdrawal from the Five Cities Fire Authority Joint Exercise of Power Agreement; and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Oceano Community Services District that:

1. The foregoing recitals are true and correct.
2. The Oceano Community Services District can no longer meet the escalating costs, needs and requirements for the purpose of providing Fire Protection Services.
3. That the Oceano Community Services District agrees to accept the following negotiated exchange of base property tax revenues and annual tax increments if the divestiture of fire protection services to the County is approved by the Local Agency Formation Commission (LAFCO):
  - (a) The Oceano Community Service District shall retain 3.85% of current base property tax revenue, and any future property tax increment associated with that percentage, after transfers to the Educational Revenue Augmentation Fund (ERAF) fund and the remaining 96.15% base property tax revenue, and any future property tax increment associated with that percentage, shall be transferred to the County.
4. That the County Clerk is authorized and directed to transmit a copy of the resolution to the

Executive Officer of the San Luis Obispo Local Agency Formation Commission, who shall then distribute copies in the manner prescribed by law.

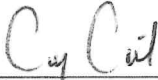
5. This Resolution approves the attached agreement between the County of San Luis Obispo and the Oceano Community Services District regarding transfer of revenue in connection with divestiture of the Oceano Community Services District Fire Service.
6. This Resolution approves the attached assignment and amendment of Oceano Community Services District's ongoing CalPERs liabilities and responsibilities following withdrawal from the Five Cities Fire Authority Joint Exercise of Power Agreement.

**PASSED AND ADOPTED** by the Board of Directors of the Oceano Community Services District on September 18, 2024, by the following vote:

**AYES:**  
**NOES:**  
**ABSTAIN:**  
**ABSENT:**

  
\_\_\_\_\_  
President, Board of Directors  
of the Oceano Community Services District

**ATTEST:**

  
\_\_\_\_\_  
Board Secretary of the  
Oceano Community Services District

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Robert Schultz, District Counsel

**AGREEMENT BETWEEN THE COUNTY OF SAN LUIS OBISPO AND  
THE OCEANO COMMUNITY SERVICES DISTRICT REGARDING TRANSFER OF  
REVENUE IN CONNECTION WITH DIVESTITURE OF THE OCEANO  
COMMUNITY SERVICES DISTRICT FIRE SERVICES**

**THIS AGREEMENT** is made and entered into this **18th** day of September 2024, (“Effective Date”) by and between the County of San Luis Obispo (“County”), a public entity organized and operating under the laws of State of California and the Oceano Community Services District (the “District”), a County of San Luis Obispo Community Services District.

**RECITALS**

**WHEREAS**, the District is an unincorporated community in San Luis Obispo County with a Community Services District with various responsibilities including providing Fire Services to the community; and

**WHEREAS**, the District submitted a request to the Local Area Formation Commission (LAFCO) in January 2023 for divestiture of Fire Services with LAFCO action on this request expected by December 2024 at which point, the County, as a successor agency, would be responsible for providing Fire Services to the community of Oceano; and

**WHEREAS**, in the case of a jurisdictional change other than a city incorporation or district formation which will alter the service area or responsibility of a local agency, Revenue and Taxation Code Section 99(a)(1) requires that a property tax exchange agreement be approved; and

**WHEREAS**, pursuant to Revenue and Taxation Code Section 99(b)(5), when a special district is involved, the board of supervisors of the county shall, on behalf of the district, negotiate any exchange of property tax revenues; and

**WHEREAS**, County and the District, after negotiations, have agreed to a tax exchange in accordance with California Revenue and Taxation Code in connection with the divestiture of the District’s fire services and the County assumption thereof; and

**NOW THEREFORE**, County and the District now desire to enter into a Property Tax Transfer Agreement pursuant to Section 99 of the California Revenue and Taxation Code to set forth the details of the exchange of property tax revenues.

## AGREEMENT

County and the District hereby agree as follows:

1. Property Tax Revenue. “Property Tax Revenue” shall mean revenue from “ad valorem real property taxes on real property”, as said term is used in Section 1 of Article 13A of the California Constitution and more particularly defined in subsection (c) of Section 95 of the California Revenue and Taxation Code, that is collected from within the District.
2. Exchange of Property Tax Revenue.
  - a. On and after the date divestiture of the District’s fire services is approved by the Local Agency Formation Commission, District shall remit to County 96.15% of the Property Tax Revenue collected by the District between July 1, 2024, and the date the updated tax roll becomes effective, estimated July 1, 2025. Of the amount remitted to the County, the District shall retain \$142,166 for each month beginning July 1, 2024, through the month in which the District’s fire authority is divested, expected to be December 2024, to fund the District’s current fire service contract with Five Cities Fire Authority. If divestiture is finalized on any day other than the last day in the month, the property tax retained by the District for the final month shall be prorated at a rate of \$142,166 divided by the number of days in the month.
3. Exchange of General Fund Revenue
  - a. On and after the date divestiture of the District’s fire services is approved by the Local Agency Formation Commission, District shall remit to County 100% of Fireworks Permit revenue, Interest Income, Rental Income and Public Facility Fees collected by the District between July 1, 2024, and the date the updated tax roll becomes effective, July 1, 2025.
4. Exchange of General Fund Reserves
  - a. On and after the date divestiture of the District’s fire services is approved by the Local Agency Formation Commission, District shall remit FY 2023-24 Budgeted Sheriff Substation Maintenance in the amount of \$90,000, Fireworks Permit revenue, Interest Income, and Public Facility Fee reserves currently at \$251,302. The County shall place transferred Public Facility Fees into Public Facility Fees Designated FB-County Fire.

