

DATE: December 1, 2011

TO: Mayor and City Council Members

FROM: City Manager's Office & Jim Francis, Finance Director/CFO

SUBJECT: **Tax Sharing Agreements between the City of Folsom and Sacramento Metropolitan Fire District and the City of Folsom and Sacramento County**

- i. Resolution No. 8919 - A Resolution Authorizing the City Manager to Execute an Agreement with the Sacramento Metropolitan Fire District Regarding the Property Tax Exchange and the Detachment of the Folsom Plan Area Project Area from the Sacramento Metropolitan Fire District Service Area for the Annexation into the City of Folsom Service Area; **(Continued from November 8, 2011)**
- ii. Resolution No. 8921 - A Resolution Authorizing the City Manager to Execute a Tax Exchange Agreement Between the County of Sacramento and the City of Folsom, Relating to the South of Highway 50 Folsom Plan Area Annexation and Property Adjacent to the Folsom Auto Mall **(Continued from November 8, 2011)**

**BACKGROUND / ISSUE**

As authorized through Resolution No. 8879, adopted by the City Council at the July 26, 2011 meeting, the City Manager submitted an application for annexation of the Folsom Plan Area (FPA) to the Local Agency Formation Commission (LAFCo), which initiated the process and proceedings for annexation of approximately 3,600 acres of property located between U.S. Highway 50 on the northern boundary and White Rock Road on the south, and between Prairie City Road and the Sacramento/El Dorado County boundary (Attachment 4).

At the November 8, 2011 City Council Meeting, the City Council considered the municipal services and other tax allocation agreements for the FPA. As a requirement for LAFCo, the City conducted a municipal service review with the special districts that are currently designated to provide services within the FPA, and must also resolve any known service boundary adjustments to reflect the proposed service-provider for the FPA. In this meeting, the City Council adopted resolutions supporting (1) a detachment and a property tax exchange agreement with the Sacramento Public Library; (2) an agreement with the El Dorado Hills Fire Department regarding service levels and property tax exchange; (3) a request to LAFCo to amend the mitigation measure and the monitoring plan for the EIR/EIS to be adopted by LAFCo that makes minor, non-substantial changes to reflect the City of Folsom as the enforcement and monitoring agency in place of the County of Sacramento as to certain measures and plans; (4) a resolution to the Sacramento Regional County Sanitation District Supporting the Annexation of the Folsom Plan Area

Project Area into their service area; and (5) a request to LAFCo to include a requirement for an avigation easement with FPA.

A requirement of the annexation process is for the City to reach Tax Sharing Agreements with the County and other municipal services providers. The City, County and Sacramento Metropolitan Fire District have engaged in extensive revenue sharing negotiations and present the results and recommendations in this staff report.

The Council is now requested to consider two agreements between the City and Sacramento County and between the City and Sacramento Metropolitan Fire District. An overview of these agreements was presented at the November 8, 2011 City Council meeting. Concurrent with the tax exchange provisions between the City and Sacramento County for the FPA, the two agencies have reviewed the tax exchange agreements associated with the Folsom Auto Mall area. From this review, the agencies have agreed to update the tax exchange provisions for the Auto Mall that establishes an equal allocation for automobile sale tax revenues.

**POLICY / RULE**

As required under the Cortese-Knox-Hertzberg Local Government Reorganization Act and with the LAFCo requirements contained in Resolution Nos. 1195 and 1196, which created the Folsom Sphere of Influence south of Highway 50, the City is required to enter into tax exchange agreements and a municipal services review to ensure timely, orderly and sustainable services are established for each proposed service provider associated with the annexation application with LAFCo.

**ANALYSIS**

Prior to LAFCo approval of the annexation, Resolution No. 1196 (Attachment 3) requires the City to meet and confer with Sacramento Metropolitan Fire Protection District (SacMetro Fire) and any other special districts regarding the impacts to the districts and their operations. The review process addressed the fiscal and operational impacts including assessments, bond indebtedness, loss of property tax revenues and other related changes. Factors considered with the special districts also included the service boundaries to reflect the proposed service-provider boundaries for the FPA. Table 1, Summary of Service Area Actions, summarizes the special districts designated to provide services to the FPA and identifies those districts that would require annexation or detachment based on the proposed service provider responsibilities as presented at the November 8, 2011 City Council meeting.

**Table 1, Summary of Service Area Actions**

No.	Agency/District	Intent for Service Area		
		Neutral	Annexation	Detachme nt
<b>A</b>	<b>Sacramento County</b>			
1	County-wide Equalization	✓		
2.	Wilton-Consumnes (4b)			✓
3.	County Roads	✓		
4.	County General			
5.	Juvenile Hall			
6.	Regional Occup. Center			
7.	Infant Dev-Mentally HA			
8.	Children's Institute			

	9.	Couty Supt-Admin			
	10.	Dev Center Handicapped			
	11.	Zone 13			✓
	12.	Tax Zone 52-045 into 52-035		✓	✓
	13.	Waste Management and Recycling			✓
B		El Dorado Hills Fire	✓		
C		El Dorado Irrigation District	✓		
D		Fair Oaks Cemetery	✓		
E		FCUSD	✓		
F		Los Rios Community College	✓		
G		Sacramento Metro Fire			✓
H		Sacto-Yolo Mosquito	✓		
I		Sloughouse Resource	✓		
J		SRCSD		✓	
K		Sacramento Public Library			✓

Sacramento Metropolitan Fire Protection District

Sacramento Metropolitan Fire Protection District (SacMetro) is designated as the service provider for most of the existing area within the FPA (Attachment 5). The City of Folsom is currently a full service provider within the existing city limits, including fire protection services by the Folsom Fire Department. The City has expressed a desire to maintain its position as a full service provider. Therefore, the City has developed a service agreement with SacMetro to detach the FPA from the SacMetro service boundary and include the FPA with the annexation (Attachment 6). This agreement is scheduled for consideration by the SacMetro Board in a December meeting.

Sacramento County

Sacramento County is currently designated to provide various services within the FPA and currently receives tax revenue from the FPA area. The City and Sacramento County have been working on developing a tax sharing agreement to reflect the revenues necessary to provide the services within the FPA. A detailed discussion is provided below in the Financial Impact section of this report.

The details of the Tax Sharing Agreements are articulated below.

**FINANCIAL IMPACT**

The Financial impacts were presented in the November 8, 2011 staff report. For convenience, the same impact summary is provided herein:

*The development of the FPA required two significant fiscal impact analyses. The first is the designing and financial feasibility of building the infrastructure that will allow for the development of the FPA. The second is the analysis of the cost considerations of the City providing the desired service level to the FPA as it develops and at build-out.*

*The infrastructure costs are presented in the Public Facilities Financing Plan (PFFP), which was initially prepared by Economic & Planning Systems (EPS) dated June, 2010 and the May, 2011 addendum prepared by Kosmont Companies. These reports indicate a total capital facilities cost*

*of \$1,237,335,249 and identify various revenue and funding sources that may potentially be utilized (Attachment 8). The financial burden, as a percentage of the anticipated market value of the land uses at final build-out (residential, commercial and retail structures and land improvements) was used as a test of financial feasibility. If the total burden of fees to the property owner and/or developer is too great then project development and build-out may be financially infeasible. Based on this analysis the presented plan's average infrastructure cost burden is 19.1%. The Kosmont report states that historical experience indicates that total development fees in a range of 15% - 20% of development value are considered financially feasible.*

*The second part of the infrastructure analysis is whether or not the City will have the capacity to build and finance the required infrastructure. A great deal of time and effort was spent in defining the necessary improvements and facilities that will be required in the FPA, so that the quality and standards of the City of Folsom are maintained and enhanced. Police and Fire facilities, a branch library, relocation of the corporation yard, park and trail development, as well as water, sewer, and storm drainage systems, and road design and construction all have to be considered and analyzed. Based on an analysis of the use of existing city fees, special financing districts and assessments, the aggressive use of outside funding, and the use of strategic timing in the development, it is reasonable to assume that the financial impact of the development of the FPA will be feasible (Attachment 7).*

*The second major analysis is the cost considerations of the City providing the desired service level to the FPA. This is presented in the Tax Exchange Agreement with the County of Sacramento. In conducting this analysis there were four major criteria used to determine feasibility. First, did the FPA have the revenue generating capacity to fund City services at the desired level? Second, was the revenue generating capacity present during all stages of development? Third, was there equal risk to both parties (the City and County) from the revenue sources? Fourth, were the FPA costs equivalent to the costs associated with existing City services?*

*In regards to the first criteria, the analysis indicates that the total annual general fund operating costs needed for providing services in the FPA is \$29,935,590. Of this amount, \$6,876,685 will come from program revenues, \$4,222,084 will come from other general fund revenues, leaving \$18,836,821 to be financed by property taxes, sales taxes and transient occupancy taxes. The tax sharing model proposed by the County produces a 124.75% revenue coverage ratio or \$23,498,938 in revenue to the City from these three sources.*

*This analysis also looked at the feasibility of the revenue sharing arrangement at each phase of development. There were 5 phases based on population and assessed value of the FPA developments. While the first phase is the most tenuous, due to start up costs and higher operating costs associated with the first service options, the model still provides a revenue coverage ratio of 135.8%. The lowest ratio is in the third phase when the ratio is at 122.3%. This is because many of the City services begin being directly provided during this phase (e.g. the branch library).*

*The third criteria examined the split from each revenue source (after their Education Revenue Augmentation Fund (ERAF) contribution) which is 83.44% to the City and 16.55% to the County. In the model each party will receive the same proportion of its revenue from each source, thereby eliminating any advantage gained by having a more secure source of revenue. In this Agreement,*

*each party receives 74.0% of its total revenue from property taxes, 24.1% from sales taxes, and 1.9% from transient occupancy taxes.*

*The fourth criteria examined the net operating cost of services in the FPA compared to the existing costs associated with the City providing services. This was done on a per capita basis. The analysis revealed that the FPA at build-out will have net per capita operating expenses of \$863.42. Existing City services have had a net per capita cost ranging from \$808.11 to \$1,015.79 over the last five years. This indicated that the City's proposed costs for the FPA were in line with existing costs of providing similar services.*

*Based on the overall financial analysis of the operational cost, the recommended tax sharing agreement is feasible.*

*Additionally, the Agreement calls for the City and County to revise the tax exchange provisions for the Folsom Auto Mall. The revision will add the new Honda dealership to the existing tax sharing provisions for the Auto Mall, which is a 50/50 split of sales tax revenues. This will have a positive effect on the City's sales tax revenues.*

## **ENVIRONMENTAL REVIEW**

On June 6, 2001, LAFCo adopted a series of resolutions approving the City of Folsom Sphere of Influence Amendment Application. As part of the resolutions adopted by LAFCo, the Final Environmental Impact Report for the City of Folsom Sphere of Influence Amendment Application was adopted (Resolution No. 1192); Mitigation Measures and a Mitigation Monitoring Program for the City of Folsom Sphere of Influence Amendment Application was adopted (Resolution No. 1193); determinations were adopted regarding the City of Folsom Sphere of Influence Amendment Application (Resolution No. 1194); Facts of Overriding Considerations were adopted (Resolution No. 1195); and Resolution No. 1196 was adopted that incorporated Resolutions No. 1192 through No. 1195 and outlined certain provisions that are required prior to the annexation of the FPA.

On June 14, 2011, the City Council approved Resolution No. 8860- A Resolution Certifying the Folsom Plan Area Specific Plan Final Joint Environmental Impact Report/Environmental Impact Statement. The City Council also adopted Findings of Fact and a Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program for the FPASP project.

