

**TAX REVENUE SHARING AGREEMENT  
BETWEEN THE CITY OF COLUSA AND THE COUNTY OF COLUSA FOR THE  
CITY OF COLUSA WASTEWATER TREATMENT PLANT ANNEXATION #2**

This Tax Revenue Sharing Agreement is made and executed in duplicate by and between the County of Colusa, a political subdivision of the State of California (“County”), and the City of Colusa, a municipal corporation (“City”). The County and City are collectively referred to as the “Parties”.

**RECITALS**

The City filed an application (#2024-0001) with the Colusa County Local Agency Formation Commission (“Colusa LAFCo”), pursuant to the Cortese-Knox Local Reorganization Act of 1985 (Gov. Code, §§ 56000, et seq.), requesting approval of the annexation into the City of that real property described in Exhibit “A and B” attached hereto and incorporated by reference (“Annexation Area”).

Revenue and Taxation Code section 99 requires a city seeking to annex property and the county affected by such annexation to agree upon a property tax revenue exchange agreement in order for Colusa LAFCO to issue a Certificate of Completion.

The City and the County wish to work together to develop a fair and equitable approach to the sharing of tax revenue within the Annexation Area. The City and the County recognize the importance of the City’s and the County’s services and the need to maintain adequate service levels to the Annexation Area for the health, safety and welfare of the citizens of the City and the County. The City and the County wish to cooperate as provided in this Agreement in an effort to address the City’s and the County’s fiscal considerations in providing such services, as well as their respective present and future economic and planning needs.

1. Incorporation of Recitals. The Parties agree that the Recitals, above, constitute the factual basis upon which the City and the County have entered into this Agreement. The City and the County each acknowledge the accuracy of the Recitals and agree that the Recitals are incorporated into this Agreement as though fully set forth at length.
2. Definitions. For purposes of this Agreement, the following words, phrases, and terms are defined as follows:
  - A. “Affected Tax Rate Areas” (or “TRA” or “TRAs”) shall mean as to this Agreement those base property tax levies and/or incremental property tax levies available from the Annexation Area, including the following TRAs (TRA 058-003, etc.). The TRAs are to be re-numbered during the annexation process.

The County Auditor has notified the City and County pursuant to Revenue and Taxation Code section 99(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 following elements. Amounts are estimates and are subject to correction.

Secured:

TRA 058-003: General Fund \$27,639 (0.277711%), Sheriff Department \$3,965 (0.039838%), Bridge Fund \$562 (.005642%), Road District \$4,254 (0.042740%), Sacramento River Fire \$2,083 (0.020930%) and Other Remaining Entities \$61,022 (0.613174%).

- B. "Annexation Area" means all parcels located within the proposed City of Colusa Wastewater Treatment Plant Annexation #2 as shown on Exhibit "A" to this Agreement for which an application or resolution pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §§ 56000 *et seq.*) (the "Act") is filed with LAFCo during the term of this Agreement.
- C. "Annexation Date" means the date specified by the Act as the effective date of the annexation covered by this Agreement.
- D. "Base Year" shall mean the fiscal year in which the Tax Rate Areas are approved by the State Board of Equalization.
- E. "Base Year Property Tax Revenues" shall mean the tax revenue portion of the one percent (1%) property tax authorized by Article 13A, section 1 of the California Constitution, and more particularly described in subsection (c) of Section 95 of the California Revenue and Taxation Code, and includes both the Base (total amount of property tax revenue based upon the AB-8 gross levy for the fiscal year) and supplemental property tax revenues as more particularly defined in Section 75 of the California Revenue and Taxation Code, accruing to the County, excluding property tax revenues allocated to the Sacramento River Fire District, Colusa Cemetery District, Colusa Mosquito Abatement District, Yuba Community College, Colusa Unified School District, and the Colusa County of Education Superintendent of Schools in the Base Year.
- F. "Base Year Sales and Use Tax Revenues" means the revenue from the Bradley-Burns sales, transactions and use taxes levied and received that are generated within the Annexation Area in Base Year.
- G. "Property Tax Revenue" means all revenue from "ad valorem real property taxes on real property," as that term is used in Section 1 of Article XIII.A of the California Constitution and as more particularly defined in Revenue and Taxation Code §95(c), that is collected from within the Annexation Area and available for allocation to the City and County.
- H. "Property Tax Base Year Increment" means the amount of one percent (1%) ad valorem property tax revenues in excess of the Base Year Tax Revenues accruing to each agency

(by the applicable Tax Rate Area) in the Annexation Area resulting from the increase in assessed valuation of the property, buildings, and all other improvements from which property taxes are derived in existence in the Base Year. For the purposes of this Agreement, Property Base Year Tax Increment shall be cumulative.

