

**PROPERTY TAX REVENUE EXCHANGE AGREEMENT  
BETWEEN THE COUNTY OF SACRAMENTO AND THE CITY OF GALT,  
RELATING TO THE ANNEXATION OF THE EASTVIEW SPECIFIC PLAN AREA**

This PROPERTY TAX REVENUE EXCHANGE AGREEMENT ("Agreement") is made and executed in duplicate this 21<sup>st</sup> day of June, 2017 by and between the COUNTY OF SACRAMENTO, a political subdivision of the State of California ("COUNTY"), and the CITY OF GALT, a municipal corporation ("CITY").

**RECITALS**

A. On June 6, 1978, Article XIII A was added to the California Constitution. Article XIII A 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 the property's full cash value.

B. Subsequently, the California Legislature added Section 99 to the California Revenue and Taxation Code. Section 99 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.

C. CITY has filed an application with the Sacramento Local Agency Formation Commission requesting its approval for the CITY's annexation of approximately 521 acres of real property ("Eastview Specific Plan Area").

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.

E. Close cooperation between COUNTY and CITY is necessary to maintain and improve the quality of life, and deliver needed or desirable services in a timely and cost-efficient manner, to residents in the CITY and COUNTY.

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

G. Section 99 of the California Revenue and Taxation Code, authorizes a city and county to execute a property tax transfer agreement for the exchange of property tax revenues in connection with the annexation of property located in the unincorporated territory of a county to the incorporated territory of a city.

H. 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 Eastview Specific Plan Area to the CITY.

I. This Agreement memorializes the understanding between the COUNTY and CITY and constitutes an enforceable property tax transfer agreement, under Section 99 of the California Revenue and Taxation Code.

In consideration of the exchange of tax revenue, as provided for in this Agreement, and for other good and valuable consideration, the sufficiency of which is acknowledged by the parties, the COUNTY and CITY agree as follows:

## TERMS

Definitions. For purposes of this Agreement, the following terms shall have the meanings set forth below:

(a) "Eastview Specific Plan Area" shall mean a 521-acre area in the unincorporated area of COUNTY, south of Twin Cities Road, west of Cherokee Lane and north-west of Union Pacific Railyard, and east of Marengo Road as more specifically described in Exhibit "A" to this Agreement, and depicted in Exhibit "B" to this Agreement.

(b) "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 Eastview Specific Plan Area Annexation.

(c) "Annexation" shall mean the approved and completed annexation of the Eastview Specific Plan Area by the CITY, as delineated in Sacramento Local Agency Formation Commission Application Control Number "02-14", and as provided for in the Cortese-Knox-Hertzberg Local Governmental Reorganization Act of 2000 (California Government Code § 56000 et seq.).

(e) "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 XIII A 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 the Eastview Specific Plan Area, is available for allocation to the CITY and the COUNTY, and is currently allocated to the COUNTY General Fund, COUNTY Library Fund, COUNTY Road Fund, Galt Irrigation District and Sloughhouse Resource Conservation District.

Section 2. 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 of the California Revenue and Taxation Code, for the Eastview Specific Plan Area.

Section 3. Exchange of Tax Revenues. On and after the Annexation Date, the COUNTY and CITY shall equally pool and share Property Tax Revenue for the Eastview Specific Plan Area as set forth herein.

TRA 78-004 & 78-014			
NAME	Available Tax Increment		Annexation Shares
	BEFORE ERAF	ERAF	
COUNTY LIBRARY	1.83191		1.83191
COUNTY ROADS	0.08885		0.08885
COUNTY GENERAL	39.44494	-20.68954	18.75540
SLOUGHHOUSE RESOURCES	0.01829	-0.00731	0.01098
Net	41.38399	-20.69685	20.68714
County Share (50%)			10.34357
City Share (50%)			10.34357
(a) CITY shall receive 10.34357% of the Property Tax Revenue to be allocated to its General Fund.			
(b) COUNTY shall receive 10.34357% of the Property Tax Revenue to be allocated to its General Fund			

TRA 78-005 & 78-013			
NAME	Available Tax Increment		Annexation Shares
	BEFORE ERAF	ERAF	
COUNTY LIBRARY	1.82486		1.82486
COUNTY ROADS	0.08851		0.08851
COUNTY GENERAL	39.29294	-20.60982	18.68312
SLOUGHHOUSE RESOURCES	0.01822	-0.00728	0.01094
GALT IRRIGATION	0.38528	-0.15363	0.23165
Net	41.60981	-20.77073	20.83908
County Share (50%)			10.41954
City Share (50%)			10.41954
(a) CITY shall receive 10.41954% of the Property Tax Revenue to be allocated to its General Fund.			
(b) COUNTY shall receive 10.41954% of the Property Tax Revenue to be allocated to its General Fund			

Section 4. Exchange by County Auditor. COUNTY and CITY further agree that all of the exchanges of Property Tax Revenue required by this Agreement shall be made by the County Auditor.

