

COUNTY OF SAN JOAQUIN & CITY OF MANTECA

COUNTY OF SAN JOAQUIN & CITY OF MANTECA
SECOND ADDENDUM TO THE AGREEMENT FOR
PROPERTY TAX ALLOCATION UPON ANNEXATION
A-24-51

This second ADDENDUM ("Addendum") entered into this 27th day of February, 2024 by and between the City of Manteca ("CITY") and the County of San Joaquin ("COUNTY") serves as an addendum to the "Master Agreement" for Property Tax Allocation (A-14-373), entered into December 2, 2014 by and between CITY and COUNTY;

PREAMBLE:

CITY and COUNTY acknowledge that both CITY and COUNTY have increasing service responsibilities with restrained revenue resources. There is no consensus between CITY and COUNTY regarding the analysis of local government funding issues arising from annexations. CITY and COUNTY each have their own distinctive and differing perspectives on costs and revenues generated by annexed areas. However, there is a statutory requirement for a Property Tax Allocation Agreement for the Local Agency Formation Commission to annex land.

RECITALS:

WHEREAS, Article 13A, Section 1 of the Constitution of the State of California limits ad valorem taxes on real property to one percent (1%) of full cash value; and

WHEREAS, Chapter 6 of Part 0.5 of Division 1 of the Revenue and Taxation Code (Sections 95 et. seq.) provides for the allocation of property tax revenues; and

WHEREAS, CITY and COUNTY must have an agreement for the allocation of property tax revenues upon annexation; and

NOW, THEREFORE, in consideration of the premises and the following terms and conditions, the parties hereto agree as follows:

ADDENDUM:

1. DEFINITIONS. The words and phrases in this Addendum shall have meanings as set forth below:

A. "Annexation Property Tax Base" shall mean the Base Year sum of the ad valorem tax allocated to Detaching Special Districts, as defined herein, and to COUNTY within the area being annexed.

B. "Base Year" shall mean the assessed valuation applicable to the property and Improvements within the area being annexed at the time the application for annexation is submitted to the Local Agency Formation Commission (LAFCo).

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C. "Incremental Growth" shall mean the total increase or decrease in the property tax base over the base year within the annexed area.

D. "Improved" or "Improvements" mean any street, curb, gutter, sidewalk, pipeline, streetscape, or other facilities, that are required to be constructed and dedicated to CITY.

E. "Vacant" means any land that is not Improved with street, curb, gutter, sidewalk, pipeline, streetscape, or other facilities that are required to be constructed and dedicated to CITY. "Vacant" also means any land that is not improved by any structure, including, without limitation, auxiliary dwelling units (ADUs) or junior auxiliary dwelling units (JADUs).

2. PROPERTY TAX ALLOCATION.

A. For the Lumina subdivision, which was approved for annexation by LAFCo at its October 13, 2022 regular meeting, CITY and COUNTY will share in the Annexation Property Tax Base thereof pursuant to the ratio of 10% CITY and 90% COUNTY and all Incremental Growth thereof pursuant to the ratio of 40% CITY and 60% COUNTY.

B. For the Dutra subdivision, which was approved for annexation by LAFCo at its April 13, 2023 regular meeting, CITY and COUNTY will share in the Annexation Property Tax Base thereof pursuant to the ratio of 10% CITY and 90% COUNTY and all Incremental Growth thereof pursuant to the ratio of 40% CITY and 60% COUNTY.

C. For the Indelicato subdivision, which was approved for annexation by LAFCo at its February 14, 2024 special meeting, CITY and COUNTY will share in the Annexation Property Tax Base thereof pursuant to the ratio of 10% CITY and 90% COUNTY and all Incremental Growth thereof pursuant to the ratio of 40% CITY and 60% COUNTY.

D. Yosemite Square Subdivision

1. The Yosemite Square subdivision is located in the City of Manteca and contains the following Joaquin County Assessor's Parcels Nos.: 228-020-32, 228-020-33, 228-020-37, and 228-020-040. These parcels were annexed into the City of Manteca pursuant to LAFCo Resolutions Nos. 926, enacted June 30, 1995, and 976, enacted October 6, 1997, respectively. At the time of both annexations, the land was pre-zoned H-C (highway commercial).

2. Since the time of annexation, these parcels remain largely unimproved, save for an existing single-family home on Assessor's Parcel No. 228-020-32.

3. In or about 2012, the Yosemite Square subdivision was approved by Manteca City Council and was subject to a Master Plan (the "2012 Master Plan"). Under the 2012 Master Plan, the Yosemite Square subdivision would have approximately 31 acres of business/business industrial park and 755 residential units, consisting of a mix of very low, low, medium, and high density residential, and a park.