- I. "Property Tax Development Increment" means the amount of one percent (1%) ad valorem property tax revenues in excess of the Base Year Tax Revenues and the Property Tax Base Year Increment accruing to each agency (by the applicable Tax Rate Area) in the Annexation Area resulting from the increase in assessed valuation from one year to the next caused by property and building improvements and new construction. For the purposes of this Agreement, the Property Tax Development Increment shall be cumulative.
  - J. "Sales and Use Tax Revenue" means the revenue from the Bradley-Burns sales, transactions and use taxes levied and received that are generated within the Annexation Area.
3. General Purpose of Agreement. The general purpose of this Agreement is to devise an equitable exchange of Property Tax Revenue between the City and the County on and after the Annexation Date as required by Government Code section 56815(b) and Revenue and Taxation Code section 99.
  4. Assumption of Services After Annexation. The parties understand and acknowledge that following completion of the Annexation, the City will assume full responsibility for providing road, fire, law enforcement, and all other municipal services to the Annexation Area. All roads in or adjacent to and servicing the annexation area, as shown on Exhibit A, shall be City responsibility pursuant to Streets & Highways Code section 989.
  5. Property Tax Revenue Distribution Methodology. The Parties agree that, as to the Annexation Area only, Secured and Unsecured Property Tax Revenue will be distributed as follows beginning the first fiscal year after the Base Year:
    - A. Base Year Property Tax Revenues. The County will retain one hundred percent (100%) of the Base Year Tax Revenues, and henceforth in all subsequent years.
    - B. Property Tax Base Year Increment. The County will retain one hundred percent (100%) of the Base Year Increment and in all subsequent years shall receive portion of the increment equal to the adopted Board of Equalization California Consumer Price Index annual inflation factor.
    - C. Property Tax Development Increment. Following annexation, the City shall receive 100% of the property tax development increment, excluding base year.
  6. Sales and Use Tax Distribution Methodology. The Parties agree that, as to the Annexation Area only, Sales and Use Tax Revenue shall be distributed as follows:

- A. Base Year Sales and Use Tax Revenues. The County will retain one hundred percent (100%) of the Sales and Use Tax Revenue.
- B. Second Year Sales and Use Tax. For the Second Year, the City shall reimburse the County ninety percent (90%) of the Sales and Use Tax Revenue and the City shall retain ten percent (10%).
- C. Third Year Sales and Use Tax Revenue. For the Third Year, the City shall reimburse the County seventy percent (70%) of the Sales and Use Tax Revenue and the City shall retain thirty percent (30%).
- D. Subsequent Years Sales and Use Tax Revenue. Beginning with the Fourth Year and henceforth, the City shall retain one hundred percent (100%) of all Sales and Use Tax Revenue.

7. Establishment of Separate Tax Rate Area.

- A. Upon execution of this Agreement, the Annexation boundary configuration covered by this Agreement is fixed. In order for the County Assessor to determine which Tax Rate Areas are involved and the total Assessed Valuation of the Annexation area, a map(s) and legal description(s) of the Annexation shall be submitted to the County Assessor. Said map(s) and legal description(s) shall be prepared and stamped by a California licensed surveyor or engineer and shall match the boundaries of the City of Colusa Resolution initiating this Annexation.

In the event that the Annexation boundary is subsequently altered, for any reason, the Auditor, Assessor, County Administrative Officer, and Community Development Director shall be immediately notified by the City of Colusa of the Annexation boundary change and the City shall submit new maps and legal descriptions detailing said changes.

Any subsequent changes to the Annexation boundary will cause any prepared Auditor's Report of Tax Rate Area Assignment to become null and void. Any report(s) issued by the County Assessor regarding Assessor's Parcel Numbers, Tax Rate Areas, and Assessed Valuations that are required by the County Auditor to prepare their Tax Rate Area Assignment Letter to the Board of Equalization will also need to be re-issued.

Should any other subsequent changes occur (other than Annexation boundary Changes), in the maps and/or legal description originally submitted to the County Assessor at any time during the LAFCo annexation process, the City shall immediately notify the County Assessor.

- B. County and County Auditor will work with the State Board of Equalization to establish separate Tax Rate Areas ("new TRAs") for the Annexation Area prior to allocation and distribution of Property Tax Revenue under this Agreement. For

purposes of establishing new TRAs and setting the AB 8 calculation. County Auditor will report to City and County the actual amount of the Ad Valorem Property Tax Revenue levied from the new TRAs pursuant to this Agreement.

8. Allocation to Other Public Entities. All Property Tax Revenue allocated to other Special Districts and entities shall remain unchanged unless otherwise agreed between City and said entity.
9. Development Impact Fees. The City of Colusa will require each developer within the Annexation Area to pay to the County of Colusa the County's Development Impact Fees adopted pursuant to Ordinance No. 705, Chapter 38 of the Colusa County Code, and Resolution No.21-076, limited to Library Facilities, Sheriff Facilities, District Attorney Facilities, Probation Facilities, Behavioral Health Facilities, and Health and Human Services Facilities, as the fees exist or may be amended from time to time for any project approved within the Annexation Area.

