

**PROPERTY TAX SHARING AGREEMENT
BETWEEN THE CITY OF MERCED AND COUNTY OF MERCED**

THIS AGREEMENT, is made and entered into this 4th day of February, 1997, by and between the County of Merced, a political subdivision of the State of California, (hereinafter referred to as "County"), and the City of Merced, a Municipal Corporation incorporated under the laws of the State of California, (hereinafter referred to as "City"), and pursuant to Revenue and Taxation Code of the State of California.

In consideration of the mutual covenants and promises herein contained, the parties hereby agree as follows:

I. PROPERTY TAX SHARING:

County and City agree to adopt property tax sharing resolutions pertaining to areas annexed to the City in accordance with California Revenue and Taxation Code Section 96.1 (hereinafter all references are to the Revenue and Taxation Code unless otherwise stated) which document agreement for the County to retain the base property tax for the County General Fund and County Fire Fund. Pursuant to Section 96.5, the County General Fund will retain its incremental tax rate while the County Fire Fund rate will transfer its entire incremental tax rate to the City of Merced.

II. CRIMINAL JUSTICE STUDY

County and City staff will explore, in a collaborative manner, the feasibility of a criminal justice study, the process of funding a study, and the implementation of any recommendations from the study.

III. REDEVELOPMENT AGENCIES

City will cause the City Redevelopment Agency to pass through funds to the County from City Redevelopment Project Area #2 (hereinafter RDA #2) beginning in fiscal year 1996-1997. County agrees to use said funds for library services. Payment of fifty percent (50%) of the annual amount shall be due each January 15, forty percent (40%) shall be due each May 15, and ten percent (10%) shall be due each September 30.

The initial pass through amount for fiscal year 1996-97 will be \$100,000, the equivalent of a per capita rate of \$125.00 times the population growth of 800 people. Said sum will be adjusted for each subsequent fiscal year based on increased assessed value in RDA #2. Population growth will be calculated at a fixed rate on one and one-half percent annually, and applied to a 1996 base year population of 61,712, as established by the California Department of Finance. When the amount generated by sixty-two dollars and fifty cents (\$62.50) times the cumulative population growth surpasses the initial RDA pass through adjusted for growth in assessed value, City agrees that the RDA will increase the pass through amount equal the capitated rate. Exhibit 1 is intended to illustrate these provisions, based on an assumed seven percent (7%) annual increase in assessed value in RDA #2. The exhibit is included for demonstration only. Actual growth in assessed value will be used to implement this provision.

In order to accomplish the foregoing, County shall obtain approval from all taxing entities.

IV. ERAF—COUNTY BENEFIT FUND

For every new city RDA project area established on or after the effective date of this Agreement, the City RDA will establish a separate fund and deposit annually an amount equal to County's annual Educational Revenue Augmentation Fund (ERAF) increment defined as the net of the annual RDA project area tax increment pass through County property tax share less County's annual ERAF contributions based on the RDA project area tax increment. Said amount shall be established annually by County Auditor, and reported to the RDA by the first of June of each fiscal year. Interest on these funds shall accrue to the RDA.

Said funds will be utilized for the construction and augmentation of beneficial public projects within City's Sphere of Influence, as amended from time to time. Said projects will be defined by County's Board of Supervisors, as permitted by Redevelopment Law.

In the event any legislative change, property tax rulings or regulations reduce or eliminate the ERAF contribution in the RDA, County will receive its share of the RDA pass through as defined by state law.

V. CAPITAL FACILITY IMPACT FEES RELATED TO GROWTH

A. Both County and City have determined that there is a direct nexus and reasonable relationship between growth within the City and its impact on County public facilities, including, but not limited to, criminal justice jails, county-wide sheriff facilities, health and social service facilities, public works, libraries, hospital, public parks, and recreation, environmental resources and air quality within the entire county, and that there is a direct nexus and reasonable relationship between growth in the unincorporated area of the County that lies within City's sphere of influence and its impact on City's public facilities, including, but not limited to, traffic and circulation.