Section 5. Galt Irrigation District. As provided in the Annexation application, the Eastview Specific Plan Area shall be detached from the Galt Irrigation District.

Section 6. Sloughhouse Resource. As provided in the Annexation application, the Eastview Specific Plan Area shall be detached from the Sloughhouse Resource Conservation District.

Section 7. Non-Opposition to Annexation. In further consideration of this Agreement, COUNTY agrees not to oppose CITY's annexation of the Eastview Specific Plan Area.

Section 8. 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 attorney's fees, against COUNTY, CITY, or both.

Section 9. 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 10. 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 11. 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 12. Effect of Tax Exchange Agreement. This Agreement shall be applicable solely to the 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.

Section 13. 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 14. 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:

COUNTY

County Executive  
County of Sacramento  
700 H Street, Room 7650  
Sacramento, CA 95814

CITY

City Manager  
City of Galt  
380 Civic Drive  
Galt, CA 95632

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 15. 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 16. 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.

Section 17. Incorporation by Reference. Exhibits A and B, attached hereto, are incorporated into this Agreement by this reference.

Section 18. The Parties acknowledge that this Agreement shall not become effective unless the ordinance or resolution approving this Agreement is approved by a two-thirds (2/3) vote of both the City Council and the Board of Supervisors.

[Signatures on following page.]

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

<p>(SEAL)</p> <p>ATTEST: <u>Albence Evans</u> Clerk of the Board of Supervisors</p> <p>Approved as to form:</p> <p><u>Krista Phelan</u> County Counsel</p>  <p>(SEAL)</p> <p>ATTEST: <u>Souma Seetha</u> City Clerk</p> <p>Approved as to form:</p> <p><u>Kij Wood</u> City Attorney</p>	<p>COUNTY OF SACRAMENTO, a political Subdivision of the State of California</p> <p>By: <u>Nardoy / Dip</u> County Executive</p>  <p>CITY OF GALT , a municipal corporation</p> <p>By: <u>Eugene M. Pelyps 6/21/17</u> City Manager</p>
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**EXHIBIT 'A'**  
**EASTVIEW SPECIFIC PLAN ANNEXATION AREA**  
**LEGAL DESCRIPTION**

That portion of Section 13, Township 5 North, Range 6 East, Mount Diablo Meridian in the County of Sacramento, State of California, described as follows:

**BEGINNING** at a point which is the southwest corner of said Section 13, also being on the centerline of Marengo Road;

1. thence along the west line of said Section 13, and said centerline, North 01°44'33" West, a distance of 2654.28 feet to the west quarter corner of Section 13;
2. thence continuing along said west line and centerline, North 01°36'50" West, a distance of 2663.98 feet to the northwest corner of said Section 13 and the centerline intersection of said Marengo Road with Twin Cities Road;
3. thence along the north line of said Section 13 and the centerline of Twin Cities Road, North 89°00'09" East, a distance of 2640.21 feet;
4. thence continuing along said centerline, as said centerline is described in a Deed to the State of California recorded June 10, 1926 in Book 76 of Official Records, at Page 263, records of Sacramento County, North 89°00'09 East, a distance of 2356.60 feet;
5. thence continuing along said centerline as described in said Deed, along a tangent curve having a radius of 500.00 feet and being concave to the north, through a central angle of 34°30'00", an arc distance of 301.07 feet;
6. thence continuing along said centerline as described in said Deed, North 54°30'09" East, a distance of 5.10 feet;
7. thence continuing along said centerline as described in said Deed, along a tangent curve having a radius of 500.00 feet and being concave to the south, through a central angle of 01°17'56", an arc distance of 11.33 feet to an intersection with the east line of said Section 13 and the centerline of Cherokee Lane;
8. thence along said east line and said centerline, South 01°03'09" East, a distance of 2756.84 feet to the east quarter corner of said Section 13;
9. thence along the east-west centerline of said Section 13, South 88°57'27" West, a distance of 335.81 feet to an intersection with the southerly Railroad right-of-way line of the Southern Pacific Transportation Company;
10. thence along said southerly Railroad right-of-way line, South 54°26'55" West, a distance of 2810.92 feet to an intersection with the north-south centerline of said Section 13;

11. thence along said north-south centerline, South 01°04'03" East, a distance of 973.19 feet to the south quarter corner of said Section 13;

12. thence along the south line of said Section 13, South 86°59'52" West, a distance of 2585.02 feet to the **POINT OF BEGINNING**.

See Exhibit 'B', plat to accompany description, attached hereto and made a part hereof.

Containing 520.989 acres, more or less.

June 19, 2017

END OF DESCRIPTION

PREPARED BY WOOD RODGERS, INC.  
SACRAMENTO, CALIFORNIA



6/19/17