5. Exchange by County Auditor. County and the District further agree that all the exchanges of property taxes required by this Agreement shall be made by the County Auditor.
6. Indemnification. To the fullest extent permitted by law, the County and the District shall indemnify, defend, and hold harmless each other and their officers, agents, employees, and volunteers from and against all claims, demands, damages, liabilities, loss, costs, and expense (including attorney's fees and costs of litigation) of every nature arising out of this Agreement to the extent caused by the negligent performance or attempted performance or the provisions hereof, including any willful or negligent act or omission to act on the part of the Contractor or his agents or employees or independent contractors. This indemnity will not extend to any claims or losses arising out of the negligence or willful misconduct of the County.
7. Effect of Tax Exchange Agreement. This Agreement shall be applicable solely to the divestiture of the District's provision of fire services and does not constitute either a master tax sharing agreement or an agreement on property tax exchanges which may be required for any other purpose.
8. Modification. The provision of this Agreement and all of the covenants and conditions set forth herein may be modified or amended only by a writing duly authorized and executed by both the County and the District.
9. Notices. All notices, requests, certifications or other correspondence required to be provided by the parties to this Agreement shall be in writing and shall be personally delivered or delivered by first class mail to the respective parties at the following addresses:

To the County:  
County of San Luis Obispo  
Attn: Administrative Office  
1055 Monterey Street, STE D430  
San Luis Obispo, Ca 93408

To the District:  
Oceano Community Services District  
1655 Front Street  
Oceano, CA 93445

10. Entire Agreement. With respect to the subject matter hereof only, this Agreement supersedes any and all previous negotiations, proposals, commitments, writings, and understandings of any nature whatsoever between County and the District except as otherwise provided herein.

COUNTY OF SAN LUIS OBISPO

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

Dated: \_\_\_\_\_

ATTEST:

Matthew P. Pontes  
Ex-Officio Clerk of the Board of Supervisors

By: \_\_\_\_\_  
Deputy Clerk

[SEAL]

APPROVED AS TO FORM AND LEGAL EFFECT:

RITA L. NEAL  
County Counsel

By: \_\_\_\_\_  
Deputy County Counsel

Dated: \_\_\_\_\_

OCEANO COMMUNITY SERVICES DISTRICT

By:   
President

Dated: Sept 18, 2024

ATTEST:

By: Cy Cil  
District Clerk

APPROVED AS TO FORM AND LEGAL EFFECT:

By: Robert S. H.  
District Counsel

Dated: 9/18/24



**ASSIGNMENT AND AMENDMENT OF OCEANO COMMUNITY SERVICE  
DISTRICT'S ONGOING CALPERS LIABILITIES AND RESPONSIBILITIES  
FOLLOWING WITHDRAWAL FROM THE FIVE CITIES FIRE AUTHORITY  
JOINT EXERCISE OF POWERS AGREEMENT**

**THIS Assignment of Agreement** is made and entered into this **18th** day of September 2024, ("Effective Date") by and between the County of San Luis Obispo ("County"), a public entity organized and operating under the laws of State of California, Five Cities Fire Authority ("FCFA"), and the Oceano Community Services District (the "District"), a County of San Luis Obispo Community Services District (collectively "the parties").

**RECITALS**

**WHEREAS**, the District is an unincorporated community in San Luis Obispo County with a Community Services District with various responsibilities including providing Fire Services to the community; and

**WHEREAS**, the District submitted a request to the Local Area Formation Commission (LAFCO) in January 2023 for divestiture of Fire Services with LAFCO action on this request expected by December 2024 at which point the County, as a successor agency, would be responsible for providing Fire Services to the community of Oceano; and

**WHEREAS**, On June 7, 2010, the cities of Arroyo Grande and Grover Beach, and Oceano, desirous of improving the quality and level of fire suppression and emergency medical service delivery within their communities through the sharing of resources and expertise, entered into a Joint Powers Authority Agreement (the "JPA") and have operated as Five Cities Fire Authority ("FCFA") pursuant to the terms and conditions in that agreement since that time; AND

