

### **Sacramento Public Library Authority**

November 30, 2011 Agenda Item 11.0: Tax Exchange Agreement: City of Folsom and Sacramento Public Library Authority

**TO:** Sacramento Public Library Authority Board Members

FROM: Rivkah K. Sass, Library Director

**RE:** Tax Exchange Agreement: City of Folsom and the Sacramento

**Public Library Authority** 

#### **RECOMMENDED ACTION(S):**

**Adopt** Resolution 11-56, A Resolution Approving a Property Tax Exchange Agreement Between the Sacramento Public Library Authority and the City of Folsom Relating to the Folsom Plan Area Annexation.

#### **REASON FOR RECOMMENDATION**

Library staff have been working with officials from the City of Folsom regarding the impact on the Library of the annexation of 3,500 acres of land south of Highway 50 to the El Dorado County line. The development of the annexed property will occur over the next three decades.

Library staff submitted a letter to LAFCo supporting the application and confirming that an agreement to preserve tax revenues is acceptable.

The City of Folsom is requesting that the Sacramento Public Library Authority approve an agreement with the City of Folsom to protect the current tax revenues that the Authority receives. The Sacramento County Counsel's office has indicated that this is the appropriate course of action for the Library to take, as the agreement between the City and the Library is a subset of a master tax exchange agreement between the City and the County that the Sacramento County Board of Supervisors will be asked to approve on December 6, 2011.

The current tax revenue the Authority receives related to the Folsom Plan Area Annexation is \$5,322 per year, not the estimated \$50,000, an amount erroneously provided to Library staff. Attachment A provides additional detail for the Board's review.

#### **ATTACHMENTS**

Attachment A: Proposed Tax Rate Allocation by Tax Rate Area

Resolution 11-56, A Resolution Approving a Property Tax Exchange Agreement Between the Sacramento Public Library Authority and the City of Folsom Relating to the Folsom Plan Area Annexation

Exhibit A: Folsom Plan Area – Property Tax Agreement between the Sacramento Public Library Authority and the City of Folsom Relating to the Folsom Plan Area Annexation

## Proposed Tax Allocation by Tax Rate Area (TRA)

Chart 1

	0.050082576	0.464673359	0.485244065		
	174.37	1617.83	1689.45	3481.65	
Agency		Tax Rate Area	Weighted		
	52-030	52-035	52-043	Average	
City of Folsom	59.57735	55.95480	55.97108	56.144126	
Los Rios Comm Coll	4.72527	4.72402	4.72527	4.724689	
Folsom-Cordova Un	32.97130	32.96260	32.97130	32.967257	
Cowide Equalizati	0.16970	0.16966	0.16970	0.169681	
County Library	0.01067	0.01067	0.01067	0.010670	
County Roads				0.000000	
County General				0.000000	
Sacramento Metro	0	4.22106	4.22106	4.009658	
Sloughouse Conserv	0	0.02639	0	0.012263	
Juvenile Hall	0.07165	0.07163	0.07165	0.071641	
Regional Occup Cen	0.12445	0.12442	0.12445	0.124436	
Infant Dev-Phys Har	0.00754	0.00754	0.00754	0.007540	
Infant Dev-Mentally	0.00754	0.00754	0.00754	0.007540	
Children's Inst	0.58076	0.58061	0.58076	0.580690	
Co. Supt-Admin	0.33563	0.33555	0.33563	0.335593	
El Dorado Hills Wate	0.61479	0	0	0.030790	
Sac-Yolo Mosquito	0.61479	0.61500	0.61479	0.614888	
Dev Center Handica	0.18856	0.18851	0.18856	0.188537	
Total:	100.00	100.00	100.00	100.00	

