

**MEMORANDUM**  
OFFICE OF THE  
COUNTY EXECUTIVE  
COUNTY OF PLACER

**TO:** Honorable Board of Supervisors

**FROM:** Thomas Miller, County Executive Officer  
Holly L. Heinzen, Assistant County Executive Officer

**DATE:** December 8, 2009

**SUBJECT:** Auburn Airport Proposed Annexation  
Resolution and Tax Sharing Agreement

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**ACTION REQUESTED**

Consider and approve a Resolution authorizing the Chairman of the Board of Supervisors to sign a property tax sharing agreement with the City of Auburn for an area adjacent to the Auburn Airport known as the Auburn Airport Annexation area.

**BACKGROUND**

The City of Auburn has requested annexation of 8.3 acres of unincorporated land within the City's Sphere of Influence, located at 13620 New Airport Road. This proposed annexation area zoned for industrial park use is located directly southeast of the City of Auburn Municipal Airport property. The proposed annexation area contains several hangars and other airport related facilities that serve the main Airport, and additional similar improvements are planned.

Land uses within the surrounding area include airport related facilities and land uses zoned for industrial park use directly north, south and west of the subject area. To the east, undeveloped land is zoned for industrial park use. There is no existing or planned residential development in the area. The property is owned by the City of Auburn.

The application for annexation was submitted to the Local Agency Formation Commission (LAFCo) September 2009. Prior to consideration by LAFCo, the County and City as the affected parties must agree to apportionment of revenues to support delivery of services once annexation occurs. In order for the annexation to be considered by LAFCo both jurisdictions must approve a Resolution approving an agreement for sharing of taxes generated in the annexation area. The property is in the redevelopment project area and the agreement anticipates that it would remain within the project area until the project area is terminated. County and City staff have reached an agreement for revenue sharing apportionments that will provide support of countywide and municipal type services.

## **ISSUE**

Currently, of the 1% of the property tax received in the proposed annexation area, the County General Fund receives 30.14% and the Consolidated Fire CSA #28 Zone 193 receives 8.54%. As proposed under the attached agreement, the County would retain 26.97% to the General Fund and 8.54% for the Consolidated Fire CSA #28 Zone 193 (prior to shifts to the Education Revenue Augmentation Fund - ERAF). The area would continue to be subject to tax apportionments under existing redevelopment statutes. The County will retain responsibility for countywide services in the area, as well as continue to provide most municipal type services.

The City of Auburn would be apportioned the remaining balance of the property tax in the affected funds and all general sales tax received from sales in the annexed area. In addition, consistent with requirements in other property tax agreements, the City agrees to impose and collect the Placer County Capital Facilities Fee for impacts of new development on County facilities, which the City currently does for all projects within the City limits.

The Auburn City Council authorized the agreement on November 23, 2009. The approval of the Board of Supervisors is required to move forward with this annexation.

## **FISCAL IMPACT**

Given, the existing statutory structure for allocation of property tax revenues, including the property tax shift to the schools, the existence of the North Auburn Redevelopment Project area and the anticipated development as a municipal property, it is anticipated that the funding to the County for the provision of countywide and municipal type services would not be materially impacted with this annexation and that services would continue to be provided at approximately the same level as currently exists.

TM:hh

Attachment: Resolution 2009-  
Tax Sharing Agreement

**Before the Board of Supervisors  
County of Placer, State of California**

In the matter of authorizing the Chairman of the Board of Supervisors to sign a tax sharing agreement with the City of Auburn for annexation of the area adjacent to the Auburn Airport known as Auburn Airport Annexation Area.

Resol. No: \_\_\_\_\_

Ord. No: \_\_\_\_\_

The following RESOLUTION was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held December 8, 2009 by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

\_\_\_\_\_  
Chairman, Board of Supervisors

Attest:  
Clerk of said Board

\_\_\_\_\_  
  
WHEREAS, the City of Auburn desires to annex certain property known as the Auburn Airport Annexation area (the "Annexation Area"); and

WHEREAS, the City has filed an application with the Placer Local Agency Formation Commission ("Placer LAFCo") to annex the Annexation Parcel to the City of Auburn, and

WHEREAS, in order for Placer LAFCo to consider an application to the City, under Revenue and Taxation Code section 99(b)(6), the City and the County must agree by resolution to a sharing of the property tax revenue of the Annexation Area, and

WHEREAS, the City of Auburn and Placer County have agreed on property tax allocations for taxes that accrued to the County and other affected taxing agencies prior to annexation (subject to apportionments for the North Auburn Redevelopment Project Area); and

WHEREAS, the agreement provides for sharing of property taxes, as well as, application of a facilities impact fee to be collected by the City of Auburn in the area to be annexed, and

WHEREAS, said fees will be transferred to the County to be used to mitigate the impacts of growth in the annexation area on County services and capital facilities; and

NOW, THEREFORE BE IT RESOLVED, that the Placer County Board of Supervisors does hereby authorize the Chairman of the Board of Supervisors to sign the attached property tax sharing with the City of Auburn for apportionment of property tax revenues and collection of fees relative to the area identified as the Auburn Airport Annexation area.