B. City agrees to adopt any County public facility fee (except for fire services) as requested by County and to collect said fee prior to the issuance of any City building permit and to forward the fee proceeds to County on a fiscal year quarterly basis. The County agrees to be responsible for expending and accounting for the fees pursuant to the requirements of California Government Code Section 66000 et seq. However, the City shall not be obligated to collect such fees with regard to applications for building permits received prior to the date of this agreement, or with regard to projects involving vesting maps, which maps had vested prior to the date of this agreement. The City and its officials, officers, agents, and employees shall be protected by County and shall incur no liability in acting or proceeding in good faith upon the passage of any such fee and the collection thereof.

C. County agrees to indemnify and hold harmless City and its officers, agents, and employees from any and all liabilities, claims, demands, actions, losses, damages or costs, including attorney's fees, caused by or arising out of, or in any way connected directly or indirectly, to any public facility fee applicable to County adopted or imposed by City at County's request. In the event any person, corporation, or entity disputes or refuses to pay the public facilities fees, County shall be solely responsible for compliance with the protest provisions, as set forth in Section 66000 et seq. of the Government Code as the same now exists or hereafter may be amended.

D. County agrees to adopt and collect on behalf of the City any public facility fee requested by City and to collect said fee prior to the issuance of any County building permit and to forward the fee proceeds to City on a fiscal year quarterly basis. The City agrees to be responsible for expending and accounting for the fees pursuant to the requirements of California Government Code Section 66000 et seq. However, the County shall not be obligated to collect such fees with regard to applications for building permits received prior to the date of this agreement or outside the City's

sphere of influence, or with regard to projects involving vesting maps, which maps had vested prior to the date of this agreement. The County and its officials, officers, agents, and employees shall be protected by City and shall incur no liability in acting or proceeding in good faith upon the passage of any such fee and the collection thereof.

E. City agrees to indemnify and hold harmless County and its officers, agents, and employees from any and all liabilities, claims, demands, actions, losses, damages or costs, including attorney's fees, caused by or arising out of, or in any way connected directly or indirectly, to any public facility fee adopted or imposed by County on behalf of City. In the event any person, corporation, or entity disputes or refuses to pay the public facilities fees, City shall be solely responsible for compliance with the protest provisions, as set forth in Section 66000 et seq. of the Government Code as the same now exists or hereafter may be amended.

F. It is agreed between the parties hereto that each collecting body will receive six percent (6%) of the public facility fee revenues collected as reimbursement for administrative costs of collection.

VI. COUNTY GENERAL PLAN POLICIES TO ACCOMMODATE CITY GROWTH

The County agrees to amend its General Plan and administer zoning and subdivision regulations to accommodate the growth of the City as outlined in the City's General Plan as follows:

A. Within the City's proposed Specific Urban Development Plan Area (SUDP) (SUDP, as illustrated in figure 2.4 of the City's 2015 Draft General Plan), the County agrees not to change the land use designation of territory from a rural classification (i.e., agriculture) to an urban designation (i.e., residential, commercial, or industrial). The County will maintain existing agricultural zoning within this non-urban designation. All discretionary approvals under the agricultural zone would be subject to a mutual determination that they would not conflict with the adopted City's General Plan. Any discretionary approval by the County within those areas currently zoned for urban development within this boundary would be subject to adopted City development standards including, but not limited to, curbs, gutters, sidewalks, street widths, and water and sewer services. During the review of discretionary projects within urban zoned areas, the County will provide an opportunity for the City to discuss the merits of annexation to the City with the affected property owner or representative.

B. Within those areas currently designated as Rural Residential Centers in the County General Plan, discretionary projects would be limited to residential development of one unit per acre or less. The County will not expand existing Rural Residential Centers into the City's proposed Sphere of Influence outside of the University Community SUDP.