Agency	Tax Amount						Total		
		52-030		52-035		52-043			Prop Tax
City of Folsom	\$	1,488,300	\$	12,969,035	\$	13,547,103	_	\$	28,004,438
Los Rios Comm Coll	\$	118,042	\$	1,094,919	\$	1,143,693		\$	2,356,654
Folsom-Cordova Un	\$	823,655	\$	7,639,972	\$	7,980,293		\$	16,443,920
Cowide Equalizati	\$	4,239	\$	39,323	\$	41,074		\$	84,636
County Library	\$	267	\$	2,473	\$	2,583		\$	5,322
County Roads	\$	-	\$	-	\$	-		\$	-
County General	\$	-	\$	-	\$	-		\$	-
Sacramento Metro	\$	-	\$	978,345	\$	1,021,655		\$	2,000,000
Sloughouse Conserv	\$	-	\$	6,117	\$	-		\$	6,117
Juvenile Hall	\$	1,790	\$	16,602	\$	17,342		\$	35,734
Regional Occup Cen	\$	3,109	\$	28,838	\$	30,122		\$	62,068
Infant Dev-Phys Har	\$	188	\$	1,748	\$	1,825		\$	3,761
Infant Dev-Mentally	\$	188	\$	1,748	\$	1,825		\$	3,761
Children's Inst	\$	14,508	\$	134,572	\$	140,566		\$	289,646
Co. Supt-Admin	\$	8,384	\$	77,773	\$	81,235		\$	167,392
El Dorado Hills Wate	\$	15,358	\$	-	\$	-		\$	15,358
Sac-Yolo Mosquito	\$	15,358	\$	142,543	\$	148,802		\$	306,703
Dev Center Handica	\$	4,710	\$	43,692	\$	45,639		\$	94,041
	\$	2,498,097	\$	23,177,698	\$	24,203,755	-	\$	49,879,550
	\$	2,448,297	\$	22,715,648	\$	23,721,251		\$	48,885,196
	\$	42,455	\$	393,903	\$	411,340		\$	847,698
	\$	7,345	\$	68,147	\$	71,164	_	\$	146,656
•	\$	2,498,097	\$	23,177,698	\$	24,203,755	-	\$	49,879,550



### **Sacramento Public Library Authority**

#### **RESOLUTION NO. 11-56**

Adopted by the Governing Board of the Sacramento Public Library Authority on the date of:

#### **November 30, 2011**

## A RESOLUTION APPROVING A PROPERTY TAX EXCHANGE AGREEMENT BETWEEN THE SACRAMENTO PUBLIC LIBRARY AUTHORITY AND THE CITY OF FOLSOM RELATING TO THE FOLSOM PLAN AREA ANNEXATION

BE IT HEREBY RESOLVED BY THE GOVERNING BOARD OF THE SACRAMENTO PUBLIC LIBRARY AUTHORITY AS FOLLOWS:

- 1. The Property Tax Exchange Agreement between the City of Folsom and Sacramento Public Library Authority relating to the Folsom Plan Area Annexation is approved.
- 2. The Library Director is authorized to execute all necessary documents pertaining to this agreement on behalf of the Authority.

		Sandy Sheedy, Chair
ATTE	EST:	
Rivk	ah K. Sass, Secretary	
By: _		
	Brenda Haggard, Assistant Sed	retary

#### **ATTACHMENTS:**

Exhibit A: Tax Exchange Agreement Between the City of Folsom and Sacramento Public Library Authority

THIS PAGE INTENTIONALLY LEFT BLANK

# PROPERTY TAX EXCHANGE AGREEMENT BETWEEN THE SACRAMENTO PUBLIC LIBRARY AUTHORITY AND THE CITY OF FOLSOM RELATING TO THE FOLSOM PLAN AREA ANNEXATION

This PROPERTY TAX EXCHANGE AGREEMENT (hereinafter "Agreement") is made and executed in duplicate this \_\_\_\_\_ day of November, 2011, by and between the SACRAMENTO PUBLIC LIBRARY AUTHORITY, a Joint Powers Agency (hereinafter referred to as "LIBRARY"), and the CITY OF FOLSOM, a California municipal corporation and charter city (hereinafter referred to as "CITY").

#### **RECITALS**

- A. On June 6, 1978, the voters of the State of California amended the California Constitution by adding Article XIIIA thereto which 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 full cash value; and
- B. Following such constitutional amendment, the California Legislature added Section 99 to the California Revenue and Taxation Code which requires a city seeking to annex property to its incorporated territory and an existing government entity, in this case LIBRARY, affected by such annexation to agree upon an exchange of property taxes which are derived from such property and available to the LIBRARY and CITY following annexation of the property to the incorporated territory of CITY; and
- C. CITY has filed an application with the Sacramento Local Agency Formation Commission ("LAFCO"), entitled "City of Folsom Annexation of the Sphere of Influence South of Hwy 50 (LAFC 04-11)," requesting its approval of the annexation of approximately 3500 acres of real property to CITY, consisting generally of the area within the CITY's South of Highway 50 sphere of influence; and
- D. LIBRARY 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, with the intent of the parties that LIBRARY shall continue to receive the same property tax revenue as it receives at the present time and the CITY will be the primary library service provider in the Annexation Area after the Annexation Date; and
  - E. The level of library service shall be consistent with the current level provided and as the area develops will exceed the current level of service currently provided; and
- F. The purpose of this Agreement is to serve as a Property Tax Transfer Agreement pursuant to Section 99 of the California Revenue and Taxation Code for the Annexation Area.

