CALIFORNIA
Incorporated 2003

CALL & NOTICE OF CITY COUNCIL SPECIAL MEETING

City Hall
Community Board Room
2729 Prospect Park Drive, Rancho Cordova

Wednesday, December 19, 2007
9:00 a.m. – Special Meeting

AGENDA

1. CALL TO ORDER / ROLL CALL

Council Members Cooley, Sander, McGarvey, Vice Mayor Skoglund and Mayor Budge

2. PUBLIC COMMENT

At a special meeting, citizens wishing to address the Council for any matter on the agenda may do so at the time the matter is discussed. Note, under the provisions of the California Government Code, the City Council is prohibited from discussing or taking action on any unagendized item.

3. AGENDA ITEM

Subject: Resolution Regarding the Exchange of Property Tax Revenues for the City of Rancho Cordova Annexation – Annexation of the Sphere of Influence (LAFCo 07-09).
Recommendation: Adopt Resolution No. 146-2007.
Staff Report: Ted Gaebler and Joe Chinn, City Manager's Office
Advances Goal: 12

4. ADJOURNMENT

L. Budge

Linda Budge, Mayor

CERTIFICATION OF AGENDA POSTING

I, Anna Olea-Moger, City Clerk for the City of Rancho Cordova, declare that the foregoing agenda for the December 19, 2007 Special Meeting of the Rancho Cordova City Council was posted on December 18, 2007 at the office of the City of Rancho Cordova, 2729 Prospect Park Drive, Rancho Cordova, California, 95670 and was available for public review at that location. The agenda is also available on the city web site at www.cityofranchocordova.org.

Signed this 18th day of December 2007 at Rancho Cordova, California.

Anna Olea-Moger

Anna Olea-Moger, CMC, City Clerk

MEMORANDUM

DATE: December 19, 2007

TO: Honorable Mayor and Council Members

FROM: Ted Gaebler, City Manager
Joe Chinn, Assistant City Manager

SUBJECT: **RESOLUTION REGARDING THE EXCHANGE OF PROPERTY TAX REVENUES FOR THE CITY OF RANCHO CORDOVA ANNEXATION OF ITS SPHERE OF INFLUENCE**

RECOMMENDATION

Adopt the Resolution No. 146-2007.

RESULT OF RECOMMENDED ACTION

The proposed resolution constitutes the City's formal offer to the County of Sacramento for the exchange of property tax revenues and annual tax increment for the City's application to LAFCO, entitled "City of Rancho Cordova – Annexation of the Sphere of Influence (LAFC 07-09)" and, if a similar resolution is adopted by the Board of Supervisors, will satisfy the requirements of Revenue and Taxation Code section 99 for the Annexation.

BACKGROUND

When the Local Agency Formation Commission of the County of Sacramento ("LAFCO") approved the incorporation of the City of Rancho Cordova, LAFCO designated the new City's sphere of influence. The voters' approval of the incorporation in November 2002 established not only the new City of Rancho Cordova but its sphere of influence.

In July 2005, the City Council adopted Resolution No. 84-2005, notifying LAFCO and other interested parties of the City Council's intent to file an application to annex the sphere of influence and directing City staff to prepare the required application.

On August 21, 2007, the City submitted its application to LAFCO to annex the City's sphere of influence to the City ("Annexation Area"). LAFCO has designated the application as the "City of Rancho Cordova Annexation – Annexation of the Sphere of Influence (LAFC 07-09)."

As required by Revenue and Taxation Code Section 99, the LAFCO Executive Director gave notice of the filing of the City's application to the County Assessor and Auditor. On December 4, 2007, the Auditor provided the City Council and the Board of Supervisors with the information needed for the City and County to commence negotiations for exchange of property tax revenues between the City and the County as required by, and pursuant to, Revenue and Taxation Code section 99 ("Section 99 negotiations"). A copy of the information provided by the Auditor (dated November 30, 2007; mailed December 4, 2007) is attached. It shows that the revenues subject to negotiation for FY 2007-08 are $1,017,838, consisting of the County Roads and County General. It also shows the "AB 8 Factors" (also known as the allocation factors) for the six tax rate areas that encompass the Annexation Area.

Based on the information provided by the Auditor, Staff recommends that the City's offer to the Board of Supervisors of the County of Sacramento in the Section 99 negotiations should be as follows:

1. The City of Rancho Cordova agrees to accept none of the property tax revenues from the Annexation Area 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 96.1.

2. The City of Rancho Cordova further agrees to accept none of the annual tax increment from the Annexation Area 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 99 does not require a written agreement regarding the property tax and annual tax increment; rather, it requires the City Council and the Board of Supervisors to present resolutions whereby the City and County agree to accept the exchange of property tax revenues. Until such resolutions are presented, the LAFCO Executive Director cannot issue a "certificate of filing" and process the annexation application. If the Board of Supervisors adopts a resolution similar to the attached resolution, agreeing to retain all the property tax revenues from the Annexation Area and all the annual tax increment from the Annexation Area, the LAFCO Executive Director will issue a "certificate of filing."

The resolution designates the Finance Director and the City Attorney as the City's representatives in the Section 99 negotiations. It will also authorize the Mayor to sign a letter, to be delivered by the Finance Director and City Attorney, conveying the City's offer, in the form attached.

