

**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 24 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

*Debbie Arnold*

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

Dated: 9/24/24

ATTEST:

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

By: *Niki Martin*  
Deputy Clerk

[SEAL]

Approved as to Legal Form and Effect:  
RITA L. NEAL  
County Counsel

*Rita Neal*  
By: Deputy County Counsel

Dated: September 17, 2024

The undersigned Deputy Clerk of the Board of Supervisors certifies that, pursuant to Section 25103 of the Government Code, delivery of this document has been made on

9/24/24

**MATTHEW P. PONTES**  
Ex-Officio Clerk of the Board of Supervisors

By: *Niki Martin*  
Deputy Clerk

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