**AGREEMENT FOR APPORTIONMENT OF PROPERTY TAX REVENUES DUE TO JURISDICTIONAL CHANGE**

This Agreement for Apportionment of Property Tax Revenues Due to Jurisdictional Changes ("Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2009, by and between the COUNTY OF PLACER, a political subdivision of the State of California ("County"), and the CITY OF AUBURN, a municipal corporation ("City").

WHEREAS, Section 99(b) of the Revenue and Taxation Code provides that upon the filing of an application for a jurisdictional change, prior to the issuance of a certificate of filing by the Local Agency Formation Commission ("LAFCO"), the local agencies must first agree to a mutually acceptable exchange of property tax revenues; and

WHEREAS, Placer County will continue provision of most services including both Countywide and certain municipal type services following annexation; and

WHEREAS, property and sales taxes are the primary source of revenue to support such services; and

WHEREAS, the purpose of this Agreement is to provide for distribution of available property tax revenues between County and City, and

WHEREAS, the area to be annexed is within the North Auburn Redevelopment Project area and the property will remain will remain under the jurisdiction of the Placer County Redevelopment Agency (PCFDA) upon annexation; and

WHEREAS, it is recognized that taxes apportioned under this agreement will be subject to the statutory framework for apportionment of taxes for redevelopment project area until such time as the project area is terminated; and

WHEREAS, the parties have negotiated this Agreement for the exchange of property tax revenues for annexations occurring in the area referred to as the Auburn Airport as generally shown in Exhibit A and as described in Exhibit A-1 ("Annexation Area") attached hereto and incorporated by reference, whether or not applicable statutes change in the future; and

WHEREAS, this Agreement will not establish a basis for future annexations nor will it set a precedent for other annexation related discussion; and

WHEREAS, in consideration of the mutual covenants herein exchanged, the City and County agree to this tax sharing agreement.

NOW, THEREFORE, County and City agree as follows:

1. Definitions.

a. The "Annexation Area" shall mean the area as described in Exhibits A and A-1 respectively, attached hereto and incorporated herein by reference.

b. Base Property Tax Revenues shall mean the total amount of property tax revenues based upon the AB 8 gross levy for the fiscal year immediately preceding the year in which the annexation is proposed that accrues to: (1) Placer County (General Fund), (2) Consolidated Fire CSA #28 Zone 193; and (3) any other Affected Agency, as determined prior to any adjustment or revenue reallocation by the State of California for the Education Revenue Augmentation Fund (ERAF).

c. Incremental Property Tax Revenues shall mean the amount of property tax revenues accruing to each Affected Agency attributable to the annual tax increment increase in assessed valuation in each fiscal year after the annexation is completed.

d. Affected Agency shall mean each local agency whose service area or service responsibility would be altered by the jurisdictional change. The Affected Agencies within the Annexation Areas are the County of Placer and the City of Auburn.

2. Affected Funds. The County Auditor has notified the City and County pursuant to Revenue and Taxation Code section 99, subdivision (b)(2), that, of the 1% ad valorem property tax imposed pursuant to Article 13A, section 1 of the State Constitution, the property tax revenue which is subject to negotiated exchange consists of the Placer County General Fund percentage, 30.14% and the Consolidated Fire CSA#28 Zone 193 Fund, 8.54%.

3. Affected Tax Rate Areas which include all Base Property Tax Revenue or Incremental Property Tax Revenue available for allocation and distribution include:

TRA 056-164

4. Allocation of Property Taxes. Based on mutual agreement of both parties following completion of annexation of the identified area (subject to the apportionment of taxes

for the redevelopment project area until such time that the project area is terminated ) Placer County shall:

a. Retain 26.97% of the 1% property tax based on the sum total of all base and incremental property tax revenues (i.e. AB8 gross levy prior to adjustments and revenue transfers relative to the Education Revenue Augmentation Fund) accruing to the Placer County General Fund prior to annexation; and

b. In the Consolidated Fire CSA #28 Zone 193, Placer County shall retain 8.54% of the of the 1% property tax based on the sum total of all base and incremental property tax revenues (i.e. AB8 gross levy prior to adjustments and revenue transfers relative to the Education Revenue Augmentation Fund).

