



# COUNTY *of* VENTURA

COUNTY EXECUTIVE OFFICE  
**MICHAEL POWERS**  
County Executive Officer

**Mike Pettit**  
Assistant County Executive Officer

**Kaye Mand**  
County Chief Financial Officer

**Shawn Atin**  
Assistant County Executive Officer/  
Human Resources Director  
Labor Relations

May 18, 2021

Board of Supervisors, County of Ventura  
Board of Directors, Ventura County Fire Protection District  
800 South Victoria Avenue  
Ventura, CA 93009

**Subject: Approval of, and Authorization for the Chair of the Ventura County Board of Supervisors to Sign, the Channel Islands Harbor Cooperation Agreement between the County and City of Oxnard; Approval and Adoption of a Master Tax Sharing Agreement Between the County, Ventura County Fire Protection District, and City of Oxnard Pursuant to Revenue and Taxation Code Section 99; Approval of, and Authorization for the Chair of the Ventura County Board of Supervisors to Sign, a First Amendment to the Lease Agreement Between the County and City of Oxnard for the Channel Islands Harbor Fire Station Site, and Finding that this Lease Amendment is Categorically Exempt from the California Environmental Quality Act. (County of Ventura Recommendation No. 4 Requires 4/5ths Vote)**

## **Recommendations:**

### **County of Ventura**

1. Approve and authorize the Chair of the Board to sign the attached Channel Islands Harbor Cooperation Agreement between the County and City of Oxnard (Exhibit 1).
2. Approve and adopt the "Joint Resolution of the City Council of the City of Oxnard, the Board of Supervisors of the County of Ventura, and the Board of Directors of the Ventura County Fire Protection District Agreeing to the Negotiated Exchange of Property Tax Revenues for Transfers of Service Responsibilities and Boundary Changes Between the City and the County" (hereinafter, the "master tax sharing agreement") (Exhibit 2).

3. Authorize and direct County staff to take all other actions needed to implement the master tax sharing agreement and Channel Islands Harbor Cooperation Agreement.
4. Approve and authorize the Chair of the Board to sign a First Amendment to the Lease Agreement between the County and City of Oxnard for the Channel Islands Harbor Fire Station site (Exhibit 3), and find that this action to continue leasing the existing facilities is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15301.

### **Ventura County Fire Protection District**

1. Approve and adopt the master tax sharing agreement (Exhibit 2).

#### **Fiscal Impact:**

Mandatory:	No
Source of Funding	Harbor Enterprise Fund
Funding Match Required	No
Impact on Other Departments	None

<b>Summary of Revenue and Costs:</b>	<u>2020-21</u>	<u>2021-22</u>
Revenue	\$ 0	\$1,320,000
Direct Costs	\$	\$2,500,000
Indirect Costs	\$ 0	\$ 0
Net Cost	\$	\$1,180,000

Sufficient appropriations are included in the FY22 Budget.

If the Cooperation Agreement between the City and County is approved, the Harbor will realize additional funding from the City of \$3,463,500 over the next several years. The City will contribute \$2,863,500 for deferred capital improvement projects at the Harbor and up to an additional \$200,000 per year for the maintenance of Harbor parks and restrooms for the next three years (plus up to two additional years if the Hyatt project has not been completed), as detailed in the Cooperation Agreement. Once the Hyatt project is completed, it is projected the City will receive between \$900,000 and \$1,000,000 annually in transient occupancy taxes.

If the recommended actions are approved with respect to the master tax sharing agreement, it is anticipated that future annexations will occur that would be subject to this new master tax sharing agreement. Because the terms, if any, of such future projects are not now known, the fiscal impact of the recommended actions cannot be stated with reasonable certainty at this time.

**Background:**

On November 19, 1963, the County and City of Oxnard (City) entered into an Annexation Agreement (1963 Agreement) related to the development and operation of Channel Islands Harbor (Harbor). The 1963 Agreement arose out of the County's need for infrastructure to facilitate the development of the Harbor, including improvements such as sewer services, streets, and park areas. In exchange for certain of these improvements, the County agreed that the City could annex the land portion of the Harbor into the City.

By virtue of the annexation of the Harbor's land portion into the City, the City receives the local share of sales and transient occupancy taxes, along with business license and other fees, generated by the commercial uses of the land. With the City annexing the land, it has received this revenue since November 1963, which had enabled funding the ongoing maintenance as well as the infrastructure improvements. The initial term of the 1963 Agreement was 50 years, which was extended, by amendments, through March 18, 2015.

