

# MERCED COUNTY

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## ADMINISTRATIVE DEPARTMENT

2222 "M" STREET • MERCED, CALIFORNIA 95340 • TELEPHONE (209)385-7637 • FAX (209) 385-7375



CLARK G. CHANNING  
County Administrator

May 11, 1995

Jim Marshall, City Manager  
City of Merced  
P.O. Box 2068  
Merced, CA 95344

Dear Mr. Marshall:

Merced County has received the Notice of Public Hearing for the proposed Bellevue Ranch project. It is our understanding that this project involves an amendment to the City General Plan, rezoning, and annexation of the subject lands to the City for the purpose of accomodating urban development. The County Planning Director has informed me that the City Planning Commission is recommending to the City Council that the entire territory be annexed by the City even though the project will not be built out for many years.

As you know, the City and County must achieve an agreement for the sharing of tax revenues before an annexation can be approved by the Local Agency Formation Commission. Given the size of the Bellevue Ranch project, the current fiscal condition of the County, and recent State actions affecting County revenues, the historical revenue sharing agreement applied to City annexations may no longer be appropriate.

Therefore, by this letter, the County is notifying the City of Merced that the County intends to initiate negotiations for a new revenue sharing agreement with the City concerning this project following City Council action initiating annexation proceedings. The purpose of these negotiations is not to inhibit or constrain the growth of the City, but to ensure that the revenues realized from development are equitably shared in light of the current levels of service provided by both the City and County to the inhabitants of the annexation area.

Jim Marshall, City Manager  
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I look forward to further discussions with you and your staff on this matter.

Sincerely,

  
Clark Channing  
County Administrator

CC/RES/ah

cc: Board of Supervisors  
County Counsel  
County Auditor