CEQA Guidelines section 15096, subdivisions (g) and (h), require a responsible agency, such as LAFCO in these circumstances, to consider alternatives and mitigation measures to address environmental effects of those parts of a project that are within the agency's approval authority. While a responsible agency can simply adopt the same mitigation measures that the lead agency previously approved, CEQA grants the responsible agency the authority to consider revisions to those measures where appropriate or necessary. In this matter, both the City of Folsom and the County of Sacramento have requested revisions to certain mitigation measures previously adopted by the City when it approved the project, in order to change the identity of the authority responsible for ensuring the measures are enforced, from the County to the City. Before amending previously adopted mitigation measures prior to certifying an EIR as its own, CEQA Guidelines section 15088.5 requires any agency to consider whether the contemplated changes would constitute "significant new information" that could result in new or more severe significant environmental impacts than were previously disclosed in the public draft of the EIR. LAFCO staff has concluded that the

mere change in identity of the local agency responsible for enforcing the mitigation measures could not result in new or more severe significant effects and thus, recirculation of the EIR is not required before the Board could make the findings required by CEQA Guidelines sections 15091, 15093 and 15096, subd. (h).

### **ATTACHMENTS**

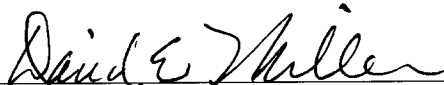
1. Resolution No. 8919 - A Resolution Authorizing the City Manager to Execute an Agreement with the Sacramento Metropolitan Fire District Regarding the Property Tax Exchange and the Detachment of the Folsom Plan Area Project Area from the Sacramento Metropolitan Fire District Service Area for the Annexation into the City of Folsom Service Area;
2. Resolution No. 8921 - A Resolution Authorizing the City Manager to Execute a Tax Exchange Agreement Between the County of Sacramento and the City of Folsom, Relating to the South of Highway 50 Folsom Plan Area Annexation and Property Adjacent to the Folsom Auto Mall
3. LAFCo Resolution No. 1196 adopted on June 6, 2001
4. Project Area Map
5. City of Folsom and Sacramento Metropolitan Fire Protection District Agreement (DRAFT)
6. Sacramento Metropolitan Fire Protection District Service Map and Services Summary
7. Tax Exchange Agreement Between the County of Sacramento and the City of Folsom Relating to the South of Highway 50 Folsom Plan Area Annexation with Maps, Analysis of the Allocation of Tax Shares and General City Fund Operational Costs
8. Table 1-3 from the *Folsom Plan Area Specific Plan* PFFP Addendum Infrastructure Capacity Analysis, Estimated Infrastructure Costs and Sources of Funding dated May 2011

### **RECOMMENDATION/ CITY COUNCIL ACTION**

The City Manager's Office and the Finance Director/CFO recommend that the City Council pass and adopt the following:

- i. Resolution No. 8919 - A Resolution Authorizing the City Manager to Execute an Agreement with the Sacramento Metropolitan Fire District Regarding the Property Tax Exchange and the Detachment of the Folsom Plan Area Project Area from the Sacramento Metropolitan Fire District Service Area for the Annexation into the City of Folsom Service Area;
- ii. Resolution No. 8921 - A Resolution Authorizing the City Manager to Execute a Tax Exchange Agreement Between the County of Sacramento and the City of Folsom, Relating to the South of Highway 50 Folsom Plan Area Annexation and Property Adjacent to the Folsom Auto Mall

Submitted,

  
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David E. Miller, AICP  
COMMUNITY DEVELOPMENT DIRECTOR

  
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Jim Francis  
FINANCE DIRECTOR/CFO

ATTACHMENT 1  
RESOLUTION NO. 8919



**RESOLUTION NO. 8919**

**A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A PROPERTY TAX EXCHANGE AGREEMENT BETWEEN THE SACRAMENTO METROPOLITAN FIRE DISTRICT AND THE CITY OF FOLSOM RELATING TO THE FOLSOM PLAN AREA ANNEXATION AND THE DETACHMENT OF THE FOLSOM PLAN AREA PROJECT AREA FROM THE SACRAMENTO METRO FIRE DISTRICT SERVICE AREA FOR ANNEXATION INTO THE CITY OF FOLSOM SERVICE AREA**

**WHEREAS**, Section 99 to the California Revenue and Taxation Code requires a city seeking to annex property to its incorporated territory and an existing government entity affected by such annexation to agree upon an exchange of property taxes which are derived from such property and available to the jurisdictions following annexation of the property to the incorporated territory of the city;

**WHEREAS**, the City of Folsom 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 (LAFCO 04-11)," requesting its approval of the annexation of approximately 3,600 acres of real property to the City of Folsom (Annexation Area);

**WHEREAS**, the Annexation Area is currently within the service area for the Sacramento Metropolitan Fire District (SMFD) and the City of Folsom desires to be the fire service provider for this area;

**WHEREAS**, SMFD and the City of Folsom desire to enter into a Property Tax Transfer Agreement pursuant to Section 99 of the California Revenue and Taxation Code for the Annexation Area;

**WHEREAS**, SMFD and the City of Folsom have negotiated 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 provide for detachment of the SMFD from the service area and to encourage sound urban development and economic growth, with the intent of the parties that the SMFD will receive specified sums of property tax revenues and the City will be the fire service provider in the annexed area upon the effective date of the annexation;

**WHEREAS**, the plan for fire service shall be consistent with the current level provided and as the area develops will exceed the current level of service currently provided;

**WHEREAS**, the agreement will be in a form acceptable to the City Attorney and containing the substantive terms which are provided in the agreement attached to this Resolution as Exhibit 1:

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Folsom authorizes the City Manager to Execute a Property Tax Exchange Agreement between the Sacramento Metropolitan Fire District and the City of Folsom relating to the Folsom Plan Area Annexation and the Detachment of the Folsom Plan Area Project Area from the Sacramento Metropolitan Fire District Service Area for Annexation into the City of Folsom Service Area in a form acceptable to the City Attorney and containing the substantive terms as provided in Exhibit 1 to this Resolution.

**PASSED AND ADOPTED** this 6<sup>th</sup> day of December 2011, by the following roll-call vote:

AYES: Council Member(s):

NOES: Council Member(s):

ABSENT: Council Member(s):

ABSTAIN: Council Member(s):

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Andrew J. Morin, MAYOR

ATTEST:

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Christa Saunders, CITY CLERK

ATTACHMENT 2  
RESOLUTION NO. 8921

## RESOLUTION NO. 8921

### **A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A TAX EXCHANGE AGREEMENT BETWEEN THE COUNTY OF SACRAMENTO AND THE CITY OF FOLSOM, RELATING TO THE SOUTH OF HIGHWAY 50 FOLSOM PLAN AREA ANNEXATION AND PROPERTY ADJACENT TO THE FOLSOM AUTO MALL**

**WHEREAS**, Section 99 to the California Revenue and Taxation Code requires a city seeking to annex property to its incorporated territory and an existing government entity affected by such annexation to agree upon an exchange of property taxes which are derived from such property and available to the jurisdictions following annexation of the property to the incorporated territory of the city;

**WHEREAS**, the City of Folsom 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 (LAFCO 04-11)," requesting its approval of the annexation of approximately 3600 acres of real property to the City of Folsom (Annexation Area);

**WHEREAS**, the Annexation Area is currently within the unincorporated area of Sacramento County and the City of Folsom desires to annex the Annexation Area into its city limits;

**WHEREAS**, Sacramento County and the City of Folsom desire to enter into a Property Tax Transfer Agreement pursuant to Section 99 of the California Revenue and Taxation Code for the Annexation Area;

**WHEREAS**, the Sacramento County and the City of Folsom have negotiated 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 provide for annexation and to encourage sound urban development and economic growth;

**WHEREAS**, Sacramento County and the City of Folsom entered into a tax sharing agreement dated September 22, 1992 when the City annexed property for development of the Folsom Auto Mall located on Folsom Blvd. and the City and Sacramento County have agreed upon a fair and equitable tax sharing arrangement relating to automobile dealers developed on property in the unincorporated area of the County which is adjacent to the Folsom Auto Mall (Automobile Dealer Property);

**WHEREAS**, Sacramento County and the City desire to enter into a tax sharing agreement which shall be approved by each jurisdiction and shall be in a form acceptable to the City Attorney and containing the substantive terms which are provided in the agreement attached to this Resolution as Exhibit 1:

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Folsom authorizes the City Manager to execute a Tax Exchange Agreement between the County of Sacramento and the City Of Folsom, relating to the South of Highway 50 Folsom Plan Area Annexation and Property adjacent to the Folsom Auto Mall.

**PASSED AND ADOPTED** this 6<sup>th</sup> day of December 2011, by the following roll-call vote:

AYES: Council Member(s):

NOES: Council Member(s):

ABSENT: Council Member(s):

ABSTAIN: Council Member(s):

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Andrew J. Morin, MAYOR

ATTEST:

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Christa Saunders, CITY CLERK

**ATTACHMENT 3**  
LAFCO RESOLUTION NO. 1196

**RESOLUTION NO. LAFC 1196**

**RESOLUTION OF THE SACRAMENTO LOCAL AGENCY  
FORMATION COMMISSION APPROVING THE  
CITY OF FOLSOM SPHERE OF INFLUENCE AMENDMENT APPLICATION  
(4-97)**

**WHEREAS**, the Sacramento Local Agency Formation Commission is the entity authorized to approve a Sphere of Influence pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act;

**WHEREAS**, the Sacramento Local Agency Formation Commission has undertaken a comprehensive analysis of the City of Folsom Sphere of Influence Amendment proposal in accordance with law and has conducted hearings since 1997 on the proposal and a history of such hearings and Commission actions is set forth in Resolution No. LAFC 1192 which is incorporated herein by this reference; and

**WHEREAS**, the City of Folsom and the County of Sacramento entered into a "Memorandum of Understanding", regarding the Sphere of Influence Amendment proposal, its boundaries, development standards and zoning requirements. The Sacramento Local Agency Formation Commission has given great weight to the terms of this Memorandum of Understanding; and

**WHEREAS**, the Sacramento Local Agency Formation Commission has certified the Final Environmental Impact Report for the City of Folsom Sphere of Influence Amendment by Resolution No. LAFC 1192 which is incorporated herein by reference; and

**WHEREAS**, the Sacramento Local Agency Formation Commission has adopted Mitigation Measures and a Mitigation Monitoring Program for the City of Folsom Sphere of Influence Amendment by Resolution No. LAFC 1193 which is incorporated herein by reference; and

**WHEREAS**, the Sacramento Local Agency Formation Commission has complied with Government Code section 56425 by adopting determinations regarding the City of Folsom Sphere of Influence Amendment by Resolution No. LAFC 1194 which is incorporated herein by reference;

**WHEREAS**, the Sacramento Local Agency Formation Commission has adopted findings of Fact and a Statement of Overriding Considerations in compliance with the intent and provision of the California Environmental Quality Act concurrently by Resolution No. LAFC 1195 which is incorporated herein by reference; and

**WHEREAS**, the Sacramento Local Agency Formation Commission has concurrently adopted Findings of Fact regarding the appropriateness of the City of Folsom Sphere of Influence Amendment by Resolution No. LAFC 1195.

**NOW THEREFORE THE SACRAMENTO LOCAL AGENCY FORMATION COMMISSION, HEREINAFTER REFERRED TO AS COMMISSION OR LAFCo, HEREBY RESOLVES AND DETERMINES AS FOLLOWS:**

The Commission hereby approves and amends the City of Folsom's Sphere of Influence boundaries as shown on the map set forth in Exhibit "A", attached hereto and made part hereof, and as described therein as:

All that real property situated in the County of Sacramento, State of California:

**Bounded by U.S. Highway 50 to the north, Prairie City Road to the west,**

**White Rock Road to the south and the Sacramento County/El Dorado**

**County boundary to the east.**

**FURTHERMORE**, the Commission does hereby resolve that it is necessary and appropriate to apply certain conditions to the approval of the Sphere of Influence Amendment in order to encourage well-ordered, efficient urban development with sufficient services and to preserve open space resources, agricultural land and habitat for species. Accordingly, approval of the project is conditioned upon the following:

1. Prior to submittal of any application to annex property within the Sphere of Influence Amendment area, the City of Folsom shall:
  - (a) Revise and update its General Plan in accordance with State law;
  - (b) Obtain a determination of substantial compliance from the California Department of Housing and Community Development (HCD) consistent with Government Code section 65585(d) or (h). The City of Folsom shall establish in its approved Housing Element that it has or will meet its regional share housing needs for all income levels for the second and third housing element revisions, as defined in Government Code section 65588.
  - (c) Adopt appropriate land use designations for all property within the Sphere of Influence area; and
  - (d) Pursuant to Government Code section 56375, pre-zone the property consistent with the City of Folsom General Plan. In pre-zoning within the Sphere of Influence Amendment, the City of Folsom shall address the location, distribution, intensity, and extent of the land use designations, including open space.
  
