

RESOLUTION NO. 2006-160

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE
APPROVING AND AUTHORIZING EXECUTION OF A PROPERTY TAX REVENUE
EXCHANGE AGREEMENT WITH THE COUNTY OF SACRAMENTO RELATING TO
FRANKLIN CROSSING ANNEXATION**

WHEREAS, the City of Elk Grove (the "City") and the County of Sacramento (the "County") are in the process of transferring certain territory, commonly referred to as Franklin Crossing, from the jurisdiction of the County to the City;

WHEREAS, the City and County propose to enter into a property tax revenue exchange agreement entitled "Property Tax Exchange Agreement Between the County of Sacramento and the City of Elk Grove Relating to the Franklin Crossing Annexation" (the "Agreement") which is attached hereto as Exhibit A and which is incorporated herein by reference;

WHEREAS, the Agreement provides for the redistribution of property tax revenues between the City and the County;

WHEREAS, the City Council has duly considered the contents of the Agreement.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Elk Grove:

Section 1. Recitals. The foregoing recitals are true and correct and the City Council so finds and determines.

Section 2. Authorization of Officers to Execute and Deliver Agreement. The City Council hereby authorizes and directs the Mayor, the City Manager, the City Finance Director, and the City Clerk, and each of them individually (the "Designated Officers"), for and in the name of and on behalf of the City, to execute and deliver the Agreement in substantially the form of the draft presented to this meeting, which Agreement is hereby approved, with such changes, insertions, revisions, corrections, or amendments as shall be approved by the Designated Officer or Officers executing the Agreement for the City. The execution of the Agreement by a Designated Officer or Officers of the City shall constitute conclusive evidence of such officer's or officers' and the City Council's approval of the Agreement and any such changes, insertions, revisions, corrections, or amendments.

Section 4. General Authorization. The Designated Officers and other officers of the City, and each of them individually, are hereby authorized and directed, for and in the name of and on behalf of the City, to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, in order to effect the purposes of this resolution. All actions heretofore taken by officers, employees, and

agents of this City that are in conformity with the purposes and intent of this resolution are hereby approved, confirmed, and ratified.

Section 5. Effective Date. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED by the City Council of the City of Elk Grove this 14th day of June 2006.



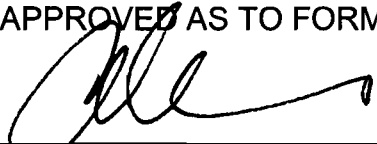
RICK SOARES, MAYOR of the
CITY OF ELK GROVE

ATTEST:



PEGGY E. JACKSON, CITY CLERK

APPROVED AS TO FORM:



ANTHONY B. MANZANETTI,
CITY ATTORNEY

**CERTIFICATION
ELK GROVE CITY COUNCIL RESOLUTION NO. 2006-160**

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO) **ss**
CITY OF ELK GROVE)

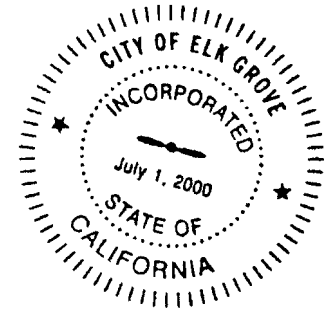
I, Peggy E. Jackson, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on June 14, 2006 by the following vote:


AYES 4 : COUNCILMEMBERS: Soares, Scherman, Cooper, Leary

NOES : COUNCILMEMBERS: None

ABSTAIN : COUNCILMEMBERS: None

ABSENT: COUNCILMEMBERS: Briggs





**Peggy E. Jackson, City Clerk
City of Elk Grove, California**

Attachment A

PROPERTY TAX REVENUE EXCHANGE AGREEMENT BETWEEN THE COUNTY OF SACRAMENTO AND THE CITY OF ELK GROVE, RELATING TO THE FRANKLIN CROSSING ANNEXATION

This PROPERTY TAX EXCHANGE AGREEMENT (hereinafter "Agreement") is made and executed in duplicate this ____ day of ____, 2006 by and between the COUNTY OF SACRAMENTO, a political subdivision of the State of California (hereinafter referred to as "COUNTY"), and the CITY OF ELK GROVE, a municipal corporation of the State of California (hereinafter referred to as "CITY").

RECITALS

A. On June 6, 1978, the voters of the State of California amended the California Constitution by adding Article XIII A thereto which limited the total amount of property taxes which could be levied on property by local taxing agencies having such property within their territorial jurisdiction to one percent (1%) of full cash value; and

B. Following such constitutional amendment, the California Legislature added Section 99 to the California Revenue and Taxation Code which requires a city seeking to annex property to its incorporated territory and a county affected by such annexation to agree upon an exchange of property taxes which are derived from such property and available to the county and city following annexation of the property to the incorporated territory of the city; and

C. CITY has filed an application with the Sacramento Local Agency Formation Commission requesting its approval of the annexation of approximately 84 acres of real property to CITY ("the Franklin Crossing Annexation"); and

D. COUNTY and CITY wish to work together to develop a fair and equitable approach to the sharing of real property ad valorem taxes imposed and collected as authorized by the Revenue and Taxation Code in order to encourage sound urban development and economic growth; and

E. COUNTY and CITY recognize the importance of COUNTY and CITY's services and are prepared to cooperate as provided in this Agreement in an effort to address COUNTY's and CITY's fiscal considerations in providing such services, as well as their respective economic and planning needs; and

F. Close cooperation between COUNTY and CITY is necessary to maintain and improve the quality of life throughout Sacramento County, including CITY, and deliver needed or desirable services in the most timely and cost-efficient manner to all CITY and COUNTY residents; and