5. The City of Auburn shall be apportioned the remaining balance of the property tax in the affected funds (subject to the apportionment of taxes for the redevelopment project area until such time that the project area is terminated) including the Placer County General Fund and the Consolidated Fire CSA #28 Zone 193 fund; and all general sales tax received from sales in the annexed area.

6. Imposition of Capital Facilities Fees. City agrees that property which may be developed within any annexation area that is subject to this Agreement shall be required to pay the County capital facilities fees, as imposed on development within the City at the time of the issuance of a building permit for such property.

7. Collection of Capital Facilities Fees. City agrees that it shall impose upon a developer of property within the annexation areas the obligation to pay the capital facilities fee pursuant to a development agreement, if one is not yet agreed to by City and the developer, or any other legally binding mechanism agreed to by City and developer. City shall require the fee to be paid prior to or at the time of the issuance of the building permit, unless the Placer County Executive Officer and City Manager agree in writing otherwise.

8. Calculation of Base Property Tax Revenue Amount. The Base Property Tax Revenue to be apportioned, pursuant to Section 2 above, shall be calculated by utilizing the actual amount of tax revenues generated from all of the property in the area being annexed in the fiscal year prior to annexation, which total sum shall then be divided and allocated accordingly.

9. Commencement of Exchange. The exchange of Base Property Tax Revenue and Incremental Property Tax Revenue shall commence one year after the calendar year in which the notice of completion is filed.

10. Incremental Property Tax Revenue. Nothing herein shall be interpreted to preclude City or County from receiving Incremental Property Tax Revenue attributable to an annexed territory according to the property tax apportionment methods used by the County Auditor-Controller, notwithstanding the fact that no Base Property Tax Revenues attributable to the annexed territory may have been previously received.

11. Effective Date. This Agreement shall be effective on \_\_\_\_\_, 2009, and continue in full force and effect thereafter unless amended by the mutual consent of the parties.