2. The City of Folsom is encouraged to promote annexations within the Sphere of Influence Amendment area that are well planned, capable of being efficiently served, have an orderly development pattern, and avoid the premature conversion of open space and agricultural lands within the Sphere of Influence area. Consistent with its General Plan policy, the City of Folsom is encouraged to develop an orderly annexation program



and should discourage the filing of any annexation application seeking to annex property prematurely or in a piece-meal manner.

3. In any application to annex property within the Sphere of Influence Amendment area, the City of Folsom shall submit to LAFCo for its review and approval, an updated Master Services Element which includes a program of implementation and financing measures necessary to support the provision of major components of infrastructure and services, and other essential facilities, needed to support the proposed distribution, location, extent and intensity of land uses proposed within the Sphere of Influence Amendment area. The Master Services Element shall identify a water source(s) and the ability to acquire said water source(s) sufficient to serve the area contained in the annexation application. The Master Services Element shall identify the process the City will undertake to acquire and secure a water supply sufficient for LAFCo to determine compliance with Condition (11)(a) of this Resolution.

4. Prior to submittal of any application to annex property within the Sphere of Influence Amendment area, the City of Folsom, with the cooperation of Sacramento and El Dorado Counties, shall prepare a plan to address the necessary improvements to the local roadway network of each jurisdiction in order to mitigate the impacts associated with development within the Sphere of Influence Amendment area. The plan should include a list of improvements, description of the responsible jurisdiction, phasing plan and a clearly defined financing mechanism. Implementation of the plan shall result in service levels on local roadways that are consistent with the General Plans of the City of Folsom and County of Sacramento and County of El Dorado. The plan shall be submitted with the annexation application.

5. Prior to LAFCo approval of any application to annex property within the Sphere of Influence area (SOIA), the City of Folsom, with the cooperation of Caltrans, Sacramento County, El Dorado County, the El Dorado County Transportation Commission and the Sacramento Area Council of Governments, shall identify the traffic/transportation measures that must be implemented to mitigate the potential impacts on regional transportation infrastructure from proposed development within the SOIA area consistent with mitigation measure 4.4-2 in the Mitigation Monitoring and Reporting Plan. The City shall further set forth a funding strategy to construct the traffic/transportation measures necessary to fully mitigate the impacts from the development of the SOIA area and a proposed timeline for the construction of such improvements. The timeline shall be linked to the approval and construction of new development within the SOIA, within a time frame intended to mitigate the long-term impacts from the SOIA development. Where appropriate, the City shall utilize assessment districts and impact fee programs to fund improvements. As soon as reasonably possible, the improvements identified in this paragraph that are of regional significance shall be programmed in the MTP and the MTIP. The City shall request the programming of the improvements in the MTP as soon as the improvements are identified through the General Plan Amendment Process, and shall request the programming of the improvements in the MTIP consistent with the financing plan established for implementation of the improvements.

6. Any application to annex property within the Sphere of Influence Amendment area, shall include a Transit Master Plan for the SOLA area consistent with the policies of the City's General Plan. The Plan shall identify the roadways to be used by bus transit routes, locations for bus turnouts and pedestrian shelters, locations for bus transfer stations, alignments for fixed route rail service, and the location of rail service stations.
7. Any application to annex property within the Sphere of Influence Amendment area, shall include an updated Bikeway Master Plan to delineate bikeway and pedestrian facilities within the Sphere of Influence Amendment area consistent with the goals and policies of the City's General Plan. The update shall incorporate bikeway designations for Prairie City Road and White Rock Road to be equivalent, or better, than those contained in the Sacramento City/County Bikeway Master Plan.
8. Any application to annex property within the Sphere of Influence Amendment area, shall include hydraulic and hydrologic modeling of that portion of Alder Creek which traverses the planning area and include a Drainage Master Plan for the Sphere of Influence Amendment area. The Drainage Master Plan shall address flood hazards and the use of flood protection measures. The objective of the Master Plan shall conform to a no net increase in floodwater surface elevations downstream of the Sphere of Influence Amendment area.
9. Any application to annex property within the Sphere of Influence Amendment area, shall include the City of Folsom's multi-species habitat mitigation strategy (e.g., Habitat Conservation Plan (HCP)) for the Sphere of Influence Amendment area consistent with the goals and policies contained in the City's General Plan.) The strategy shall address the mitigation of development impacts upon habitat and biological/environmental resources in a manner that meets federal and state regulatory requirements. The City may fulfill the requirements of this condition by becoming a participant in the Sacramento County HCP process for the southeast County.
10. Any application to annex Aerojet General Corporation property, or a portion of such property, within the Sphere of Influence Amendment area, must include information sufficient to demonstrate that on-site surface contamination has been remediated to standards determined to be acceptable by federal and state regulatory agencies and that either the groundwater contamination has been remediated or that measures to remediate the contamination are in place and working satisfactorily. In addition, the City of Folsom shall provide evidence of any covenants and restrictions limiting the surface or subsurface use of the property.
11. a. Prior to LAFCo approval of any application to annex property within the Sphere of Influence Amendment area, the City of Folsom shall demonstrate that it has a sufficient water supply to serve existing customers, future customers within the existing service area, and all proposed uses within the annexation application area, in compliance with the terms and conditions of the Water Forum Agreement. The information provided

shall be sufficient for LAFCo to determine water availability to the area pursuant to Gov. Code section 56668(k) or its successor.

b. Prior to LAFCo approval of any application to annex property within the Sphere of Influence area, the City of Folsom shall identify the timely availability of sufficient wastewater transmission and treatment capacity to serve existing customers, future customers within the existing service area, and all proposed uses within the annexation application area.

12. Prior to LAFCo approval of any application to annex property within the Sphere of Influence Amendment area, the City of Folsom or other applicants shall meet and confer with the El Dorado Irrigation District, "EID", the Sacramento Metropolitan Fire Protection District, and any other special districts, regarding impacts to the districts and their operations. This process shall identify potential impacts from the proposed annexation upon the districts, including but not limited to fiscal and operational impacts, assessments, bonded indebtedness, loss of property tax revenues and other impacts proposed relating to any proposed changes of organization or services. In addition, LAFCo will fully analyze and consider these impacts prior to approval of any annexation to determine appropriate mitigation measures or conditions of annexation. With respect to EID, the City of Folsom shall not request any detachment of EID territory such that EID will no longer qualify as a multi-county district under Revenue Taxation Code section 97 et seq. In addition, the City of Folsom shall meet with EID on an ongoing periodic basis, subject to a schedule mutually agreed to between the City and EID. The City of Folsom shall be responsible for scheduling these meetings. The objective of these periodic meetings is to provide for discussion and coordination of issues of mutual concern regarding water and wastewater supplies and treatment.

13. Where permitted by law, the City of Folsom shall incorporate feasible school impact mitigation requirements into development agreements that would take effect upon annexation of property within the Sphere of Influence area. The extent to which mitigation requirements may be necessary will depend upon availability of school facilities at the time of development, the type of development that occurs within the Sphere of Influence Amendment (residential compared to non-residential uses) and school district policies on providing enrollment space for non-residents who are employed within district boundaries.

14. The Mitigation measures adopted pursuant to the California Environment Quality Act by LAFCo Resolution 1193 are incorporated herein by reference. Subsequent to submittal of any application to annex property within the Sphere of Influence Amendment area, LAFCo shall review the Mitigation Monitoring and Reporting Plan approved as part of the Sphere of Influence Amendment for compliance and shall undertake additional environmental review in accordance with the California Environmental Quality Act.

15. At the time of submittal of any application to annex property within the Sphere of

Influence area, the City of Folsom shall submit information demonstrating compliance within the Memorandum of Understanding between the City of Folsom and the County of Sacramento, effective November 14, 2000, attached hereto and made a part hereof. Prior to LAFCo approval of any application to annex property within the Sphere of Influence Amendment area, LAFCo shall review the application for compliance with the Memorandum of Understanding.

16. At the time of submittal of any annexation application, the City of Folsom shall demonstrate its compliance with the provisions of Condition 5 of the Memorandum of Understanding, the City of Folsom Master Services Element dated November 4, 1997, and the Final Environmental Impact Report to preserve woodlands and to prevent loss of habitat and biological resources, including setting aside a minimum of thirty percent (30%) of the Sphere of Influence area, approximately 1,075 acres, for permanent open space as defined by State law, for preservation of habitat for species and for conservation of agricultural land.

On a motion made by Commissioner MACGLASHAN, seconded by Commissioner M. JOHNSON, the foregoing Resolution was passed and adopted by the SACRAMENTO LOCAL AGENCY FORMATION COMMISSION, State of California, this 6th day of JUNE, 2001, by the following vote, to-wit:

AYES: E. Mulberg, W. Porter, R. MacGlashan, M. Johnson, I. Collin, L. Hammond, C. Tooker.

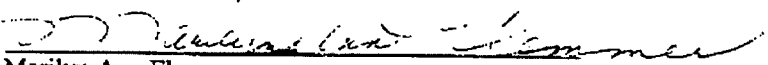
NOES: None.

ABSTAIN: None.

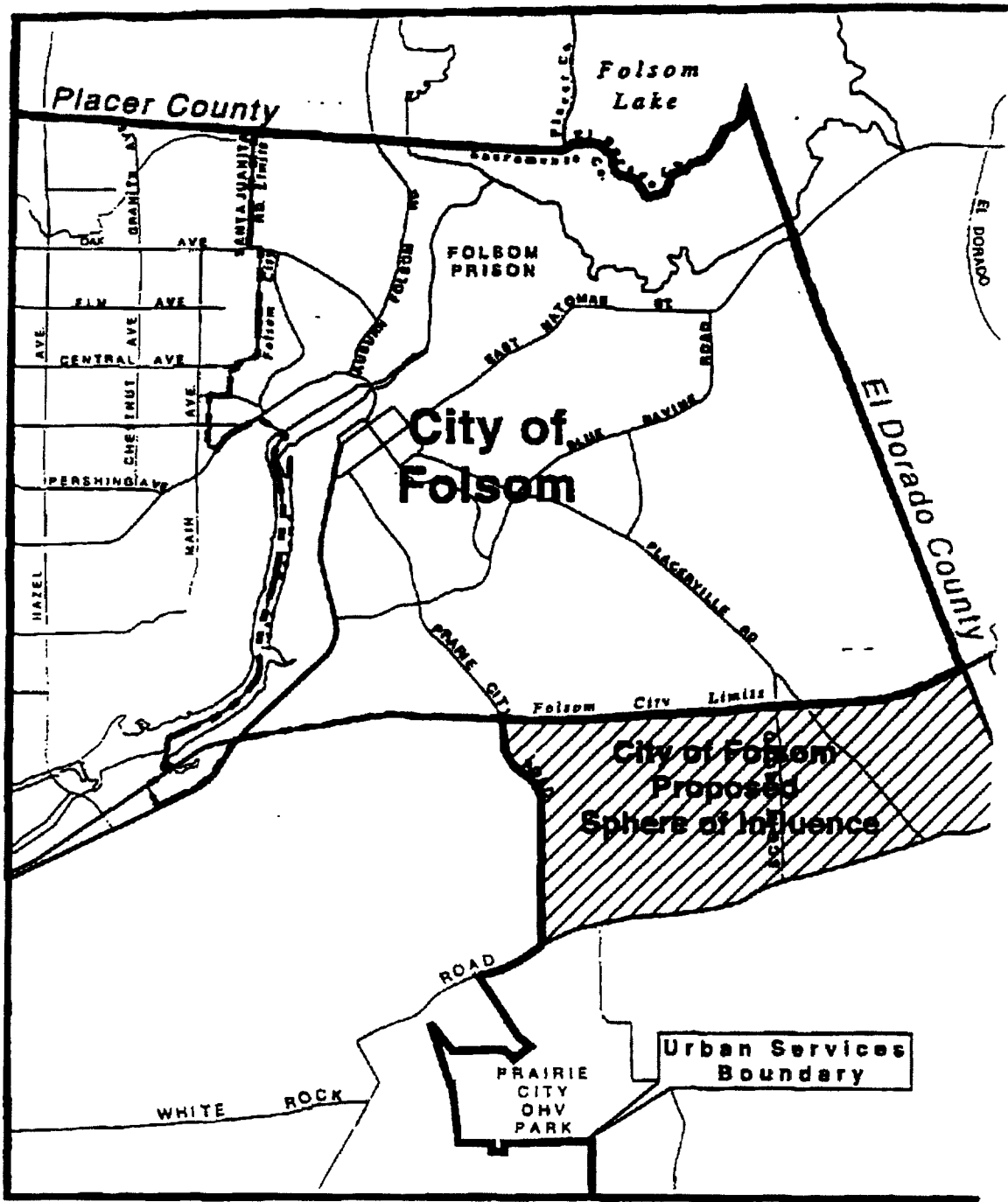
ABSENT: None.