C. Within the area designated in the County General Plan as the University Community SUDP (within the proposed City's Sphere of Influence), the County agrees to implement development consistent with the cooperative planning process described in the County's General Plan (attached). The County agrees to refer all discretionary projects to the City for comment to avoid conflicts with the City General Plan.

D. Within those areas outside the City's Proposed 2015 SUDP, outside established Rural Residential Centers, and outside the University Community SUDP but within the proposed City Sphere of Influence (as illustrated in Figure 2.4 of the City's 2015 Draft General Plan), both the County and City agree that they will not approve any changes in land use designation from a non-urban to an urban designation without the prior agreement of the other party.

VII. APPLICABLE LAW AND INTERPRETATION

A. Both parties agree that this Agreement and all documents issued or executed pursuant hereto and the rights and obligations of the parties thereunder and hereunder is subject to and governed by the laws of the State of California in all respects as to the interpretation, construction, operation, effect, and performance.

B. The waiver by either party of a breach of any provision of this Agreement by the other party shall not operate or be construed to operate as a waiver of any subsequent breach. The making or the acceptance of a payment by either party with knowledge of the existence of a breach shall not operate or be construed to operate as a waiver of any subsequent breach.

C. In the event this Agreement is terminated for any reason, nothing in this Agreement or by the execution thereof shall be construed as a waiver of City's right to assert as a defense or affirmative allegation that the County lacks the authority to levy, impose or collect public facilities fees within the boundaries of an incorporated City without the consent of said City.

D. No remedy conferred herein upon or reserved to the parties hereto is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any failure to comply with any term or condition of this Agreement shall impair any such right or power or shall be construed to be a waiver thereto but any such right and power may be exercised from time to time and as often as may be deemed expedient.

E. The provisions of this Agreement shall constitute the entire agreement between the parties and may be modified only by written agreement duly executed by the parties hereto.

F. City and County further covenant to cooperate with one another in all respects necessary to insure the successful consummation of the actions contemplated by this Agreement, and each will take all actions within its authority to insure cooperation of its officials, officers, agents, and employees.

G. In the event County's or City's public facility fee(s) or their general plans or any elements thereof are, in whole or in part, determined to be invalid by any court, governmental agency, public board or body, County and City acknowledge and agree that any such invalidity shall have no force or effect upon any of the remaining terms or conditions of this Agreement.

H. Implementation of this Agreement shall commence upon the date of approval of this Agreement and shall continue until the end of 2014, provided that either party may terminate this Agreement at any time so long as six (6) months prior written notice before the end of any fiscal year (June 30) is given to the other party to this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the day and year first written above.

COUNTY OF MERCED

By

Title

Date

[Signature]
CHAIRMAN

FEB 10 1997

CITY OF MERCED

By

Title

Date

[Signature]
Mayor

Feb. 10, 1997

APPROVED AS TO LEGALITY AND FORM:

CITY OF MERCED

By [Signature]
City Attorney

Date 2-19-97

COUNTY OF MERCED

By [Signature]
County Counsel

Date 2-4-97

970845 PO# 33425
FUNDS/ACCOUNTS VERIFIED
[Signature]
FINANCE OFFICE DATE
\$100,000.00
843-2001-572.17-00
funds available 2/18/97 paid