**CITY OF AUBURN**

\_\_\_\_\_  
Mike Holmes, Mayor  
City of Auburn

\_\_\_\_\_  
Date

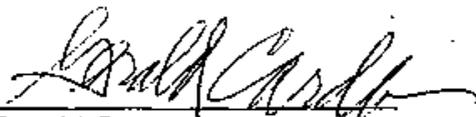
**COUNTY OF PLACER**

\_\_\_\_\_  
Rocky Rockholm, Chairman  
Placer County Board of Supervisors

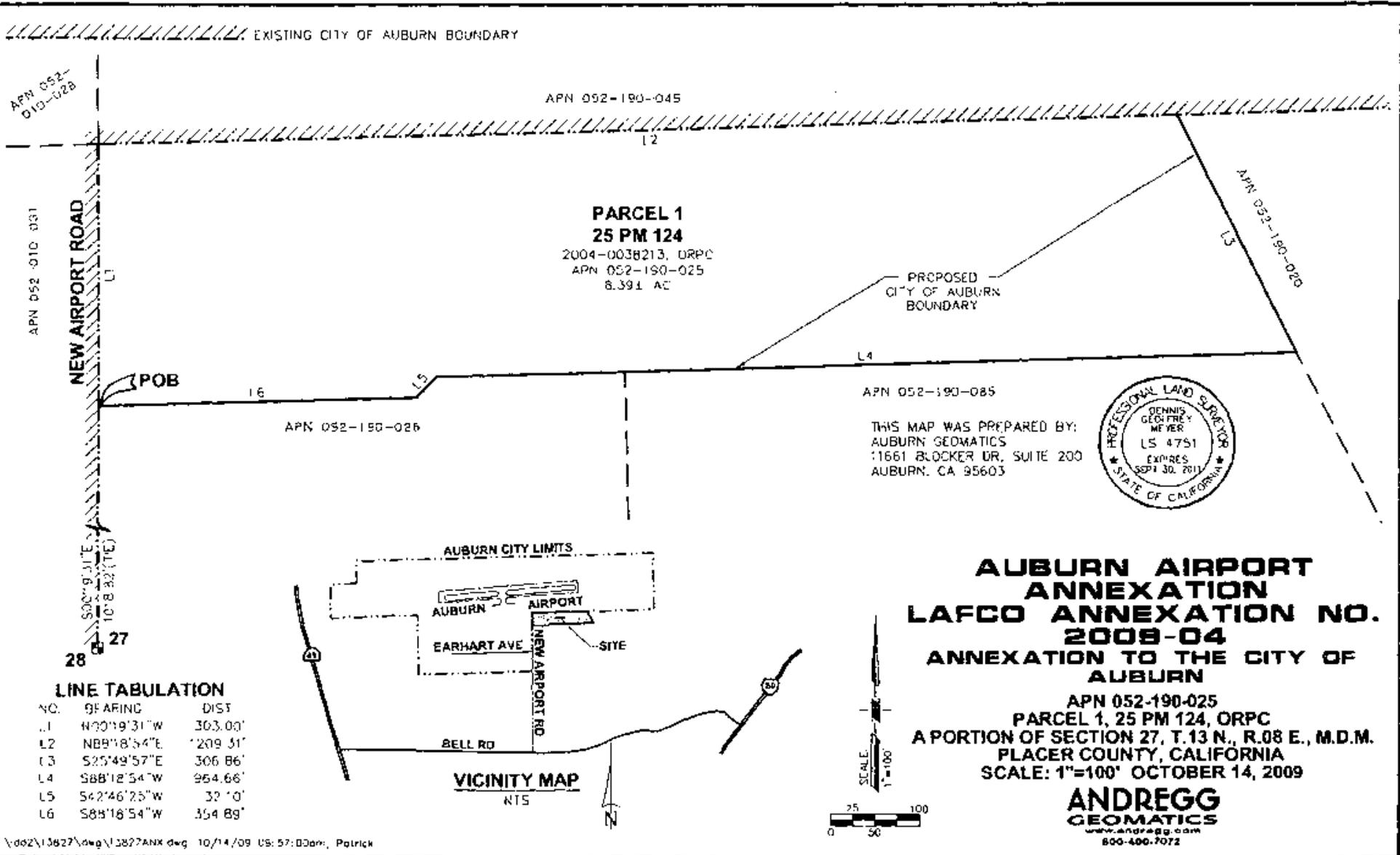
\_\_\_\_\_  
Date

**County of Placer**

Approved as to Form

  
\_\_\_\_\_  
Gerald Carden  
Assistant County Counsel

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October 14, 2009

**Legal Description  
Auburn Airport Annexation  
LAFCO Annexation No. 2009-04  
Annexation to City of Auburn**

The tract of land described in the Final Order of Condemnation to the City of Auburn recorded in Instrument No. 2004-0038213, Official Records of Placer County, and shown as Parcel 1 on Parcel Map No. P-75040 filed in Book 25 of Parcel Maps at Page 124, Official Records of Placer County, located in Section 27, Township 13 North, Range 08 East, M.D.M., Placer County, California described as follows:

Beginning at the Southwest corner of the above described Parcel 1 being a point on the Easterly line of the existing City of Auburn boundary from which point the West One Quarter Corner of Section 27 bears South 00°19'31" East for a distance of 1018.82 feet; thence (L1) North 00°19'31" West along the Westerly line of Parcel 1 being the Easterly line of the existing City of Auburn boundary for a distance of 303.00 feet to the Northwest corner of Parcel 1; thence (L2) North 88°18'54" East along the Northerly line of Parcel 1 being the Southerly line of the existing City of Auburn boundary for a distance of 1209.31 feet to the Northeast corner of Parcel 1; thence (L3) leaving the Southerly line of the existing City of Auburn boundary South 25°49'57" East along the Easterly line of Parcel 1 for a distance of 306.86 feet to the Southeast corner of Parcel 1; thence along the Southerly line of Parcel 1 the following three (3) consecutive courses and distances:

- 1) (L4) South 88°18'54" West for a distance of 964.66 feet;
- 2) (L5) South 42°46'25" West for a distance of 32.10 feet and
- 3) (L6) South 88°18'54" West for a distance of 354.89 feet to the Point of Beginning.

Containing 8.39 acres, more or less.

The basis of bearing for this description is the same as that on Parcel Map No. P-75040 filed in Book 25 of Parcel Maps at Page 124, Official Records Placer County. This description has been compiled from said record information.

The above-described parcel is shown on Exhibit 'B' attached hereto and made a part hereof.

Description prepared by:  
Andregg Geomatics  
11661 Blocker Dr, Suite 200  
Auburn, Ca 95603



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