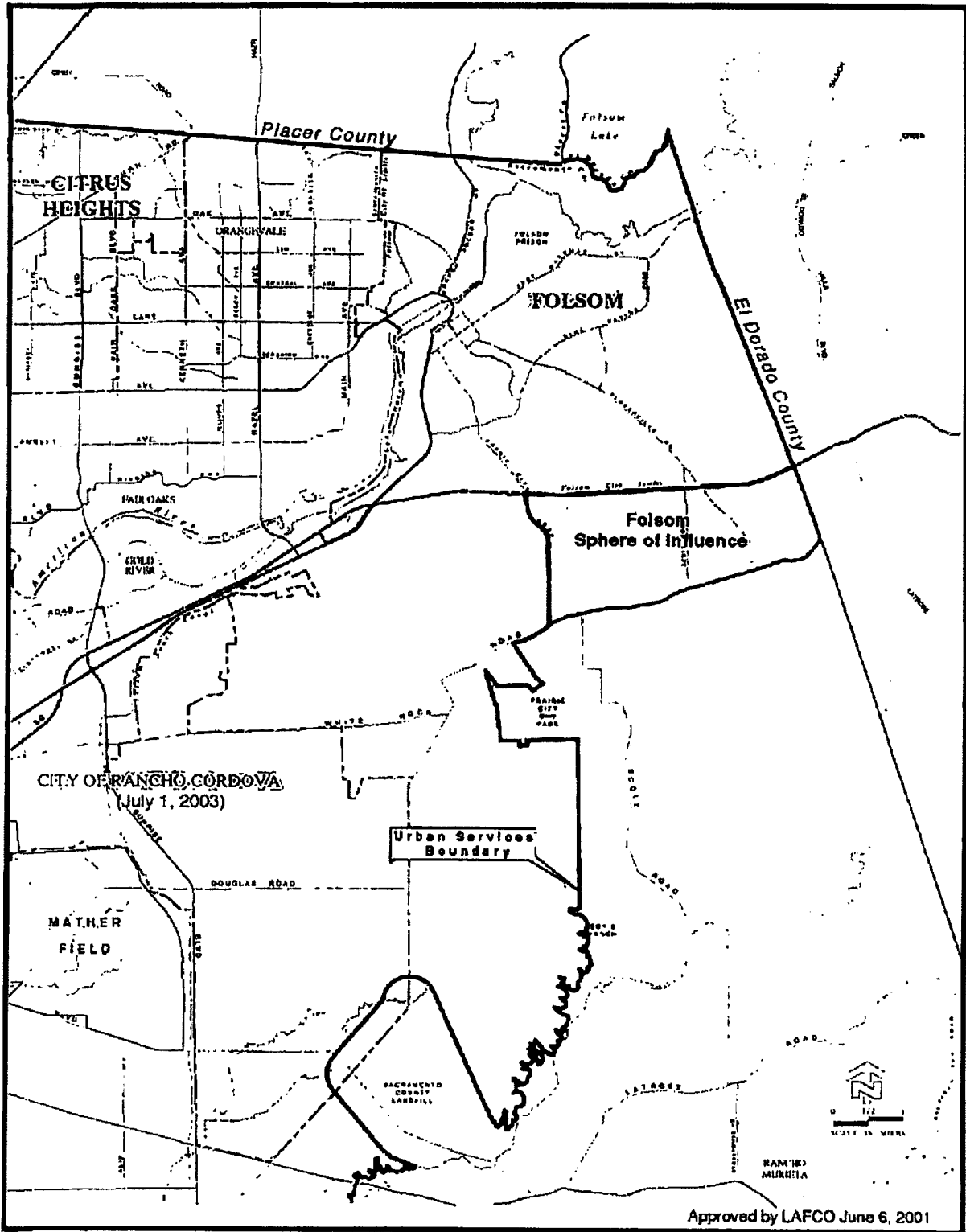
  
\_\_\_\_\_  
Christopher Tooker, Chair  
SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

ATTEST:

  
\_\_\_\_\_  
Marilyn Ann Flemmer  
Commission Clerk

NM:Maf  
5/8/01  
(Reso 1196 FSOI)





Approved by LAFCO June 6, 2001

**MEMORANDUM OF UNDERSTANDING**

This Memorandum of Understanding ("MOU") is entered into and effective on 11-14-00 between the County of Sacramento ("COUNTY") and the City of Folsom ("CITY"). The COUNTY and CITY mutually desire to establish the planning, stakeholder and public participation steps contemplated for that area subject to the CITY's Sphere of Influence Amendment ("SOIA") proposal pending before the Sacramento County Local Agency Formation Commission ("LAFCo"): It is the intent of this MOU to serve as the guide to sound regional-long-range planning efforts by establishing and recognizing planning principals that will be incorporated into any annexation process relative to the SOIA area into the CITY, if such annexation ever occurs.

**RECITALS**

WHEREAS, the CITY filed an application to amend its Sphere of Influence with LAFCo in 1997 to include 3,584 acres south of Highway 50; and

WHEREAS, LAFCo has proceeded with the preparation of an Environmental Impact Report ("EIR"); and

WHEREAS, LAFCo has considered the SOIA proposal on July 29, 1998, and is scheduled to conduct another public hearing on December 6, 2000; and

WHEREAS, during the LAFCo process Sacramento County expressed concern over water supply, open space, transportation, and air quality issues related to development within the proposed SOIA expansion area. Consequently, the City and County convened a "2x2 committee", comprised of two Council members and two Board members, that has worked over a period of months to address those issues; and

WHEREAS, upon approval of the SOIA, the CITY will then embark upon a process by which it will update the CITY General Plan and develop land use regulations applicable to the SOIA area; and

WHEREAS, the COUNTY and the CITY have engaged in good faith cooperative discussions through the 2x2 process and that this process in turn lead to each party adopting resolutions identifying planning principles for consideration in this MOU, and

WHEREAS, the COUNTY and the CITY desire to combine their respective resolutions into a common understanding, as embodied in this MOU:

**NOW THEREFORE, THE COUNTY AND CITY AGREE AS FOLLOWS:**

1. **Incorporation of Recitals.** The foregoing recitals are true and correct, and are incorporated by reference herein. In the event of a conflict between a recital and a term or condition of the MOU, the term or condition shall prevail.
2. **Future City Actions.** Prior to an application being submitted to LAFCo for annexation, the City will require the development and adoption of a set of ENTITLEMENT DOCUMENTS to evaluate planning options for, and to develop policies applicable to the SOIA area. At a minimum, the ENTITLEMENT DOCUMENTS shall include a general plan amendment, zoning and other regulations, an annexation plan in the event the CITY decides to proceed with annexation, and an infrastructure phasing and financing plan. The ENTITLEMENT DOCUMENTS shall also include such additional policies and regulations as may be necessary to implement this MOU.
3. **Recognition of other Applicable Laws.** For purposes of this MOU and the adoption of the ENTITLEMENT DOCUMENTS by the CITY, both parties acknowledge that the CITY and COUNTY are guided by statutory and case law (hereinafter collectively referred to as "LIMITING AUTHORITY") which directly affects the discharge of their responsibilities under this MOU and in the adoption of the ENTITLEMENT DOCUMENTS. The LIMITING AUTHORITY includes, but is not limited to, the California Environmental Quality Act (Public Resources Code §21000 et seq.), the Brown Act (Government Code §54950 et seq.), the Planning and Zoning Law (Government Code §65000 et seq.), Cortese-Knox Local Government Reorganization Act (Government Code §56000 et seq.), and limitations on the extra-territorial exercise of land use powers ( See Alameda County Land Use Association v. City of Hayward (1996) 38 Cal.App.4th 1716.)
4. **Phasing of ENTITLEMENT DOCUMENTS.** Prior to approval of any area for annexation by LAFCo, CITY agrees to adopt an annexation plan, the general plan amendment, pre-zoning and an infrastructure phasing and financing plan. In addition, the CITY will update the following plans: Master Services Element, Transit Master Plan, Bikeway Master Plan, Local Roadway Network Plan, Drainage Master Plan for Alder Creek, and a Multi-Species Habitat Plan.
5. Issues to be included within the ENTITLEMENT DOCUMENTS
  - A. **Comprehensive Planning.** As the CITY deliberates on the appropriate level of development for the SOIA, there shall be a comprehensive planning approach taken to ensure that the area will be efficiently served. Further, the CITY will prepare and adopt a comprehensive plan for development and preservation of resources (prior to any annexation) that will include the entire Sphere of Influence Amendment area with the goal of avoiding piecemeal development.



- B. Public Stakeholder Participation. The CITY will collaboratively discuss as appropriate with Sacramento and El Dorado Counties, the Folsom - Cordova Unified School District and stakeholders issues of mutual interest such as land-use (pre-zoning), fair share/diversity of housing, transportation, Smart Growth, air quality, and scenic corridor preservation.

In its efforts to amend the General Plan and pre-zone the SOIA area, the CITY shall provide opportunity for public participation and broad public input, which include (but are not limited to):

1. Public Hearings at the Planning Commission
2. Public Hearings at the City Council
3. ~~Community Forums~~
4. Neighborhood meetings
5. Town Hall meetings
6. Existing Joint Power Authority
7. Other public meetings as deemed necessary

In so coordinating and planning these meetings, the CITY shall provide notification to interested parties which shall include (but not be limited to)

1. Folsom Telegraph
2. City Newsletter
3. City Radio Station
4. Sacramento Bee
5. Business Journal
6. Property owners within the SOIA
7. Neighborhood Organizations (e.g., list)
8. Environmental Organizations (e.g., Sierra Club, Audubon Society & E.C.O.S.)
9. Public posting process (City Hall, Library, etc.)
10. County of Sacramento
11. County of El Dorado
12. Sacramento Area Cities Forum

- C. Water. The CITY will identify the source of water supply(ies) to serve any area subject to an annexation request and as a signatory of the *Water Forum Agreement* shall continue to abide by the established obligations of the agreement. Consistent with the CITY of Folsom Public Facilities Element General Plan Goal 40, the CITY shall not permit the development of a portion of the Sphere of Influence Amendment area without securing the water supply, providing adequate water infrastructure, or the approval of an infrastructure financing and phasing plan which provides for the timely installation of water facilities.

- D. **Open Space.** The CITY shall consider open space areas based on habitat value, scenic resource benefits, buffer of land uses, and connection to other open space areas within the SOI area and the County of Sacramento.