G. COUNTY recognizes the need for orderly growth within and adjacent to CITY, and for supporting appropriate annexations by CITY; and

H. CITY recognizes that development within CITY limits may also have the effect of concentrating sales and use tax revenue-generating activities within CITY rather than in unincorporated areas; and

I. The provisions of Section 99 of the California Revenue and Taxation Code authorize a city and a county to execute a property tax transfer agreement for the exchange of property tax revenues between the county and the city in connection with the annexations

of property located in the unincorporated territory of the county to the incorporated territory of the city; and

J. COUNTY and CITY after negotiations have reached an understanding as to a rate of exchange of property tax revenues to be made pursuant to Section 99 of the California Revenue and Taxation Code in connection with the annexation of the Franklin Crossing Annexation Area to CITY; and

K. COUNTY and CITY now desire to enter into a Property Tax Transfer Agreement pursuant to Section 99 of the California Revenue and Taxation Code to set forth such a rate of exchange of property tax revenues; and

L. In consideration of the exchange of property tax revenue provided for in this Agreement, COUNTY agrees not to oppose the Franklin Crossing Annexation before the Sacramento Local Agency Formation Commission.

AGREEMENTS

COUNTY and CITY hereby agree as follows:

Section 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 Annexation Area, is available for allocation to the City and the County, and is currently allocated to the County General Fund and County Road fund.

Section 2. Annexation Area. "Annexation Area" shall mean that portion of the unincorporated area of COUNTY known as the Franklin Crossing Annexation, as delineated in Sacramento Local Agency Formation Commission Application Control Number "LAFC 03-06", the annexation of which to CITY is subsequently approved and completed by the Sacramento Local Agency Formation Commission as provided in the Cortese-Knox-Hertzberg Local Governmental Reorganization Act of 2000 (California Government Code § 56000 et seq.).

Section 3. Annexation Date. "Annexation Date" shall mean the date specified by the Cortese-Knox-Hertzberg Local Governmental Reorganization Act of 2000 (California Government Code § 56000 et seq.) as the effective date of the Franklin Crossing Annexation.

Section 4. General Purpose of Agreement. The general purpose of this Agreement is to devise an equitable exchange of Property Tax Revenue between CITY and COUNTY as required by Section 99.

Section 5. Exchange of Property Tax Revenues. On and after July 1, 2007, the COUNTY and CITY shall exchange Property Tax Revenue as follows:

(a) CITY shall receive 10.48698% of the Property Tax Revenue to be allocated to its General Fund.

(b) COUNTY shall receive all of the Property Tax Revenue remaining after the allocation of the City's share as set forth in subdivision (a) of this section to be allocated to the County General Fund.

Section 6. Exchange by County Auditor. COUNTY and CITY further agree that all of the exchanges of property taxes required by this Agreement shall be made by the County Auditor.

Section 7. Mutual Defense of Agreement. If the validity of this Agreement is challenged in any legal action by a party other than COUNTY or CITY, then COUNTY and CITY agree to defend jointly against the legal challenge and to share equally any award of costs, including attorneys fees, against COUNTY, CITY, or both.

Section 8. Waiver of Retroactive Recovery. If the validity of this Agreement is challenged in any legal action brought by either CITY or any third party, CITY hereby waives any right to the retroactive recovery of any City Property Tax Revenues exchanged pursuant to this Agreement prior to the date on which such legal action is filed in a court of competent jurisdiction. The remedy available in any such legal action shall be limited to a prospective invalidation of the Agreement.

Section 9. 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 CITY.

Section 10. Reformation. COUNTY and CITY understand and agree that this Agreement is based upon existing law, and that such law may be substantially amended in the future. In the event of an amendment of state law which renders this Agreement invalid or inoperable or which denies any party thereto the full benefit of this Agreement as set forth herein, in whole or in part, then COUNTY and CITY agree to renegotiate the Agreement in good faith.

Section 11. Effect of Tax Exchange Agreement. This Agreement shall be applicable solely to the Franklin Crossing Annexation and does not constitute either a master tax sharing agreement or an agreement on property tax exchanges which may be required for any other annexation to the CITY, nor does it alter or enlarge any revenue sharing obligations of the City by way of incorporation on July 1, 2000.

Section 12. 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 CITY except as otherwise provided herein.

Section 13. 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:

<u>COUNTY</u>	<u>CITY</u>
County Executive	City Manager
County of Sacramento	City of Elk Grove
County Administration Bldg.	City Hall
700 H Street, Room 7650	8380 Laguna Palms Way
Sacramento, CA 95814	Elk Grove, CA 95758

Notice by personal delivery shall be effective immediately upon delivery. Notice by mail shall be effective upon receipt or three days after mailing, whichever is earlier.

Section 14. Approval, Consent, and Agreement. Wherever this Agreement requires a party's approval, consent, or agreement, the party shall make its decision to give or withhold such approval, consent or agreement in good faith, and shall not withhold such approval, consent or agreement unreasonably or without good cause.

Section 15. Construction of Captions. Captions of the sections of this Agreement are for convenience and reference only. The words in the captions in no way explain, modify, amplify, or interpret this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in the county of Sacramento, State of California, on the dates set forth above.

COUNTY OF SACRAMENTO, a political
Subdivision of the State of California
("COUNTY")

By _____
Chairperson of the Board of Supervisors
of Sacramento County, California

(SEAL)

ATTEST: _____
Clerk of the Board of Supervisors

Approved As to Form:

County Counsel

CITY OF ELK GROVE, a municipal corporation
("CITY")

By: _____
Mayor

(SEAL)

ATTEST: _____
City Clerk

Approved As to Form:

City Attorney