With the end of the 50-year 1963 Agreement on the horizon in 2009, negotiations between the two entities commenced, and in 2015, the County and City came close to a new agreement but were unsuccessful.

In July 2018, the City ceased all maintenance at, and utility payments for, the public parks, parking lots and restrooms in the Harbor despite continuing to receive the Harbor area tax revenues. The Harbor Department recognized that it would be unacceptable to not maintain such critical services, which would lead to dead landscaping, unsafe parking lots, and closed or unsanitary restrooms for the Harbor residents and guests. In consultation with the County Executive Office, the Harbor Department therefore immediately assumed these services.

In 2015, the Harbor Department began to develop Fisherman's Wharf by approving a lease option agreement with a developer. This proposed development required approvals from both the City and California Coastal Commission, which was ultimately denied by both entities.

Following these denials by the City and Coastal Commission, the Harbor Department implemented a visioning process by establishing a Visioning Steering Committee comprised of members from the Harbor's business community, boaters, residents of the beach and Harbor area and a representative from both your Board of Supervisors and the City. With the assistance of a consulting firm specializing in urban development and community engagement, the Steering Committee met several times to consider options for Harbor development and conducted a virtual public meeting to conduct public outreach. The consultant is finalizing a visioning report, which will help guide future development in the Harbor.

The County and City have a history of partnering well together to serve their constituents. We have collaborated to deliver more efficient fire dispatch services, joined efforts to address the need for permanent year-round shelters in support of the homeless and have addressed the pandemic in a coordinated effort. However, given competing interests at times on how best to serve residents, the County and City may not always agree on the best approach to address certain issues. These disagreements particularly came to light with the issues concerning the development and maintenance of the Harbor. Due to these disputes with the City regarding the Harbor, the County felt it necessary to evaluate the financial arrangements governing the sharing of future tax proceeds and the financial responsibility of the maintenance of the Harbor.

On November 6, 2018, your Board, acting in your capacities as the Board of Supervisors and the Board of Directors of the Ventura County Fire Protection District, reluctantly and as a last resort terminated the 1983 master tax sharing agreement between the County and the City. The agreement controlled how property tax proceeds were split among the County, Ventura County Fire Protection District, Ventura County Library District (which is governed and administered by the County) and City when territory was annexed or detached to or from the City. For example, prior to termination, the agreement provided that when territory was annexed to the City, the County would transfer to the City an amount equal to 13.74 percent of the County's general fund share of the 1 percent property tax for that territory; and that the Ventura County Fire Protection District would transfer an amount equal to 100 percent of its share of the 1 percent property tax to the City.

### **Discussion:**

#### *Cooperation Agreement*

Since the 2018 termination of the master tax sharing agreement, the City and County have engaged in extensive negotiations to determine an equitable City/County distribution of Harbor maintenance and capital costs, as well as determining an equitable means of sharing future property tax proceeds and developing the Harbor. In the past few years, senior staff from the County Executive Office, County Counsel and the Harbor Department have met numerous times with City elected officials and staff in an effort to find a resolution to many issues of disagreement. The result is the proposed Cooperation Agreement (Exhibit 1) before your Board of Supervisors with the following areas of agreement:

1. The County and City will work together through the County's visioning process to identify development goals for the Harbor. It also commits the City and County to process amendments to the City's Local Coastal Plan and the Harbor's Public Works Plan when a development proposal is supported mutually by the County

and the City and commits the City to support such projects before the California Coastal Commission.

2. The City will fund 50 percent of the maintenance costs of the Harbor up to \$200,000 annually for three to five years, depending on the status of the permitting for the Hyatt House project at the end of Peninsula Road.
3. The City agrees to fund a portion of the replacement of certain Harbor parking lots up to \$1.15 million, light poles and fixtures up to \$120,000, and public restroom facilities up to \$487,500.
4. The City agrees to repave Peninsula Road once the Hyatt House project is completed at an estimated cost of \$506,000.
5. The City agrees to process the vacation of a portion of Peninsula Road to accommodate the Hyatt House project, and the County and City agree to exchange easement deeds to accommodate the reconfiguration.
6. The City will issue building permits for projects within the Harbor with the exception of the Hyatt House project which is in the process of obtaining permits from the County. Prior to issuing the building permits for the Hyatt House project, the County agrees to collect the development impact fees and remit them to the City.
7. The County will continue to assist the City in evaluating water quality issues in the northern portion of the Harbor, including funding solutions; and the County agrees to explore a "One Harbor Communities Facility District" solution for this purpose.
8. The County and the City will enter into a 25-year master tax sharing agreement, which cannot be unilaterally terminated for the first 15 years.
9. The County and City agree to amend the lease for Fire Station #6 (Fire Station), located at the corner of Channel Islands Boulevard and Peninsula Road in the City, to (i) extend the term of the lease to August 1, 2050 and (ii) at the City's option, increase the leased area westerly to accommodate an expansion of the Fire Station in which case the term of the lease would be extended for 50 years from the date of the occupancy of the expanded fire station instead of to August 1, 2050.
10. The City will process vacations of seven cul-de-sac streets within the Harbor and will deed, if requested by the County, the City's interests in these streets.