In implementing its responsibilities and the open space element requirements of the planning, zoning and subdivision law, the CITY shall consider, adopt and implement as appropriate, open space protection tools such as General Plan Land Use Policy 8.4, an open space bank, open space easements, developer dedications, and grants, transfer of development rights, and zoning.

The CITY shall integrate its open space program with any Habitat Conservation Management Plan(s) adopted within the SOIA area.

- E. **Preservation and/or Mitigation of Habitat.** In entering into this MOU, the CITY and COUNTY share the objective of preserving the viable oak woodlands located within the SOIA area. The CITY and COUNTY both recognize that the oak woodland is a resource area of special value, and its preservation needs to be incorporated as a planning goal in both CITY and COUNTY planning documents and as a guiding strategy for CEQA compliance. In adopting the ENTITLEMENT DOCUMENTS, the CITY commits to including preservation of viable oak woodlands as a planning goal. In complying with CEQA, the city's first priority for preservation shall be through avoidance of adverse environmental impacts to oak woodlands.

For the purposes of this MOU, options for preservation will include contribution by the owners of property in the SOIA area (i.e., through a transfer of development rights program, development fees or other financing mechanism) and ultimate dedication and/or acquisition by the CITY and/or COUNTY of key segments of the oak woodland. Such dedications will include, but may not be limited to lands designated Resource Conservation Area on the 1993 Sacramento County General Plan. It is the intent of the CITY and COUNTY to develop an addendum to this MOU prior to approval of annexation of land within the SOIA area to more clearly define the process for accomplishing this acquisition, potential financing strategies, and methods to maintain this area as an oak woodland preserve within the Folsom urban area.

The CITY will require mitigation for any loss of habitat and biological resources in a manner which is consistent with the General Plan (including a minimum of 30% natural (active or passive) open space), meets federal and state regulatory requirements and satisfies the CITY's Tree Preservation, Hillside, and Wetland and Riparian Habitat Management Ordinances. For the purposes of this MOU, natural open space shall not include golf courses or parking lots and their associated landscaping.

The CITY desires to provide for all mitigation to be included within the SOIA, although it may elect to participate in the South Sacramento Habitat Conservation Plan and/or East County Open Space Plan when the Plan(s) is/are established.

- F. Provision of Services. Consistent with the CITY's Public Facilities Element General Plan Goal 40, the CITY shall not permit the development of the SOIA without adequate infrastructure in place, or approval of an infrastructure financing and phasing plan which provides for the timely installation of needed facilities (including, but not limited to transportation issues along the Highway 50 corridor).
  - G. Tax Negotiations. The CITY commits to the concept of revenue sharing with the COUNTY, and consistent with the California Constitution and state statutes, the CITY and COUNTY each agree to negotiate in good faith regarding the apportionment of all future tax revenues from the SOIA area.
6. COUNTY Responsibilities. The COUNTY agrees to take reasonable measures to provide the CITY with information in a timely manner and a format consistent (i.e. compatible software, map scale, etc.) with the CITY's planning efforts as follows:
- 1. Location and extent of potential open space linkages
  - 2. Progress reports on the COUNTY's Habitat Conservation Plan, including a comparative evaluation of environmental resources within the SOIA compared to those sought in the COUNTY's Habitat Conservation Plans.
  - 3. Location and extent of open space areas designated by the COUNTY outside of the SOIA.
  - 4. Identification by the COUNTY of an appropriate buffer area outside of the SOIA area in the East County Area Open Space Plan or County's General Plan Update.

In addition to the foregoing, the COUNTY has no immediate intention of providing urban services to the SOIA area except where already approved in the Special Planning Area (SPA) for Aerojet.

The CITY and COUNTY agree that the policies, standards and procedures of LAFCo shall be the governing tools for guiding future development within the SOIA.

The CITY and COUNTY administrative offices shall discuss the impact of annexations of the SOLA area on present and potential COUNTY employment. The COUNTY may develop a plan to be presented to the City Council and Board of Supervisors that addresses this issue.

7. Continuing cooperation between CITY and COUNTY. The staffs of the CITY and COUNTY shall meet no less than every 60 days to discuss progress in the implementation of this MOU and issues of regional planning in the Area of Concern. Both parties shall select two members of its respective governing body as a continuation of the 2x2 process leading to this MOU, and the continued 2x2 meetings shall occur at least twice every twelve months. The CITY shall be responsible for scheduling these meetings. The CITY and COUNTY shall consider the compatibility of existing and proposed land-uses where the CITY and COUNTY share a common boundary.
8. MOU Term. This MOU shall expire upon annexation of all of the property approved within the revised SOL, or upon its tenth anniversary, whichever occurs first. The parties may agree, in writing, to extend its term.
9. Continued Effectiveness of the Existing MOU. The existing MOU addressing the "Area of Concern" shall continue in effect.
10. Enforcement of MOU. This MOU shall be submitted to LAFCo as part of the Sphere of Influence Amendment application pursuant to Government Code §Section 56425. It is the intent of the CITY and COUNTY that in reviewing subsequent requests for organizations, reorganizations and/or annexations in the SOLA area, LAFCo shall review this MOU for compliance with the stated terms and principals set forth herein.

The CITY and COUNTY intend that this MOU guide development, if any, within the SOLA which occurs subsequent to annexation. The CITY and COUNTY also agree that nothing in this MOU shall be interpreted to create a legal limit to the exercise, by each jurisdiction of its authority to enact or amend land use regulations and discharge its responsibilities under CEQA.

11. General Provisions.

Completeness of instrument. This MOU, together with its specific references and attachments, constitutes all of the agreements and understandings made by and between the parties hereto.

Captions. The captions of this MOU are for convenience in reference only and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this MOU.

Number and gender. In this MOU, the neuter gender includes the feminine and masculine, and the singular includes the plural, the word "person" includes corporations, partnerships, firms or associations, wherever the context so requires.

Mandatory and permissive. "Shall" and "will" and "agrees" are mandatory. "May" is permissive.

Term includes extensions. All references to the term of this MOU or the MOU Term shall include any extensions of such term.

Modification. No modification or waiver of any provisions of this MOU or its attachments shall be effective unless such waiver or modification shall be in writing, signed by all parties, and then shall be effective only for the period and on the condition, and for the specific instance for which given.

Counterparts. This MOU may be executed simultaneously and in several counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

Other documents. The parties agree that they shall cooperate in good faith to accomplish the object of this MOU and to that end, agree to execute and deliver such other and further instruments and documents as may be necessary and convenient to the fulfillment of these purposes.

**Partial invalidity.** If any term, covenant, condition or provision of this MOU is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provision and/or provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated.


**Document Preparation.** This MOU will not be construed against the party preparing it, but will be construed as if prepared by all parties.

DATED: NOV 14 2008

COUNTY OF SACRAMENTO

  
\_\_\_\_\_  
Roger Dickinson, Chairman, Board of Supervisors

CITY OF FOLSOM

  
\_\_\_\_\_  
Stephen E. Miklos, Mayor

# ATTACHMENT 4

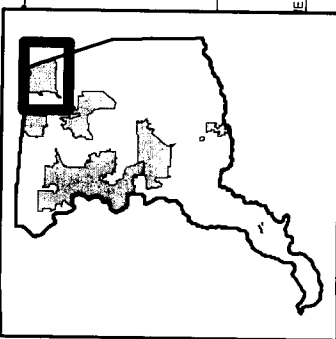
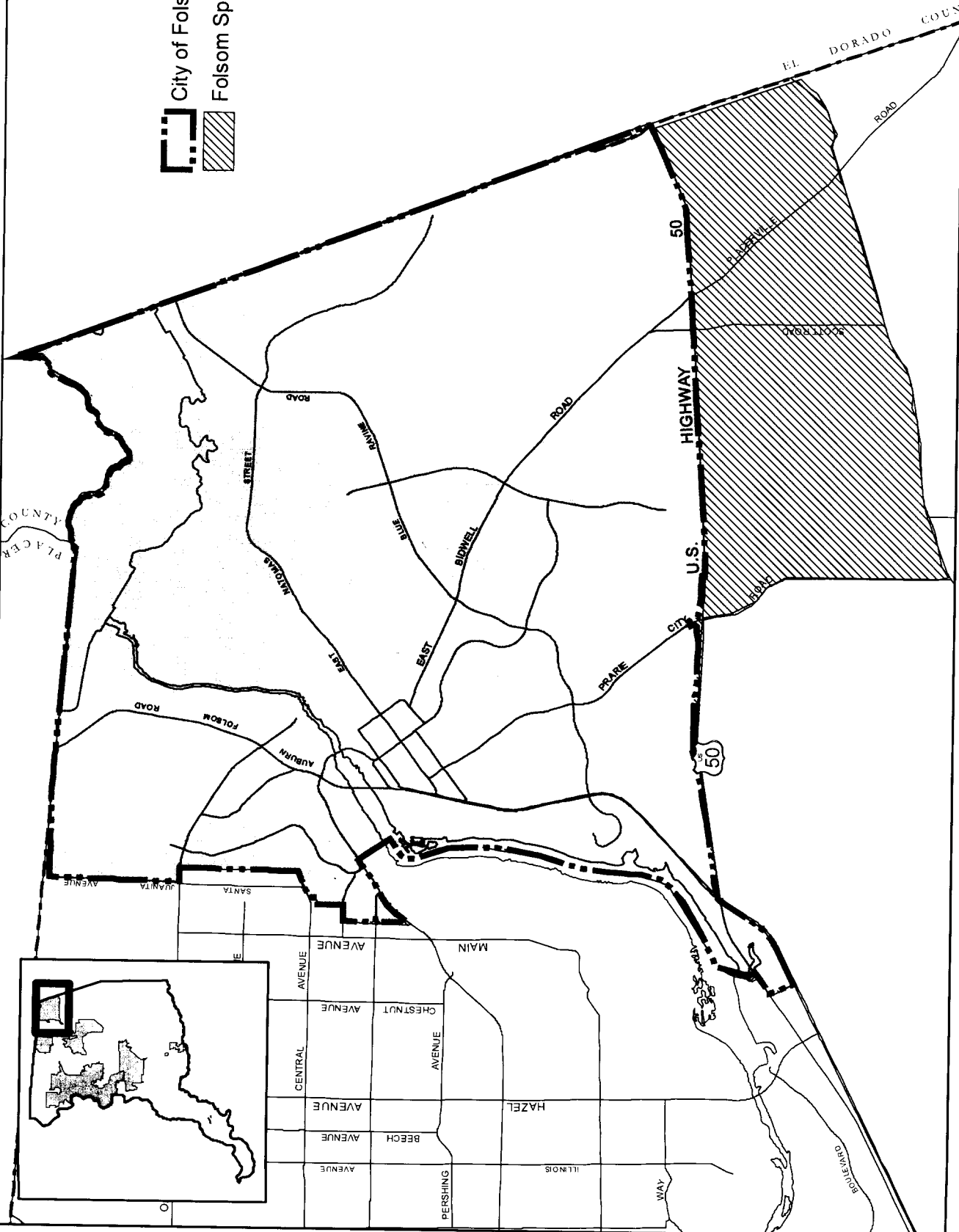
## PROJECT AREA MAP



# CITY OF FOLSOM

May 1, 2009

City of Folsom  
 Folsom Sphere of Influence



*Sacramento*



**ATTACHMENT 5**  
**DRAFT CITY OF FOLSOM & SACRAMENTO METROPOLITAN FIRE  
PROTECTION DISTRICT AGREEMENT**

**PROPERTY TAX EXCHANGE AGREEMENT  
BETWEEN THE SACRAMENTO METROPOLITAN FIRE DISTRICT 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 December, 2011, by and between the SACRAMENTO METROPOLITAN FIRE DISTRICT, a Fire Protection District (hereinafter referred to as "SMFD"), 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 XIII A 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 SMFD, affected by such annexation to agree upon an exchange of property taxes which are derived from such property and available to the SMFD 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 (LAFCO 04-11)," requesting its approval of the annexation of approximately 3600 acres of real property to CITY, consisting generally of the area within the CITY's South of Highway 50 sphere of influence; and

D. The Annexation Area is presently in SMFD service area and the CITY and SMFD agree that this service area will be detached upon approval of the South of Highway 50 Annexation by LAFCO and thereafter the CITY shall be the fire service provider; and

E. SMFD 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 being that SMFD shall continue to receive at least the same or greater level of property tax revenue as it receives at the present time; 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.