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4. From approximately 2012 to 2022, there were no Improvements at the Yosemite Square subdivision pursuant to the 2012 Master Plan.

5. In or about 2021, the new owners of the Yosemite Square subdivision submitted a planning application to CITY, altering the land uses of the Yosemite Square subdivision to update the 2012 Master Plan, including a rezone of the Yosemite Square subdivision to remove business industrial park and low density residential from the 2012 Master Plan (the "2022 Master Plan"). The 2022 Master Plan includes zero (0) acres of business industrial park, zero (0) units of very low density residential, 363 total units of low density residential, 451 units of medium density residential, and zero (0) units of high density residential. The first version of the 2022 Master Plan presented to the Manteca City Planning Commission on August 18, 2022, would have brought a total of 814 new residential units in the City.

6. The Manteca City Planning Commission voted 4-1 recommending against approval by the City Council of the Yosemite Square subdivision at its August 18, 2022 regular meeting.

7. Following the August 18, 2022 Regular Planning Commission Meeting, the owners of the Yosemite Square subdivision, again retooled the project to comply with the recommendations of the Planning Commission.

8. At its March 21, 2023 Regular City Council Meeting, the City Council voted 5-0 to approve the Yosemite Square Subdivision with a total of zero (0) acres of business industrial park, zero (0) acres of very low density residential, 223 low density residential units, 574 medium density residential units, and zero (0) high density residential units, for a total of 797 new residential units in CITY.

9. Because the Yosemite Square subdivision entered a new development application, differing significantly from the 2012 Master Plan, and because the Yosemite Square subdivision required new land use entitlements from CITY, and because CITY ultimately approved the Yosemite Square subdivision in its final form at its March 21, 2023 Regular City Council Meeting and because none of the Improvements contemplated by the 1995 and 1997 annexations or the 2012 Master Plan have occurred at the location of the Yosemite Square subdivision, CITY and COUNTY will share in the Annexation Property Tax Base thereof pursuant to the ratio of 10% CITY and 90% COUNTY and all Incremental Growth thereof pursuant to the ratio of 40% CITY and 60% COUNTY.

E. For all other Vacant and Improved land that will be approved for annexation by LAFCo, after the effective date of this Addendum, CITY may elect to share in the Annexation Property Tax Base thereof pursuant to the ratio of 10% CITY and 90% COUNTY and all Incremental Growth thereof pursuant to the ratio of 40% CITY and 60% COUNTY. Otherwise, the terms of the Master Agreement (EXHIBIT A) will apply.

F. Nothing in this Addendum shall impact the CITY and COUNTY's existing Master Agreement entered into December 2, 2014, and attached hereto as EXHIBIT A, wherein CITY and COUNTY share Property Tax Base at a ratio of 20% CITY and 80% COUNTY for lands

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already within CITY's jurisdiction and covered by the Agreement in EXHIBIT A. For any items omitted or in conflict with the Master Agreement, the terms of the Master Agreement will prevail.

3. APPLICATION OF ADDENDUM.

A. Term. The provisions of this Addendum shall apply to all pending and future annexations from the effective date of this Addendum through December 1, 2028, unless otherwise terminated under Section 10.

B. Effective Date. The effective date of property tax allocation for each annexation shall be determined in accordance with Government Code Section 54902 and any succeeding statutory provisions. Currently, statements of boundary change must be filed with the State Board of Equalization on or before December 1 of the year immediately preceding the year in which property taxes are to be shared.

C. Future Property Taxes. The provisions of this Addendum would also apply to any property exempt from ad valorem taxes which subsequently became taxable within the area to be annexed.

4. **JOINT REVIEW.** CITY and COUNTY may jointly review COUNTY property tax records from time to time or as requested by CITY to verify accurate distribution under the Addendum.

5. EXCLUSIONS.

A. This Addendum shall not apply to proposed annexation areas where the COUNTY is currently receiving transient occupancy tax (TOT) revenues. Annexation agreements for areas where COUNTY is currently receiving TOT revenues will be individually negotiated between COUNTY and CITY to address the potential TOT loss to COUNTY.

B. This Addendum shall not apply to annexations that, in whole or in part, include more than fifty (50) acres of COUNTY owned property. Such annexations will be considered under separately negotiated and mutually beneficial annexation and development agreements.