**EXHIBIT "1" TO PROPERTY TAX SHARING
AGREEMENT WITH THE CITY OF MERCED**

Fiscal Year	Population	1.50% Cumulative Population Growth	Growth At \$62.50 Per Capita Less Initial \$100,000	\$100,000 Initial Amount With 7% Annual Growth *	Higher of Growth In Per Capita Or Assessed Value
1997	61,712		0	100,000	100,000
1998	62,638	926	(42,125)	107,000	107,000
1999	63,577	1,865	16,563	- 114,490	114,490
2000	64,531	2,819	76,188	122,504	122,504
2001	65,499	3,787	136,688	131,080	136,688
2002	66,481	4,769	198,063	140,255	198,063
2003	67,479	5,767	260,438	150,073	260,438
2004	68,491	6,779	323,688	160,578	323,688
2005	69,518	7,806	387,875	171,819	387,875
2006	70,561	8,849	453,063	183,846	453,063
2007	71,619	9,907	519,188	196,715	519,188
2008	72,694	10,982	586,375	210,485	586,375
2009	73,784	12,072	654,500	225,219	654,500
2010	74,891	13,179	723,688	240,985	723,688
2011	76,014	14,302	793,875	257,853	793,875
2012	77,154	15,442	865,125	275,903	865,125
2013	78,312	16,600	937,500	295,216	937,500
2014	79,486	17,774	1,010,875	315,882	1,010,875
			7,901,563	3,399,903	8,294,935

* Assumptions regarding assessed value growth rate are for purposes of illustration only.

ATTACHMENT NO. 1
PLANNING COMMISSION STAFF REPORT
SEPTEMBER 11, 1996
GENERAL PLAN TEXT AMENDMENT NO. 95001

DELETE EXISTING SECTION B.5.b. OF THE GENERAL PLAN LAND USE CHAPTER

(Existing Section 5.b. will be deleted as shown and following portions under Section B.5 will be reformatted to their previous condition as contained in the Land Use Chapter prior to December 1991)

b. ~~The Proposed University of California Campus~~

~~The Merced County Board of Education, Trustee for the Virginia Smith Estate, has offered 2,000 acres to the University of California for the development of the tenth University of California Campus. The general location of this proposed site is shown on Map 1.~~

~~In order to properly plan for this potential campus and to ensure the development of compatible land uses in the vicinity, a UC Campus Study area is identified on the Land Use Policy Diagram. This study area is delineated to encompass the entire Virginia Smith Estate property and other properties in the vicinity. If this site continues to be considered for the UC Campus, the County will initiate a general plan amendment for this study area which will designate the overall categories and intensity of land use, identify necessary public facilities and basic infrastructure necessary to serve and compliment the University. It is anticipated that a program EIR will provide the environmental documentation for this process. If this site is chosen for the UC Campus, the County will initiate a specific planning process for all or a portion of the study area which follows the procedures and policies outlined in Goal 1 of this Land Use Chapter. It is intended that this specific plan will comply with the provisions of sections 65450 et. seq. of the Government Code. Subsequent environmental documentation will be necessary for the County to remove or change these general plan designations. Throughout this general and specific planning process, the boundaries of the study area may change, however, the general location will remain the same.~~

(Text under Section 5.c. will be moved to end of Section 5.a., and following section will be re-lettered 5.b., through 5.g.).

NEW SECTION B.6. OF THE LAND USE CHAPTER

6. Individual SUDP Policy Discussion

This section of the Land Use Chapter presents a description and discussion of individual SUDPs which have been established to satisfy regionally significant land use goals of the County. While these SUDPs generally enjoy the same entitlement level and policy direction as other SUDPs presented in Section B.2., they are unique as to existing or future land use characteristics and involve major institutional facilities such as a university or regional airport. These SUDPs require additional General Plan policy direction to ensure the implementation of these areas successfully satisfies County and region-wide goals.

a. University Community SUDP

The Regents of the University of California have selected a site near Lake Yosemite for the development of the tenth campus of the UC system. This site is located approximately two and one half miles northeast of the Lake, on property currently controlled by the Virginia Smith Trust through the Merced County Board of Education. The University has been offered 2,000 acres for a core campus and campus-related development (see Figure I-2). This site was selected following a six year search and evaluation process which began with over eighty sites located throughout the

Central Valley region of California. The final three sites were evaluated through a program environmental impact report prepared for and certified by the Regents. As of mid-1996, no firm development schedule for the tenth campus has been set by the University.

During the site selection process undertaken by the University of California, the Board of Supervisors expressed strong support for the siting of the tenth campus near Lake Yosemite. In 1990, the Board of Supervisors adopted a guidance package which expressed the County's commitment to a cooperative planning process with the University involving the City of Merced, landowners, and the County. The goal of this process is to insure that land uses developed in the vicinity of the campus are complementary to and not in conflict with the mission of the University.