SMFD and CITY hereby agree as follows:

Section 1. Definitions. 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 SMFD 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 XIII A 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 SMFD general fund.

Section 2. Purpose of Agreement. The purpose of this Agreement is to set forth the exchange of Property Tax Revenue between CITY and SMFD as allowed by Section 99 of the California Revenue and Taxation Code.

Section 3. Exchange of Property Tax Revenues. On and after the Annexation Date, the SMFD and CITY shall exchange Property Tax Revenue as follows:

(a) Commencing January 1, 2012 or the Annexation Date, whichever is later and continuing from year to year thereafter, the CITY and SMFD shall exchange Property Tax Revenue as follows:

(i) SMFD shall maintain the same dollar amount of property taxes received for the 2010-2011 fiscal year from tax rate areas 52-035 and 52-043 or 4.22106 % of the property tax generated from tax rate areas 52-035 and 52-043, whichever is greater; and

(ii) CITY shall receive any portion of the annual tax increment from the Annexation Area in excess of that amount owed to SMFD 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. Exchange by County Auditor. SMFD 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. Waiver of Retroactive Recovery. If the validity of this Agreement is challenged in any legal action brought by 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 to the City as a result of any such action shall be limited to a prospective invalidation of the Agreement.

Section 6. Mutual Defense of Agreement. If the validity of this Agreement, or any of its terms, is challenged in any legal, judicial, or administrative action by a party other than SMFD or CITY, the parties agree to defend jointly against the legal challenge. Each party will share equally in the costs related to such defense, including attorneys' fees, legal costs, expert fees and such other costs associated with the action. Each party shall have the equal right to control the defense of the action, including but not limited to the equal right to select counsel, and develop and/or approve defense strategies or courses of action. Further, the parties agree to share equally any award of damages, fees, assessments, attorneys' fees, costs or consequential or incidental damages or costs awarded against the parties or either of them.

Section 7. Modification. The provisions of this Agreement and all of the covenants and conditions set forth herein may be modified or amended only in writing which shall be duly authorized and executed by both the SMFD and CITY.

Section 8. Reformation. SMFD 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 which denies any party thereto the full benefit of this Agreement as set forth herein, in whole or in part, then SMFD and CITY agree to renegotiate the Agreement in good faith. However, unless state law renders this Agreement void, the terms and conditions herein shall continue in full force and effect. Should the parties be unable to renegotiate the Agreement, on terms acceptable to both, the Agreement shall continue to remain in full force and effect.

Section 9. Effect of Tax Exchange Agreement. 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. Entire Agreement. 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 SMFD and CITY except as otherwise provided herein. This Agreement contains all of the agreements and understandings between the parties. In the event that any term or provision of this Agreement is found to be invalid or unenforceable, such a finding shall not affect the validity and enforceability of the remaining provisions of this Agreement.

Section 11. Binding Effect. This Agreement shall extend to and bind the successors and assigns of the parties hereto.

Section 12. Attorneys' Fees. Should any legal action be brought by either party for breach of the Agreement, or any term or provision of the Agreement, or to enforce any provision of the Agreement, the prevailing party shall be entitled to an award of all

attorneys' fees and legal costs incurred by that party in bringing or defending such action.

Section 13. Notices. 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:

<u>SMFD</u>	<u>CITY</u>
Kurt P. Henke, Fire Chief Sacramento Metro Fire District 10545 Armstrong Avenue, Suite 200 Mather, CA 95655-4102	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 14. 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 15. 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.

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

**Sacramento Metropolitan Fire District**

By \_\_\_\_\_  
\_\_\_\_\_

Approved As to Form:

\_\_\_\_\_  
John A. Lavra, District General Counsel

**CITY OF FOLSOM**

By: \_\_\_\_\_  
Evert W. Palmer, City Manager

Approved As to Form:

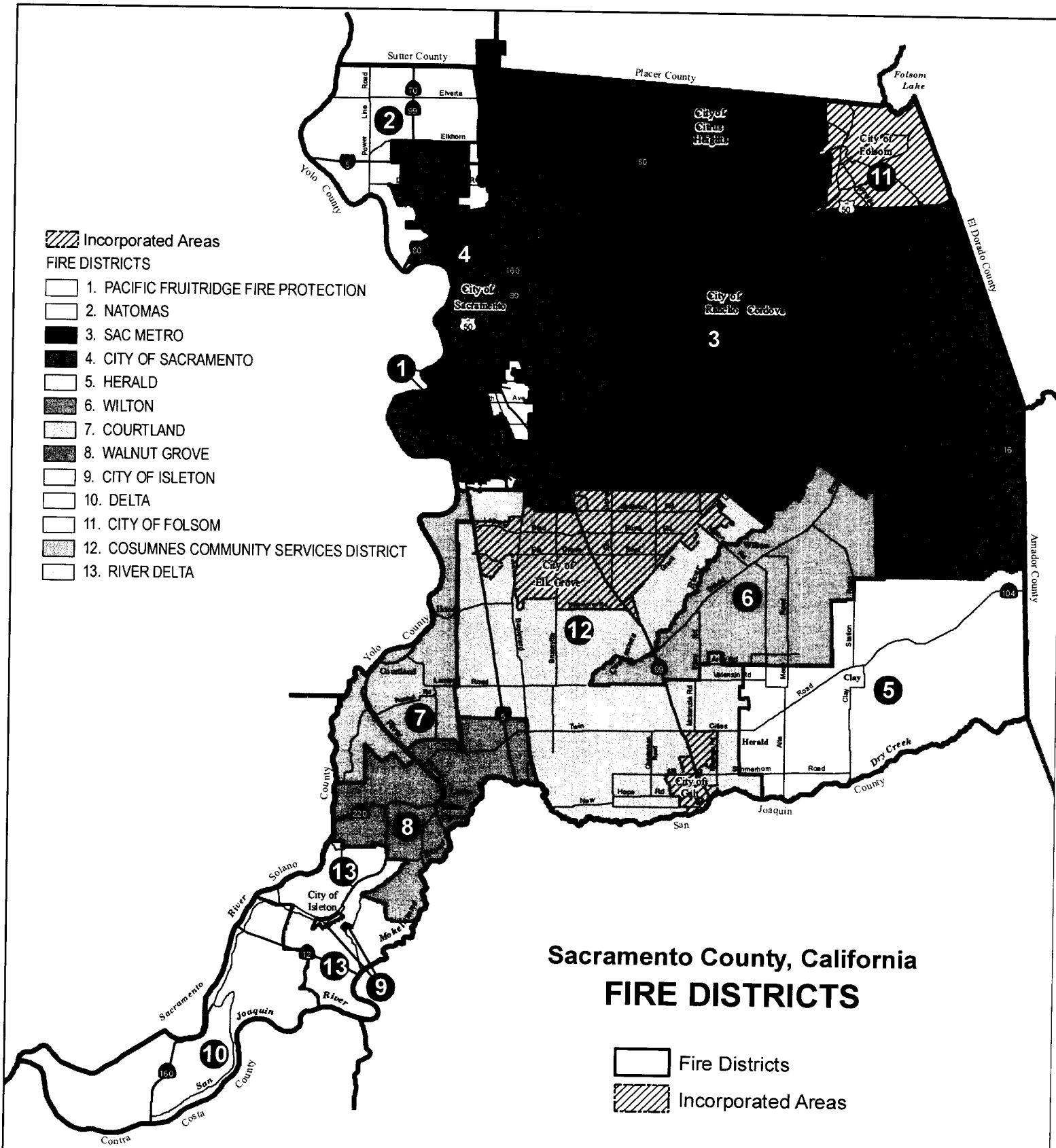
\_\_\_\_\_  
Bruce C. Cline, City Attorney

(SEAL)

ATTEST: \_\_\_\_\_  
Christa Saunders, City Clerk














# ATTACHMENT 6

SACRAMENTO METROPOLITAN FIRE PROTECTION DISTRICT  
SERVICE MAP AND SERVICES SUMMARY





 Incorporated Areas

**FIRE DISTRICTS**

-  1. PACIFIC FRUITRIDGE FIRE PROTECTION
-  2. NATOMAS
-  3. SAC METRO
-  4. CITY OF SACRAMENTO
-  5. HERALD
-  6. WILTON
-  7. COURTLAND
-  8. WALNUT GROVE
-  9. CITY OF ISLETON
-  10. DELTA
-  11. CITY OF FOLSOM
-  12. COSUMNES COMMUNITY SERVICES DISTRICT
-  13. RIVER DELTA

## Sacramento County, California FIRE DISTRICTS

-  Fire Districts
-  Incorporated Areas



Sacramento





**SACRAMENTO METROPOLITAN FIRE DISTRICT**

(Fire Protection Urban and Rural)

Address: 2101 Hurley Way  
Sacramento, CA 95825-3208

Phone: (916) 566-4000  
Fax: (916) 566-4200  
Web site: [www.smfd.ca.gov](http://www.smfd.ca.gov)

Administrative Officer: Don Mette, Fire Chief

Fiscal Data: Budgets and audits are available upon request.

No. of Stations: 42

Protection Classification: 3 in hydranted/8 in un-watered areas

Square Miles: 417

Population: Approximately 600,000

Service and Operation Data:

1. Authorized and actually performed: Emergency medical, rescue and fire protection services. Hazardous Material Response and ambulance services.
2. Latent powers: None.

District Location: Urban Area: Arcade

Station 101: 3000 Fulton Avenue, Sacramento  
Station 102: 4501 Marconi Avenue, Sacramento  
Station 103: 3824 Watt Avenue, Sacramento

District Location: Urban Area: Arden

Station 105: 2691 Northrop Avenue, Sacramento  
Station 106: 2200 Park Towne Circle, Sacramento

District Location: Urban Area: Carmichael

Station 108: 6701 Winding Way, Fair Oaks  
Station 109: 5634 Robertson Avenue, Carmichael  
Station 110: 1432 Eastern Avenue

District Location: Urban Area: Rio Linda

Station 111: 6749 Front Street, Rio Linda

Station 112: 6801 34th Street, North Highlands

District Location: Urban Area: Sloughouse

Station 58: 7250 Sloughouse Road, Sloughouse

Station 59: 7210 Murieta Drive, Rancho Murieta

District Location: Urban Area: Elverta

Station 116: 7995 Elwyn Avenue, Elverta

Station 117: 7961 Cherry Brook Drive, Elverta

Station Locations:

Station 50: 8880 Gerber Road, Florin

Station 51: 8210 Meadowhaven Drive, Sacramento

Station 53: 6722 Fleming Avenue, Sacramento

Station 54: 8900 Fredric Avenue, Sacramento

Station 55: 7776 Excelsior Road, Sacramento

District Location: Urban Area: Antelope, Butterfield, Citrus Heights, College Greens East, Fair Oaks, Foothill Farms, Gold River, Larchmont-Riviera Lincoln Village, North Highlands, Orangevale, Rancho Cordova, parts of Rosemont and Carmichael, and surrounding farm area to southeast and east to the El Dorado County line.