**WHEREAS**, the JPA and its amendments outline the obligations and liabilities of the parties to the JPA; and

**WHEREAS**, on June 14, 2023, FCFA and the District entered in an agreement titled "Oceano Community Service District's Ongoing Cal Pers Liabilities and Responsibilities Following Withdrawal from the Five Cities Fire Authority Joint Exercise of Powers Agreement", (the "Agreement"); and

**WHEREAS**, Section 3.4 of the Agreement identifies Exhibit "A" as setting forth the funding formula, identifying each member agencies proportionate share of costs; and

**WHEREAS**, the parties wish to amend the Agreement to specify each parties' proportionate share of the financial obligations outlined in the Agreement; and

**WHEREAS**, the parties also desire to assign all liabilities and responsibilities under the Agreement to the County.

**NOW, THEREFORE**, in consideration of the mutual covenants and conditions

contained herein, it is agreed by and between the parties hereto that:

1. Assignment.
  - a. In accordance with section 6.5. Successors and Assigns of the Agreement, the District assigns its entire interest and all its obligations and liabilities under the Agreement to the County.
  - b. The County accepts the District's assignment and agrees to be bound by all of the terms of the Agreement and to assume all the District's obligations and liabilities under the Agreement.
  - c. FCFA consents to the District's assignment to the County.
2. Amendment. The Agreement shall be amended as follows:
  - a. All references in the Agreement, including all amendments, to "funding formula" or "proportionate share" shall mean that the City of Arroyo Grande is responsible for 45.69%, the City of Grover Beach is responsible for 34.58%, and the Oceano Community Services District is responsible for 19.73%.
  - b. All other provisions shall remain unchanged and in full force and effect.
3. Indemnification. To the fullest extent permitted by law, and in accordance with California Civil Code §2782.8, the parties shall indemnify, defend, and hold harmless the each other and their officers, agents, employees, and volunteers from and against all claims, demands, damages, liabilities, loss, costs, and expense (including attorney's fees and costs of litigation), of every nature arising out of this Agreement, to the extent caused by the negligent performance or attempted performance or the provisions hereof, including any willful or negligent act or omission to act on the part of the District or his agents or employees or independent contractors. This indemnity will not extend to any claims or losses arising out of the negligence or willful misconduct of the any third party.
4. Enforceability. If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.
5. Agreement Binding. All provisions of this Agreement shall be binding on the parties and their heirs, assigns and successors in interest.
6. Waivers. County's waiver or breach of any one term, covenant or other provision of this Agreement shall not be a waiver of a subsequent breach of the same term, covenant or provision of this Agreement or of the breach of any other term, covenant or provision of this Agreement.
7. Notices. All notices, requests, certifications or other correspondence required to be provided by the parties to this Agreement shall be in writing and shall be personally delivered or delivered by first class mail to the respective parties at the following addresses:

To the County:  
County of San Luis Obispo  
Attn: Administrative Office  
1055 Monterey Street, STE D430  
San Luis Obispo, Ca 93408

FIRE CITIES FIRE AUTHORITY

By: \_\_\_\_\_  
Authority Chair

Dated: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
Authority Clerk

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Authority Attorney  
District Counsel

APPROVED AS TO FORM AND LEGAL EFFECT:

RITA L. NEAL  
County Counsel

By: \_\_\_\_\_  
Deputy County Counsel

Dated: \_\_\_\_\_

OCEANO COMMUNITY SERVICES DISTRICT

By: Charles A. Vanni  
President

Dated: Sept 18, 2024

ATTEST:

By: Cy Cat  
District Clerk

APPROVED AS TO FORM AND LEGAL EFFECT:

By: Robert Schlegel  
District Counsel

Dated: 9/18/24

To the District:

Oceano Community Services District  
1655 Front Street  
Oceano, CA 93445

To FCFA:

Five Cities Fire Authority  
140 Traffic Way  
Arroyo Grande, CA 93420

8. Entire Agreement and Modification. This Agreement sets forth the full and entire understanding of the parties regarding the matter set forth herein, and any other prior or existing understandings or agreements by the parties, whether formal or informal, regarding any matters are hereby superseded or terminated in their entirety. No changes, amendments, or alterations shall be effective unless in writing and signed by all parties hereto. The District specifically acknowledges that in entering into and executing this Agreement the OCSD relies solely upon the provisions contained in this Agreement and no others.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the day and year first above written.

COUNTY OF SAN LUIS OBISPO

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

Dated: \_\_\_\_\_

ATTEST:

Matthew P. Pontes  
Ex-Officio Clerk of the Board of Supervisors

By: \_\_\_\_\_  
Deputy Clerk

[SEAL]