Following adoption of the UC Guidance Package, the Board of Supervisors established a UC Campus Study Area Boundary in the General Plan recognizing the importance of coordinating the review of development projects and land use studies in the vicinity of the UC site then under consideration (see the Land Use Policy Diagram).

Adjacent to the Virginia Smith Trust property, is property controlled by the Cyril Smith Trust. This Trust is administered by Wells Fargo Bank. Representatives of the Cyril Smith Trust have also stated to the Regents their commitment to participate in a cooperative land use planning process.

The lands north and east of the Lake Yosemite Regional Park were historically designated "Foothill Pasture" which were not considered for urban land use designation or zoning. However, given the decision of the Regents and prior commitments made by the Board of Supervisors, the territory within the Cyril and Virginia Smith Trusts will be considered for future urban land uses. This area is designated the University Community SUDP on the Land Use Policy Diagram, recognizing the need for specific urban land use planning and designations in the future.

Recognizing the pressure of speculative development and zoning resulting from the Regents decision, urban land use designations within the University Community SUDP should be adopted following a comprehensive cooperative joint planning process involving the University, the City of Merced, landowners and effected urban service providers. Urban land use designations proposed independent of a coordinated planning process should be discouraged and may only be considered when determined not to conflict with the development of the University campus. Similarly, lands around the University Community SUDP should remain designated for rural land uses for the foreseeable future. The UC Campus Study Area will serve as a boundary for review of discretionary projects for compatibility or possible conflict with the future planning and development of the SUDP area.

The prospective transportation corridors serving the University Community SUDP have been identified as Bellevue Road to the southwest and La Paloma Road to the northwest. The specific prospective corridor linking the site to State Route 99 to the south has not been identified. However, alternatives that should be considered are Lake Road, Kibby Road (extended) and Arboleda Road (extended) which are shown on the Countywide Circulation Diagram presented in the Circulation Chapter (II) of this General Plan. Future capacities of all transportation corridors which will potentially serve the University should be protected.

6. 7. Land Use Policy Diagram

(Text in this Section will remain unchanged).

NEW GOAL AND POLICY LANGUAGE IN SECTION "C"

NEW GOAL 11:

Accommodate the tenth University of California Campus and orderly development of adjacent land uses through a comprehensive planning process.

Objective 11.A.:

Land use designations supporting the University are identified for the Campus site and adjacent lands in a coordinated and organized manner involving land owners, the City of Merced, University of California, and the Merced Irrigation District.

Policies:

1. The boundaries of the Virginia Smith Trust and Cyril Smith Trust properties shall be identified as "University Community SUDP". Lands within this boundary shall be designated "University Community Urban Reserve" until designated for specific urban uses.
2. The "UC Campus Study Area" boundary on the Land Use Policy Diagram is designated to serve as a broader area of analysis and evaluation during the interim University Community planning process.

Implementation:

The County will prepare a specific plan or area plan for the University Community SUDP which will provide land use and development policies for the area and contain specific land use and zoning designations. A planning team will be formed for this effort involving representatives from Merced County, the University of California, City of Merced, landowners and Merced Irrigation District.

Objective 11.B.:

Speculative development projects, re-zonings and General Plan Amendments determined to be detrimental to a coordinated development process for the University Community are discouraged.

Policies:

3. Zoning within the University Community SUDP shall remain agricultural until planned for urban use through adoption of a General Plan Amendment.
4. General Plan Amendments, re-zonings and development projects within the UC Campus Study Area and along possible access routes, shall be denied if determined to be detrimental to the coordinated orderly development of the University Community SUDP.