6. **REGIONAL COOPERATION.** In consideration of the unique and mutual funding difficulties of both CITY and COUNTY, CITY and COUNTY will jointly develop and seek to implement changes in their activities which will improve the cost effectiveness of service delivery by both CITY and COUNTY, including but not limited to consolidation of services between governmental agencies, inter-agency contracting for services, and cooperation between CITY and COUNTY and other governmental agencies to secure funding for infrastructure in the annexed areas.

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7. **COUNTY CAPITAL FACILITIES FUNDING.** CITY recognizes the importance of regional services and facilities provided by the COUNTY for all residents of the entire COUNTY. CITY shall contribute to COUNTY's funding for regional facilities by adopting or renewing a County facilities fee ordinance and resolution enacting and implementing the County Capital Facilities Fee (CFF) Program. In accordance with the requirements of Government Code Sections 66000 et seq., CITY shall adopt this ordinance and resolution prior to or concurrent with execution of this Addendum.

8. **URBAN DEVELOPMENT COOPERATION.** A rational pattern of urban land uses is a common goal of CITY and COUNTY, as expressed in their respective General Plans. The efficient construction of urban infrastructure and the delivery of municipal services require cooperation between COUNTY and CITY within areas designated for urban development, specifically CITY's Sphere of Influence.

A. County General Plan Policy. COUNTY affirms the policies expressed in its General Plan that support concentration of additional major urban development within urban centers.

B. Urban Planning and Development Cooperation. The preparation of land use and infrastructure plans within CITY's Sphere of Influence, consistent with statutory guidelines, is encouraged. COUNTY shall refer all land use applications requiring discretionary approval within CITY's Sphere of Influence to CITY for review and comment. COUNTY will take into consideration any comments received from CITY on applications in CITY's Sphere of Influence before advancing any land use plans.

C. Capital Facilities Funding and Cooperation. CITY and COUNTY will cooperate in the development of infrastructure plans within CITY's Sphere of Influence. Relative to areas for which CITY and COUNTY have jointly adopted master plans for infrastructure and, upon request by CITY, COUNTY will schedule an Area Development Impact Fee (ADIF) for public hearing. This ADIF will incorporate CITY development impact fees that are specifically required to support jointly planned infrastructure. COUNTY shall cooperate in the construction of capital facilities thus funded.

9. **COMMUNITY SERVICE FACILITIES.**

A. Siting of Community Facilities. CITY and COUNTY recognize the importance of community services provided by COUNTY and other providers and also the importance of these services being convenient to residents of COUNTY making use of these services. Accordingly, as a part of the land use planning and pre-zoning for proposed municipal annexations, CITY will cooperate with COUNTY to identify community service needs of the local community and, where appropriate, work with COUNTY to locate potential sites for these community services facilities.

B. Development Impact Fees. CITY may elect to adopt or add to existing development impact fees in lieu of providing community service facility sites. Such fees may be administered within CITY or may be included as a component of the above-mentioned County Capital Facilities Fee.

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10. TERMINATION. This Addendum may be terminated, by any party hereto, upon six (6) months written notice which termination shall terminate the addendum for each and every party. Said termination shall not affect annexations for which the LAFCo Executive Officer has issued a certificate of filing prior to the end of the six (6) month termination period.

11. GOVERNING LAW, VENUE, AND ATTORNEYS' FEES. This Addendum shall be construed and enforced in accordance with the laws of the State of California. Any legal action brought by either party concerning this Addendum shall be venued in the Superior Court of California, County of San Joaquin. Should any legal action be brought by either party because of any default under this Addendum or to enforce any provision of this Addendum, or to obtain a declaration of rights hereunder, the prevailing party shall be entitled to reasonable attorneys' fees, court costs and such other costs as may be fixed by the Court. The standard of review for determining whether a default has occurred under this Addendum shall be the standard generally applicable to contractual obligations in California.

12. NOTICES. Any notice of communication required hereunder among CITY and COUNTY must be in writing, and may be given either personally, by telefacsimile (with original forwarded by regular U.S. Mail) or by Federal Express or other similar courier promising overnight delivery. If personally delivered, a notice or communication shall be deemed to have been given and received when delivered to the party to whom it is addressed. If given by facsimile transmission, a notice or communication shall be deemed to have been given and received upon actual physical receipt of the entire document by the receiving party's facsimile machine. Notices transmitted by facsimile after 5:00 p.m. on a normal business day or on a Saturday, Sunday, or holiday shall be deemed to have been given and received on the next normal business day. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered as shown on a receipt issued by the courier. Such notices or communications shall be given to the parties at their addresses set forth below:

To CITY (City Manager):

Toni Lundgren
City of Manteca, City Hall
1001 W. Center Street
Manteca, CA 95337
Telephone: (209) 456-8627
Email: tlundgren@manteca.gov