Station Locations:

Station 21: 7641 Greenback Lane, Citrus Heights

Station 22: 6248 Chestnut Avenue, Orangevale

Station 23: 6421 Greenback Lane, Citrus Heights

Station 24: 4942 College Oak Drive, Sacramento

Station 25: 7352 Roseville Road, Sacramento

Station 26: 8000 Palmerson Drive, Antelope

Station 27: 7474 Grand Oaks Boulevard, Citrus Heights

Station 28: 8189 Oak Avenue, Citrus Heights

Station 29: 6314 Hickory Avenue, Orangevale

Station 31: 7950 California Avenue, Fair Oaks

Station 32: 4953 Hazel Avenue, Fair Oaks

Station 33: 5148 Main Avenue, Orangevale

Station 41: 6900 Thomas Drive, North Highlands

Station 42: 5608 North Haven Drive, North Highlands

Station 61: 10595 Folsom Boulevard, Rancho Cordova

Station 62: 3646 Bradshaw Road, Sacramento

Station 63: 12395 Folsom Boulevard, Rancho Cordova

Station 64: 9116 Vancouver Drive, Sacramento

Station 65: 11201 Coloma Road, Rancho Cordova

Station 66: 3180 Kilgore Road, Rancho Cordova  
Station 68: 4381 Anatolia Drive  
Station 114: McClellan AFB

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Historical and Political Data:

1. Established:
  - Arden Fire Protection District, 1943.
  - Carmichael Fire Protection District, 1942.
  - Arden and Carmichael Fire Districts consolidated as American River Fire Protection District, August 2, 1983.
  - Arcade Fire District, 1942
  - Arcade Fire District consolidated with American River Fire District, July 1, 1986.
  - Rio Linda Fire Protection District, 1923.
  - Elverta Fire Protection District, 1926.
  - Rio Linda and Elverta Fire Districts consolidated as Rio Linda-Elverta Fire Protection District, January 1987.
  - Rio Linda-Elverta Fire Protection District consolidated with American River Fire Protection District, March 21, 1990.
  - Sloughhouse Fire Protection District, 1948.
  - Sloughhouse Fire Protection District consolidated with American River Fire Protection District, June 15, 1990.
  - Florin Fire Protection District consolidated with American River Fire Protection District on July 1, 1997.
  - Citrus Heights Fire Protection District established December 16, 1940.
  - North Highlands Fire District established September 24, 1951.
  - North Highlands Fire District consolidated with Citrus Heights on February 6, 1984.
  - Rancho Cordova Fire District established 1922.
  - Citrus Heights and Rancho Cordova Districts consolidated to form Sacramento County Fire Protection District on July 1, 1989.
  - Fair Oaks Fire District established January 26, 1942, consolidated with Sacramento County Fire Protection District in November 1993.
  - American River Fire Protection District and Sacramento County Fire Protection District consolidated to form Sacramento Metropolitan Fire District on December 1, 2000.
  - Annexation of McClellan Business Park, July 25, 2007.
2. Enabling Act: Health and Safety Code, Section 13801 et seq.
3. Governing Body: Board of Directors.
4. No. on Governing Body: 9 with 4 year staggered terms. General election in November of even years.
5. Takes office on first Friday in December.
6. Board meets 2<sup>nd</sup> and 4<sup>th</sup> Wednesdays of the month at 6:00 p.m. in the District Headquarters.

7. Registered Voters: 322,762.

**ATTACHMENT 7**  
**TAX EXCHANGE AGREEMENT**

**TAX EXCHANGE AGREEMENT BETWEEN  
THE COUNTY OF SACRAMENTO AND THE CITY OF FOLSOM,  
RELATING TO THE SOUTH OF HIGHWAY 50 FOLSOM PLAN AREA  
ANNEXATION AND PROPERTY ADJACENT TO THE FOLSOM AUTO MALL**

This TAX EXCHANGE AGREEMENT (hereinafter "Agreement") is made and executed in duplicate this \_\_\_ day of \_\_\_\_\_, 2011 by and between the COUNTY OF SACRAMENTO, a political subdivision of the State of California (hereinafter referred to as "COUNTY"), AND THE CITY OF FOLSOM, a 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 XI 11A 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 a county affected by such annexation to agree upon an exchange of property taxes which are derived from such property and available to the county and city following annexation of the property to the incorporated territory of the city; and

C. CITY has filed an application with the Sacramento Local Agency Formation Commission ("LAFCO"), entitled "City of Folsom Annexation – Annexation of the Sphere of Influence (LAFC-07-09)," requesting its approval of the annexation of approximately 3600 acres of real property to CITY, consisting generally of the area within the CITY's South of Highway 50 sphere of influence ("the Annexation Area"); and

D. COUNTY and CITY have worked together to develop a fair and equitable approach to the sharing of real property ad valorem taxes, sales and use taxes and transient occupancy taxes imposed and collected as authorized by the Revenue and Taxation Code in order to encourage sound urban development and economic growth; and

E. The COUNTY and CITY entered into a tax sharing agreement dated October, 1992 when the CITY annexed property for development of the Folsom Auto Mall located on Folsom Boulevard and the CITY and COUNTY desire to use this agreement to extend that sales tax sharing methodology to automobile dealers developed in the COUNTY on property adjacent to the Folsom Auto Mall (Automobile Dealer Property); and

F. Close cooperation between CITY and COUNTY, including an appropriate sharing of local tax revenue in area annexed to CITY, is necessary to maintain and improve the quality of life throughout Sacramento County and to deliver appropriate services in the most timely and cost-effective manner to all CITY and COUNTY residents; and

G. The parties hereto have agreed that it is appropriate for them to share on a 50%/50% basis all Property Tax, Transient Occupancy Tax and Sales Tax Revenue collected from Single Purpose/ Regional Tax Generating Land Uses within the Annexation Area; and

H. The parties have further agreed that it is appropriate for them to share on a 50%/50% basis the Net Revenue collected within the Annexation Area; and

I. In order to provide for the most efficient administration of the tax exchange provided for by this Agreement, the parties have agreed that the calculation of their respective share of the total tax revenue subject to exchange pursuant to this Agreement can be accomplished by allocating to the CITY and COUNTY, respectively, specified percentages of each such tax revenue source.

J. It is the parties' intent for this Agreement to serve as a Property Tax Transfer Agreement pursuant to Section 99 of the California Revenue and Taxation Code.

K. It is the parties' further intent that this Agreement serves as a contract to apportion sales and use taxes imposed by them as authorized by Article XIII, Section 29(b) of the California Constitution.

COUNTY and CITY hereby agree as follows:

**Section 1. Recitals.** The foregoing recitals are true and correct and part of this Agreement.

**Section 2. Definitions.** 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 designated as the South of Highway 50 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/El Dorado County boundary to the east as generally depicted on Exhibit 1 to this Agreement.

(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 Folsom Plan Area Annexation.

(c) "Automobile Dealer Property" shall mean that property fronting or which directly accesses Folsom Blvd. and is located within one half (1/2) mile of a property line of an automobile dealer located in the Folsom Auto Mall.

(d) "Big Box Retail Establishment" shall mean a retail establishment of greater than 75,000 square feet of permanent floor area that is available to generate sales, transactions or use tax revenue.

(e) "Folsom Auto Mall" shall mean that property annexed to the City of Folsom by LAFCO Application Control Number "92-1" and as depicted in Exhibit 2.

(f) "Folsom Plan Area Annexation" shall mean the annexation to the CITY as delineated in Sacramento Local Agency Formation Commission Application Control Number "LAFC 07-09", 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.).

(g) "General Fund Operations Costs" shall mean those expenditures by the City which are funded out of the City's General Fund.

(h) "Net Revenues" shall mean the total Property Tax Revenue, Sales Tax Revenue and Transient Occupancy Tax Revenue generated in the Annexation Area minus the following:

(i) Property Tax Revenue, Sales Tax Revenue and Transient Occupancy Tax Revenue from Single Purpose/Regional Tax Generating Land Uses within the Annexation Area and (ii) CITY General Fund Operations Costs in the Annexation Area.

(i) "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 13A of the California Constitution and more particularly defined in subsection (c) of Section 95 of the California Constitution and Taxation Code, that is collected from within the Annexation Area, is available for allocation to the City and the County, and is currently allocated to the County General Fund, County Library Fund, Sacramento Metro Fire Protection District, County Road Fund, and El Dorado Hills Fire Protection District.

(j) "Sales Tax Revenue" shall mean the revenue from the sales, transactions and use taxes levied and received by the CITY that is collected at a point of sale within the Annexation Area.

(k) "Single Purpose/Regional Tax Generating Land Use" shall mean hotels, motels, auto dealers, and Big Box Retail Establishments. The following land uses shall be conclusively presumed not to be a Single Purpose/Regional Tax Generating Land Use: gas stations, restaurants, grocery stores and retail stores not meeting the definition of Big Box Retail Establishments, and, with the exception of Big Box Establishments, those commercial land uses under the Regional Commercial land use category as authorized by the Folsom Plan Area Specific Plan approved by the City Council on June 28, 2011.

(l) "Transient Occupancy Tax Revenue" shall mean the revenue derived from any transient occupancy tax levied and received by the CITY pursuant to Revenue and Taxation Code Section 7280, or any successor statutory provision, that is generated within the Annexation Area.

**Section 3. General Purpose of Agreement.** The general purpose of this Agreement is:

(a) To devise an equitable exchange of Property Tax Revenue between CITY and COUNTY as required by Section 99 of the California Revenue and Taxation Code;

(b) To fairly allocate Sales Tax and Transient Occupancy Tax Revenue collected within the Annexation Area; and

(c) To fairly allocate Sales Tax Revenue generated from automobile sales from Automobile Dealer Property in the same manner as Sales Tax Revenue generated from the Folsom Auto Mall is currently allocated.



**Section 4. General Model of Distribution.** COUNTY and CITY agree that the general model used in developing the distribution of revenues, consistent with Section 2 of this Agreement, is as follows:

- (a) A 50%/50% split, between the COUNTY and CITY, of Property Tax, Transient Occupancy Tax and Sales Tax Revenue collected from Single Purpose/ Regional Tax Generating Land Uses within the Annexation Area;
- (b) A 50%/50% split, between the COUNTY and CITY, of Net Revenue collected within the Annexation Area; and
- (c) A 50%/50% split of all Sales Tax Revenue collected from the Automobile Dealer Property.

**Section 5. General Fund Operations Costs.** The parties have calculated General Fund Operation Costs based upon certain mutually agreed upon assumptions that are set forth in Exhibit 3 to this Agreement. The parties understand and agree the percentage allocations set forth in Sections 6 and 7 hereof shall be binding on the parties irrespective of what actual General Fund Operations Costs may be in a given year when exchanges of tax revenue occur pursuant to this Agreement.

**Section 6. Exchange of Property Tax Revenues.** Commencing January 1, 2012 or the Annexation Date, whichever is later, and continuing from year to year thereafter, the COUNTY and CITY shall exchange Property Tax Revenue as follows:

- (a) COUNTY shall receive 8.462493% of the Property Tax Revenue to be collected in the Annexation Area prior to their appropriate Education Revenue Augmentation Fund (ERAF) payment.
- (b) CITY shall receive 47.681633% of the Property Tax Revenue to be collected in the Annexation Area prior to their appropriate Education Revenue Augmentation Fund (ERAF) payment.
- (c) The Property Tax Revenue available to be allocated to the COUNTY and CITY after their respective ERAF payments have been made shall be combined and COUNTY shall receive 16.555195% and CITY shall receive 83.444805% of the combined amount.

**Section 7. Sharing of Sales Tax and Transient-Occupancy Tax Revenues.** Commencing on January 1, 2012 or the Annexation Date, whichever is later, and continuing from year to year thereafter, the COUNTY and CITY shall exchange Sales Tax Revenue and Transient Occupancy Tax Revenue as follows:

- (a) COUNTY shall receive 16.555195% of the Sales Tax Revenue and Transient Occupancy Tax Revenue to be allocated to its General Fund.
- (b) CITY shall receive 83.444805% of the Sales Tax Revenue and Transient Occupancy Tax Revenue to be allocated to its General Fund.

**Section 8. Allocation of Sales Tax Revenue from Automobile Dealer Property.**

Commencing on January 1, 2012 or the Annexation Date, whichever is later, and continuing from year to year thereafter, the CITY shall receive fifty (50%) percent of the COUNTY's share of Sales Tax Revenue collected from retail sales of automobiles and automobile related products and services on the Automobile Dealer Property.