Implementation:

Within the UC Campus Study Area boundary which includes the University Community SUDP, the Planning Director shall review all applications for discretionary approvals. If the Planning Director determines that approval of the application could adversely affect the coordinated planning process

of the University Community SUDP, the Planning Director shall refer the application to the Planning Commission. If the Commission concurs that the proposal could adversely affect a coordinated planning effort, it shall recommend to the Board of Supervisors that the application be denied or referred to staff with direction to either not process the application, or to work with the applicant to attempt to modify the application to address specific issues.

Objective 11.C.:

Access routes serving the University and adjacent land uses are appropriately classified to ensure adequate capacity.

Policies:

5. Identification of all major access routes serving the University Community SUDP shall be included in all SUDP planning efforts, and appropriate amendments to the Circulation Chapter will classify these routes according to their proper function.
6. Development projects along possible access routes shall be located and designated in a manner which preserves the future capacity and aesthetics of the route to adequately serve the University Community SUDP.

Implementation:

All applications for discretionary and non-discretionary projects located along possible access routes to the University Community SUDP will be reviewed for proposed building setbacks from existing and possible future rights-of-way. Consideration will be given to regional transportation planning efforts through MCAG, City of Merced Circulation Element amendments and other studies conducted by public agencies. Where a conflict is identified, all buildings should be set back further from the right of way, or application processing should be suspended until completion of the University Community transportation studies.

AMENDMENTS TO EXISTING GENERAL PLAN POLICY (GOAL 1 UNDER SECTION "C")
(New text is underlined. All other text under Goal 1 will remain unchanged).

Objective 1.B.:

New full service SUDPs are created which provide an alternative to urban development on productive agricultural lands or to accommodate regionally significant institutional and publicly sponsored land uses.

Policies:

3. New SUDPs shall only be established through adoption of a Community Specific Plan for the territory involved except where the County initiates an SUDP for regionally significant land uses which satisfy specific goals of this Land Use Chapter.
4. Consider establishment of a new SUDP only where the location and size of the community promotes agricultural land conservation, urban service efficiencies and is determined to be compatible with existing urban areas.

General Plan Text Amendment Application No. 95001

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5. The establishment of a new SUDP must provide positive overall economic benefits to the County and include consideration of providing both employment and housing opportunities - including affordable housing for existing County residents.

RESOLUTION NO. 97- 8

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MERCED
APPROVING PROPERTY TAX SHARING AGREEMENT

WHEREAS, Section 99 of the Revenue and Taxation Code added by AB8 (Chapter 232) enacted in 1979 provides that in the case of a jurisdictional change (annexation) the governmental bodies of all agencies whose service responsibilities are altered by the change shall determine the amount of property tax revenues to be exchanged between them; and

WHEREAS, representatives of the County of Merced and City of Merced have met and discussed the change of property tax; and

WHEREAS, annexation causes certain revenues to automatically shift from the County to the City, such as sales tax, motor vehicle in-lieu tax, trailer coach in-lieu tax, transient occupancy tax, real property transfer tax, vehicle code fines, gasoline tax, and other fees and licenses; and

WHEREAS, it is the desire of the County and City to establish a uniform method of exchanging property taxes that will apply to all annexations to the City of Merced commencing the effective date of this agreement, and continuing until changed by a new agreement, or until the County or City terminates the agreement in accordance with its terms;

NOW, THEREFORE, the City Council of the City of Merced resolves as follows:

SECTION 1. The City Council hereby approves the agreement attached hereto as Exhibit A.

SECTION 2. This resolution shall take effect upon execution of the agreement by the City and the County.

PASSED AND ADOPTED by the City Council of the City of Merced at a regular meeting held on the 21st day of February, 1997, by the following called vote:

AYES: Council Members: SULLIVAN, WALSH, KNUDSEN, AMEY, MOORE, BERNASCONI

NOES: Council Members: NONE

ABSTAIN: Council Members: NONE

ABSENT: Council Members: THURSTON

ATTEST:

JAMES G. MARSHALL, CITY CLERK

BY: Carol Bregman
Deputy City Clerk

APPROVED:

Richard Bernasconi
Mayor

(SEAL)

taxshare.res