If the County's current impact fees increase by 25% or more, the County agrees that it will reopen this tax share agreement. The City will fulfill this obligation by including this requirement in any development agreement or condition of approval adopted in connection with the approval of any development project proposed within the Annexation Area. Prior to issuance of a building permit for construction of any development, the City will require the developer to confirm payment of the County Development Impact Fees identified in this Section to the County, all in accordance with the County's Service Impact Fee Ordinance. County agrees to consider reduction or waiver of Development Impact Fees on a project-by-project basis.

10. Exchange by County Auditor. The Parties agree that all of the exchanges of Property Tax Revenues required by this Agreement shall be performed by the County Auditor in the customary time and manner for such exchanges based on other similar agreements with local jurisdictions.

The City of Colusa will pay the County of Colusa any applicable Sale and Use Tax Revenues required by this Agreement by April 30<sup>th</sup>. For audit purposes, the remittance of the payment shall also include documentation evidencing the sales tax revenue collected by the City of Colusa. Acceptable documentation will be sufficient to the County Auditor-Controller and shall include the State Board of Equalization sales tax reports.

11. Effect of Agreement. This Agreement applies solely to the Wastewater Treatment Plant Annexation #2 Area, Property Tax Revenues, Sales and Use Tax Revenues, and County Development Impact Fees.
12. Utility Bills. Within 60 days of the Annexation Date the City shall have completed the transfer process with Pacific Gas and Electric and take full responsibility for the utility bills for streetlights in the new TRAs.
13. Administrative Charges. Administrative charges for preparation of property tax calculations

and tracking shall be charged to the City annually. The County will charge the City the Property Tax Administration Fee per R&T Code 95.3 and 97.75 and the Colusa County Board of Supervisors Ordinance No. 529.

14. Effective Date of Agreement. This Agreement shall become effective on the last date of execution set forth below (“Effective Date”).
15. Mutual Defense; Waiver of Retroactive Recovery. If the validity of this Agreement is challenged in a legal action by a party other than City or County, then the Parties agree to jointly defend the legal action and share equally all related costs, fees, and expenses arising from the action. Further, the Parties waive any right to the retroactive recovery of any City or County tax revenues exchanged under 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.
16. Amendment. This Agreement may only be modified or amended by a writing duly authorized and executed by the Parties.
17. Entire Agreement. With respect to the Annexation Area only, this Agreement supersedes any and all previous negotiations, proposals, commitments, writings, and understandings between the City and the County with respect to the sharing of Property Tax Revenue for the Annexation Area.
18. Agreement or Consent. Wherever this Agreement requires a party’s agreement or consent, the party shall make its decision to give or withhold such agreement or consent in good faith and shall not withhold such agreement unreasonably or without good cause.
19. 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.
20. Authority to Execute Agreement. City has authorized the execution of this Agreement by its City Manager through adoption of Resolution No. \_\_\_\_\_ by the City Council. County has authorized the execution of this Agreement by the County Administrator through adoption of Resolution No. \_\_\_\_\_ by the Board of Supervisors.
21. Venue. This Agreement is made in the County of Colusa in the State of California. Any action to enforce or interpret its terms shall be brought in Colusa County Superior Court.
22. Severability. Should any part, term or provision of this Agreement be decided by the courts to be illegal or in conflict with any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining parts, terms or provisions hereof shall not be affected thereby.
23. Notices. Notices may be delivered or mailed to the respective representatives of the Parties at the following addresses:

**City:** City of Colusa  
ATTN: City Manager  
425 Webster St.  
Colusa, Ca. 95932  
(530) 458-4740

**County:** County of Colusa  
ATTN: County Administrative Officer  
547 Market Street, Room 102  
Colusa, CA 95932  
(530) 458-0508

Any party may change the contact information to which such communications are to be given by providing the other parties with written notice of such change at least fifteen (15) calendar days prior to the effective date of the change.

All notices shall be effective upon receipt and shall be deemed received through delivery if personally served, or on the fifth (5th) day following deposit in the mail if sent by first class mail.

24. Exhibits. The following Exhibits are part of this Agreement:

- A. Geographic Description of Annexation Area
- B. Map of Annexation Area

CITY OF COLUSA, a municipal corporation

\_\_\_\_\_  
Jesse Cain, City Manager

ATTEST:

\_\_\_\_\_  
By Shelly Kittle, City Clerk

Date approved by City Council: \_\_\_\_\_  
Resolution No. \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
Ryan Jones, City Attorney

COUNTY OF COLUSA, a political subdivision of the State of California

\_\_\_\_\_  
Joshua Pack, County Administrative Officer

ATTEST:

\_\_\_\_\_  
Patricia Rodriguez, Deputy Clerk of the Board

Date approved by Board of Supervisors:  
Resolution No. \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
Richard Stout, County Counsel

DRAFT