LIBRARY and CITY hereby agree as follows:

- Section 1. <u>Definitions</u>. For purposes of this Agreement, the following terms shall have the meanings set forth below:
- (a) "Annexation Area" shall mean that portion of the unincorporated area of Sacramento County served by LIBRARY designated as the Folsom Plan Area, which includes the area within the sphere of influence of CITY, generally that area bounded by U.S. Highway 50 to the north, Prairie City Road to the west, White Rock Road to the south, and the Sacramento/Eldorado County boundary to the east.
- (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 Annexation Area.
- (c) "South of Highway 50 Annexation" shall mean the annexation to the CITY of the Annexation Area as delineated in Sacramento Local Agency Formation Commission Application Control Number "LAFC 04-11", the annexation of which to CITY is subsequently approved and completed by the Sacramento Local Agency Formation Commission as provided in the Cortese-Knox-Hertzberg Local Governmental Reorganization Act of 2000 (California Government Code § 56000 et seq.).
- (d) "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 XIIIA 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 within the Annexation Area, and which is currently allocated to the LIBRARY general fund.
- Section 2. <u>Purpose of Agreement</u>. The purpose of this Agreement is to set forth the exchange of Property Tax Revenue between CITY and LIBRARY as allowed by Section 99 of the California Revenue and Taxation Code.
- Section 3. <u>Exchange of Property Tax Revenues</u>. On and after the Annexation Date, the LIBRARY and CITY shall exchange Property Tax Revenue as follows:
- (a) LIBRARY shall continue to receive the same amount of Property Tax Revenues received from the Annexation Area in fiscal year 2010-2011when and as such revenues are apportioned to jurisdictions in the tax rate area by the County Auditor pursuant to Article 2 of Chapter 6 of Part 0.5 of Division 1 of the Revenue and Taxation Code, including Revenue and Taxation Code section 96.1. That sum is agreed to be \$5,322.00.
- (b) <u>CITY</u> shall receive any portion of the annual tax increment from the Annexation Area in excess of that amount owed to Library pursuant to this Agreement, if any, when and as such revenues are apportioned to jurisdictions in the tax rate area by the County Auditor pursuant to Article 2 of Chapter 6 of Part 0.5 of Division 1 of the Revenue and Taxation Code, including Revenue and Taxation Code section 96.5.
- Section 4. <u>Exchange by County Auditor</u>. LIBRARY and CITY agree that all of the exchanges of Property Tax Revenue required by this Agreement shall be made by the County Auditor.

- Section 5. <u>Waiver of Retroactive Recovery</u>. If the validity of this Agreement is challenged in any legal action brought by CITY of 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 action shall be limited to a prospective invalidation of the Agreement.
- Section 6. <u>Mutual Defense of Agreement</u>. If the validity of this Agreement is challenged in any legal action by a party other than LIBRARY or CITY, the parties agree to defend jointly against the legal challenge and to share equally any award of costs, including attorney's fees, against the parties or either of them.
- Section 7. <u>Modification</u>. The provisions 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 LIBRARY and CITY.
- Section 8. <u>Reformation</u>. LIBRARY 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 LIBRARY and CITY agree to renegotiate the Agreement in good faith.
- Section 9. <u>Effect of Tax Exchange Agreement</u>. This Agreement shall be applicable solely to the Annexation Area 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 10. <u>Entire Agreement</u>. 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 LIBRARY and CITY except as otherwise provided herein.
- Section 11. <u>Notices</u>. 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:

#### **LIBRARY**

<u>CITY</u>

Library Director Sacramento Public Library Authority 828 I Street Sacramento, CA 95814 City Manager City of Folsom 50 Natoma Street Folsom, CA 95630

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 12. 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 13. <u>Construction of Captions</u>. 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.

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

•	LIBRARY
Ву	Library Director
Approved As to Form:	
Juneth Jelmo Jibrary Counsel	
	CITY
. By:	Evert W. Palmer, City Manager

Approved As to Form:

ATTEST: ( \hatharmoon

Bruce Cline, City Attorney

Christa Saunders, City Clerk

Folsom File No. 174-21 11-067

21044

11/9/11