**Section 9. Allocation to Other Public Entities.** The COUNTY distributes Property Tax Revenue to public entities listed in Exhibit 3 as set forth therein. CITY has reached agreements with each of these entities and the share of Property Tax Revenue to be paid to each of them as set forth in Exhibit 3 to this Agreement.

**Section 10. Remittance of Sales and Transient Occupancy Tax Revenue.**

(a) CITY shall remit to the COUNTY its share of the Sales Tax Revenue and Transient Occupancy Tax Revenue as set forth in Section 8 hereof within thirty (30) calendar days of its receipt by CITY. In addition to any remedies COUNTY may have at law or in equity in the event of CITY's default on its obligation to remit such revenue as required by this Agreement, COUNTY may withhold from property tax payments otherwise due to the CITY an amount equal to the amount of Sales and Transient Occupancy Tax Revenue which CITY has failed to pay COUNTY in a timely manner, provided that COUNTY may not exercise such right of offset until it has first given CITY thirty (30) days prior written notice of COUNTY's intent to offset.

(b) COUNTY shall remit to CITY its share of the Sales Tax Revenue from Automobile Dealer Property as set forth in Section 9 hereof within thirty (30) calendar days of its receipt by COUNTY. In addition to any remedies CITY may have at law or in equity in the event of COUNTY's default on its obligation to remit such revenue as required by this Agreement, CITY may withhold from sales or transient occupancy tax payments otherwise due to the COUNTY an amount equal to the amount of tax revenue which COUNTY has failed to pay CITY in a timely manner, provided that CITY may not exercise such right of offset until it has first given COUNTY thirty (30) days prior written notice of CITY's intent to offset.

**Section 11. Invalidity of Sales and Transient Occupancy Exchange.**

(a) In the event that the CITY's obligation to exchange Sales and Transient Occupancy Tax Revenue pursuant to Section 8 hereof is invalidated either by final order or judgment of a court of competent jurisdiction or by action of the State Legislature, COUNTY's share of Property Tax Revenue exchanged pursuant to Section 7 hereof shall be increased by an amount equal to the amount of Sales Tax and Transient Occupancy Tax Revenue that would otherwise have been paid to COUNTY absent the invalidation of CITY's exchange obligation.

(b) In the event that the COUNTY's obligation to exchange Sales and Transient Occupancy Tax Revenue pursuant to Section 9 hereof is invalidated either by final order or judgment of a court of competent jurisdiction or by action of the State Legislature, CITY's share of Property Tax Revenue exchanged pursuant to Section 7 hereof shall be increased by an amount equal to the amount of Sales Tax and Transient Occupancy Tax Revenue that would otherwise have been paid to CITY absent the invalidation of COUNTY's exchange obligation.

**Section 12. Exchange by County Auditor.** COUNTY and CITY further agree that all of the exchanges of Property Tax Revenue required by this Agreement shall be made by the County Auditor.

**Section 13. Independent Audit.** CITY and COUNTY shall jointly hire an independent firm to audit the exchange of tax revenue provided for under this Agreement. Such audit shall be performed at least once every two years. However, to avoid the expense of an audit prior to revenues becoming sufficient to warrant such an expense, the audit process shall not be commenced until either party has given notice to the other that an audit is requested. The County Auditor will make any adjustment to the apportionment of Property Tax Revenue which are required by virtue of the result of the audit within sixty (60) days of receipt of the audit results.

**Section 14. Periodic Review of CITY General Fund Operating Costs.**

(a) Commencing July 1st following the fifth full fiscal year after the Annexation Date, and every fifth year thereafter, the parties shall meet and confer in good-faith in an effort to determine the CITY's annual General Fund Operations Costs for the preceding fiscal year and whether such costs were greater than 90% of the Adjusted General Fund Operations Costs as defined in Section 14(b). The parties shall use the same methodology as was used in Exhibit 4 of this Agreement in making this determination. If the parties are unable to reach agreement as to whether the CITY's annual General Fund Operations Costs for the fifth fiscal year exceed this 90% threshold, either party may invoke the dispute resolution procedure set forth as a means of making such determination.

(b) The Adjusted General Fund Operations Costs is defined as the lesser of (i) the original estimated General Fund Operations Costs or (ii) the original estimated General Fund Operations Costs multiplied by the by the ratio of the actual revenues over the original estimated revenues.

(c) If a determination is made that CITY's annual Adjusted General Fund Operations Costs for the preceding fiscal year was 90% or less than the Estimated General Fund Operations Costs as defined in Section 14(b), the CITY and the COUNTY shall receive, respectively, 83.444805% and 16.555195% of such variance. The CITY shall pay the COUNTY's share of such variance to the COUNTY within one hundred twenty days of the determination being made.

(d) The periodic five-year review process provided for herein is not intended in any way to question the CITY's budget decisions and expenditures. It is simply intended to provide a mechanism to ensure that both parties capture a fair and appropriate share of any increased Net Revenues that result from a reduction over time in the CITY's average annual General Fund Operations Costs.

**Section 15. Dispute Resolution.**

(a) Disputes Clause. Except as provided in Section 17 below, should any dispute arise as to the performance of or the interpretation of the provisions of this Agreement, COUNTY and CITY agree to the dispute resolution process as set forth below.

(b) Initiation of the Dispute Resolution Process. COUNTY or CITY may initiate the dispute resolution process by submitting written notification to the other of a dispute concerning the performance of or interpretation of this Agreement. The written notification shall be made no

later than sixty (60) days of the date any payment is made to either party pursuant to this Agreement. Only payments paid in the twelve (12) months prior to written notification shall be subject to the Dispute Resolution Process. This written notification shall include all supporting documentation, shall state what is in dispute, and shall request a meeting between the County Executive and the City Manager or their respective designees. The purpose of this meeting shall be to ascertain whether a resolution of the disagreement is possible without third party intervention. This meeting shall be scheduled to take place within thirty (30) working days of receipt of the written notification of the dispute. At the meeting, the respective representatives of the COUNTY and the CITY shall attempt to reach an equitable settlement of the disputed issues(s).

(c) **Binding Arbitration.** If the meeting provided for in subsection (b) of this Section fails to fully resolve the disagreement, the matter shall then be submitted by either party to the American Arbitration Association (“Arbitrator”) to appoint a single neutral arbitrator for a decision. The arbitration shall be conducted pursuant to the procedures set forth in Chapter 3 (commencing with Section 1282) of Title 9 of the California Code of Civil Procedure. The decision of the Arbitrator shall be controlling between the CITY and the COUNTY and shall be final. Except as provided in Code of Civil Procedure Sections 1286.2 and 1286.4, neither party shall be entitled to judicial review of the Arbitrator’s decision. The party against whom the award is rendered shall pay any monetary award and/or comply with any other order of the Arbitrator within sixty (60) days of the entry of judgment on the award.

(d) **Inadmissible Evidence -** All conduct, testimony, statements or other evidence made or presented during the meeting described in subsection (b) above shall be confidential and inadmissible in any arbitration proceeding brought pursuant to dispute resolution process.

(e) **Costs.** The parties shall share equally in the costs and fees associated with the Arbitrator’s fees and expenses. At the conclusion of the arbitration, the prevailing party, as determined by the Arbitrator, shall be entitled to reimbursement by the other party for the Arbitrator’s fees and the Arbitrator’s expenses incurred in connection with the arbitration. The awarded arbitrator’s fees and expenses shall be remitted to the party whose position is upheld within thirty (30) days of the Arbitrator’s decision. Each party shall bear its own costs, expenses and attorney’s fees and no party shall be awarded its costs, expenses, or attorney’s fees incurred in any phase of the dispute resolution process.

**Section 16. Mutual Defense of Agreement.** If the validity of this Agreement is challenged in any legal action by a party other than COUNTY or CITY, then COUNTY and CITY agree to defend jointly against the legal challenge and to share equally any award of costs, including attorneys’ fees, against COUNTY, CITY, or both.

**Section 17. Waiver of Retroactive Recovery.** If the validity of this agreement is challenged in any legal action brought by either COUNTY, CITY, or any third party, COUNTY and CITY hereby waive any right to the retroactive recovery of any County or City 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 legal action shall be limited to a prospective invalidation of the Agreement.

**Section 18. Modification.** This Agreement, and all of the covenants and conditions set forth herein, may be modified, amended or terminated only by a writing duly authorized and executed by both the COUNTY and CITY.

**Section 19. Reformation.** COUNTY 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 COUNTY and CITY agree to renegotiate the Agreement in good faith with the intent of reaching the tax sharing arrangement which as closely as possible approximates the arrangement set forth herein.

**Section 20. Effect of Tax Exchange Agreement.** This Agreement shall be applicable solely to the Folsom Plan Area Annexation 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, nor does it alter or enlarge any other revenue sharing obligations of the City.

**Section 21. Integration.** The terms of this Agreement are intended by the parties as a final expression of their mutual agreement and understanding with respect to such terms as are included in this Agreement and may not be contradicted by evidence of prior or contemporaneous agreement. The parties further intend that this Agreement constitutes the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced to vary its terms in any proceeding involving this Agreement.

**Section 22. Notices.** 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:

COUNTY  
County Executive  
County of Sacramento  
700 H Street, Room 7650  
Sacramento, CA 95814

CITY  
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 23. 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 24. 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.

**Section 25. Counterparts.** This Agreement may be executed in two counterparts, each of which shall constitute an original.

**Section 26. 2/3 Vote Requirement.** The parties acknowledge and agree that this Agreement shall not become effective unless the ordinance or resolution approving this Agreement is approved by a 2/3 vote of both the City Council and the Board of Supervisors.

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

**County of Sacramento**

By \_\_\_\_\_, County Executive

Approved As to Form:

\_\_\_\_\_  
John Whisenhunt, Assistant County Counsel

**CITY OF FOLSOM**

By: \_\_\_\_\_  
Evert W. Palmer, City Manager

Approved As to Form:

\_\_\_\_\_  
Bruce C. Cline, City Attorney

ATTEST: \_\_\_\_\_  
Christa Saunders, City Clerk

# ATTACHMENT 8

TABLE 1-3 FROM THE *FOLSOM PLAN AREA SPECIFIC PLAN*  
*ADDENDUM INFRASTRUCTURE CAPACITY ANALYSIS*

Table 1-3  
 Folsom Plan Area Specific Plan - May 2011 PFFP Addendum  
 Infrastructure Funding Capacity Analysis  
 Estimated Infrastructure Costs and Sources of Funding: Build-Out (2010\$)

Improvement	Estimated Cost	Build-Out Funding Sources				
		Existing City Fees	FPASP Special Financing District	Existing City Fees - Paid to Other Agencies	Other City Funds and Outside Funding	
<b>Backbone Infrastructure Improvements</b>						
Backbone Roads						
Project Specific Roads	194,714,934					
Other Road Obligations	121,713,104					
<b>Adjusted Subtotal Backbone Roads</b>	<b>316,428,038</b>	X	X	X	X	X
Sewer	88,998,231	X	X	X		
Storm Drainage	19,970,911		X	X		
Potable Water	203,748,267		X	X		
Non-Potable Water	20,523,936		X	X		
<b>Subtotal Backbone Infrastructure</b>	<b>649,669,383</b>					
<b>Public Facility Improvements</b>						
Library	2,579,920		X			
Municipal Services Center	-					
Police Facilities	5,267,040	X				
Fire Facilities	12,421,701	X				
Corporation Yard	28,000,000	X				
Parks	80,262,500		X		X	
Trails	18,370,000		X		X	
Transit	28,100,000	X			X	
Schools	350,305,000					X
Habitat & Agricultural Mitigation	30,000,000			X		
Other Building Permit Fees	32,359,705	X				
<b>Subtotal Public Facility Improvements</b>	<b>587,665,866</b>					
<b>Total Estimated Cost</b>	<b>\$ 1,237,335,249</b>					

The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ materially from those expressed in this analysis.