With Copies To (City Attorney):

L. David Nefouse
City of Manteca, City Hall
1001 W. Center Street
Manteca, CA 95337
Telephone: (209) 456-8551
Email: dnefouse@manteca.gov

To COUNTY (County Administrator):

Jerome C. Wilverding
County Administration Building
44 N. San Joaquin St., Ste. 640
Stockton, California 95202-2931
Telephone: (209) 468-3203
Email: jwilverding@sjgov.org

With Copies To (County Counsel):

Edward J. Kiernan
County Administration Building
44 N. San Joaquin St., Ste. 679
Stockton, California 95202-2931
Telephone: (209) 468-2269
Email: ekiernan@sjgov.org

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Any party hereto may at any time, by giving ten (10) days written notice to the other parties, designate any other address or facsimile number in substitution of the address or facsimile number to which such notice or communication shall be given.

13. SEVERABILITY. If any provision of this Addendum is held invalid, void, or unenforceable but the remainder of this Addendum can be enforced without failure of material consideration to any party, then this Addendum shall not be affected and it shall remain in full force and effect, unless amended by mutual consent of the parties. Notwithstanding this severability clause, each subsection of Section 2 Property Tax Allocation and Section 5 Exclusions, is material and substantial and the failure of said subsection is the failure of material consideration, causing the Addendum to be void from the date that the subsection is held invalid.

14. FURTHER ASSURANCES. Each party shall execute and deliver to the other party or parties all such other further instruments and documents and take all such further actions as may reasonably necessary to carry out this Addendum and to provide and secure to the other party or parties the full and complete enjoyment of its rights and privileges hereunder.

15. CONSTRUCTION. All parties have been represented by counsel in the preparation of this Addendum and no presumption or rule that ambiguity shall be construed against a drafting party shall apply to interpretation or enforcement hereof. Captions on sections and subsections are provided for convenience only and shall not be deemed to limit, amend, or affect the meaning of the provision to which they pertain.

16. OTHER MISCELLANEOUS TERMS. The singular includes the plural; the masculine gender includes the feminine, "shall" is mandatory; "may" is permissive.

17. TIME. Time is of the essence of each and every provision hereof.

18. COUNTERPART. This Addendum may be executed in counterpart agreements, binding each executing party as if said parties executed the same agreement.

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IN WITNESS WHEREOF, the parties hereto have executed this Addendum.

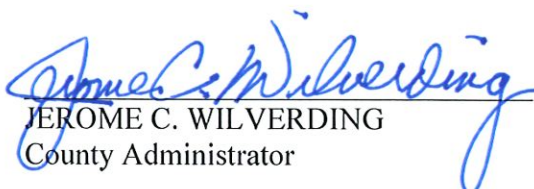
RECOMMENDED FOR APPROVAL:

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CITY OF MANTECA

COUNTY OF SAN JOAQUIN

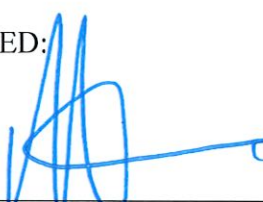

TONI LUNDGREN
City Manager


JEROME C. WILVERDING
County Administrator

APPROVED:

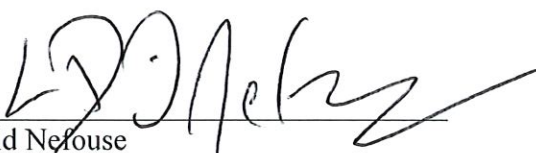
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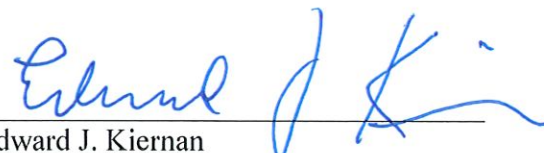

GARY SINGH
Mayor


MIGUEL A. VILLAPUDUA
Chairman, Board of Supervisors

APPROVED AS TO FORM:

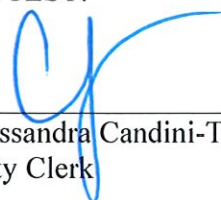
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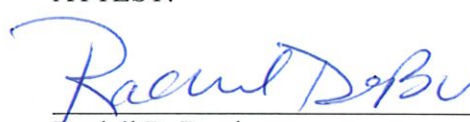

L. David Nefouse
City Attorney


Edward J. Kiernan
County Counsel

ATTEST:

ATTEST:


Cassandra Candini-Tilton
City Clerk


Rachel DeBord
Clerk of the Board of Supervisors