This Cooperation Agreement will resolve the major outstanding issues between the County and City as they relate to Harbor development and operations and has been signed by the County Executive Officer and Oxnard City Manager, verifying agreement at the staff level.

#### *Master Tax Sharing Agreement*

As noted in item 8 above, approval of the Cooperation Agreement includes the requirement for the County and City to execute a new 25-year master tax sharing agreement pursuant to Revenue and Taxation Code section 99 to allocate tax revenue annexations and other jurisdictional changes. The advantage of a master tax sharing agreement is that the tax share does not have to be renegotiated each time the City wishes to annex territory. A possible disadvantage is that, over time, the reasonableness of the tax sharing formula in the master tax sharing agreement is not evaluated considering the facts and circumstances existing at the time of each future annexation. However, this possibility is remote given that over the 35 years the tax sharing agreement was in place, the tax sharing formula had only been questioned this one time and the formula remains identical to the agreements with six other cities in the County.

The County and City's previous master tax sharing agreement had served the parties equitably for 35 years and is comparable to the County's tax sharing agreements with other cities. It should be noted that the termination of the previous master tax sharing agreement in November 2018 was not due to a dispute regarding a proposed annexation, but rather because of land use issues and issues regarding capital project and maintenance funding at the Harbor. The Cooperation Agreement addresses these issues, and the resultant execution of a new tax sharing agreement is an appropriate course of action at this time.

This new master tax sharing agreement, attached as Exhibit 2, includes essentially the same provisions of the previous agreement; however, rather than the agreement being in effect until unilaterally terminated by either the City or County, the new agreement will remain in effect for 25 years and cannot be unilaterally terminated for the first 15 years. Extending the period of unilateral termination to 15 years will allow long-term stability for future annexations in the City and is consistent with the long-term investment the City is making in the Harbor's capital improvements.

#### *Fire Station Lease Amendment*

On August 31, 1976, your Board of Supervisors approved a 57-year lease agreement (Lease) with the City for a 0.39-acre portion of a County-owned parcel located in the City within the Harbor at the corner of Channel Islands Boulevard and Peninsula Road. Pursuant to the Lease, the City constructed and has thereafter operated the City Fire Station at the site.

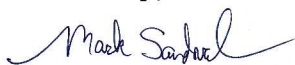
The Lease's current termination date is August 31, 2033. The City has requested that the County amend the Lease by extending its term to August 31, 2050, and by providing the City with an option to expand the leased premises westerly by 85 feet to accommodate the City's potential expansion of the Fire Station. This expansion will ultimately improve the overall safety of the Harbor, residents and visitors. Should the City exercise this option and expand its fire station, the term of the Lease would be extended for 50 years from the date of the occupancy of the expanded Fire Station. The City's consideration for the First Amendment to the Lease is the City's continued operation of a fire station on the premises for the term of the Lease. Should your Board of Supervisors approve the Cooperation Agreement between the City and the County, approval of this Amendment is required under the agreement (item 9 above).

Your Board of Supervisor's approval of this Lease amendment is categorically exempt from CEQA pursuant to CEQA Guidelines section 15301 as an action to continue leasing existing facilities. Should the City exercise its option to expand the leased area, the City would be required to conduct environmental review of its Fire Station expansion project at that time.

This letter has been reviewed by the County Executive Office, Auditor-Controller's Office, and County Counsel.

If you have any questions about this item, please contact Mark Sandoval at (805) 973-5952, Robert Bravo at (805) 662-6868 or me at (805) 654-2681.

Sincerely,



Mark Sandoval  
Harbor Department Director



Michael Powers  
County Executive Officer

Attachments:

- Exhibit 1: Channel Islands Harbor Cooperation Agreement
- Exhibit 2: Master Tax Sharing Agreement
- Exhibit 3: First Amendment to the Channel Islands Harbor Fire Station Site Lease Agreement