REQUESTED MOTION

Adopt a resolution of the City Council of the City of Rancho Cordova regarding the exchange of property tax revenues for the City of Rancho Cordova annexation – annexation of the sphere of influence (LAFC 07-09)

ATTACHMENTS

1. Resolution No. 146-2007
2. Memorandum from David Irish, County of Sacramento, Director of Finance
3. Letter to Don Nottoli, County of Sacramento, Board Chairman

ATTACHMENT 1

CITY OF RANCHO CORDOVA

RESOLUTION NO. 146-2007

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA REGARDING THE EXCHANGE OF PROPERTY TAX REVENUES FOR THE CITY OF RANCHO CORDOVA ANNEXATION – ANNEXATION OF THE SPHERE OF INFLUENCE (LAFC 07-09)

RECITALS

WHEREAS, on August 21, 2007, the City of Rancho Cordova ("City") submitted an application to the Local Agency Formation Commission of the County of Sacramento ("LAFCO") which LAFCO has designated as the "City of Rancho Cordova Annexation – Annexation of the Sphere of Influence (LAFC 07-09) ("Proposed Annexation") to annex the City's sphere of influence to the City ("Annexation Area"); and

WHEREAS, as required by Revenue and Taxation Code Section 99(b), the LAFCO Executive Director gave notice of the filing to the Assessor and Auditor of the County of Sacramento ("County") ; and

WHEREAS, as required by Revenue and Taxation Code section 99(b)(1)(B)(3), on December 4, 2007, by mailing a November 30, 2007 memo from the County Director of Finance, the Auditor notified the City Council and the Board of Supervisors of the County of Sacramento of the amount of, and allocation factors with respect to, property tax revenue estimated pursuant to Revenue and Taxation Code section 99(b)(1)(B)(2) that is subject to a negotiated exchange between the City and the County ("Section 99 negotiations"); and

WHEREAS, the negotiation period for the Section 99 negotiations is limited to 60 days, beginning December 5, 2007; and

WHEREAS, as required by Revenue and Taxation Code section 99(b)(1)(B)(4), the City contacted the County and arranged a meeting to commence negotiations to determine the amount of property tax revenues to be exchanged between and among them; and

WHEREAS, Revenue and Taxation Code section 99(b)(4) provides that the exchange may be limited to an exchange of property tax revenues from the annual tax increment attributable to the local agencies whose service area or responsibilities will be altered and provides that the final exchange resolution to be adopted by the City's City Council and the County's Board of Supervisors shall specify how the annual tax increment shall be allocated in future years; and

WHEREAS, the purpose of this resolution is to set forth the amount of property tax revenues the City of Rancho Cordova agrees will be exchanged between the City and the County in connection with the Proposed Annexation and to specify how the City agrees the annual tax increment from the area to be annexed shall be allocated in future years; and

WHEREAS, it is the intention of the City Council that there be no change or adjustment to the allocation of property tax revenues as a result of the approval of the Proposed Annexation; that is, the City does not seek any property tax from the Annexation Area or any annual tax increment from the Annexation Area. The City would, thus, have no allocation factor for the tax rate area that contains the Annexation Area; there would be no "exchange" of property tax revenues; and the City would receive no property tax revenues from the Annexation Area following annexation; and

WHEREAS, all terms used herein shall be as defined in the Revenue and Taxation Code.

NOW, THEREFORE, be it resolved as follows:

1. The City of Rancho Cordova agrees to accept none of the property tax revenues from the Annexation Area 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 96.1.

2. The City of Rancho Cordova further agrees to accept none of the annual tax increment from the Annexation Area 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.

3. The Finance Director and the City Attorney are the City Council's representatives for the Section 99 negotiations.

4. The Council authorizes the Mayor to send a letter to the Chair of the Board of Supervisors conveying the City's offer for Section 99 negotiations for the Proposed Annexation.

ADOPTED, THIS 19th day of December, 2007 by the following vote:

AYES: McGarvey, Skoglund and Mayor Budge

NOES: None

ABSENT: Sander and Cooley

ABSTENTIONS: None

Linda Budge, Mayor

ATTEST:

Anna Olea-Moger, CMC, City Clerk

ATTACHMENT 2

COUNTY OF SACRAMENTO
DEPARTMENT OF FINANCE
AUDITOR-CONTROLLER

Inter-Departmental Correspondence

November 30, 2007

To: Linda Foster-Hall
County Budget Officer

From: Dave Irish
Director of Finance

Subject: **CITY OF RANCHO CORDOVA – PROPOSED ANNEXATION**

Pursuant to the Revenue and Taxation §99, we have estimated the property tax revenues generated within the proposed annexation area using the values that were provided to us. Attached is the analysis of the property tax revenues.

If you have any questions regarding this analysis, please call me at 874-5791 or Kim Le at 874-6277.

Attachment

cc. Peter Brundage, Executive Officer, LAFCO
Joe Chinn, Assistant City Manager, City of Rancho Cordova
Mark Norris, Administrator, Internal Services Agency
Robert Leonard, Director of Economic Development/Intergovernmental Affairs
Nav Gill, Chief Operations Officer
Paul Hahn, Administrator, Municipal Services Agency
Julie Valverde, Assistant Auditor-Controller

COUNTY OF SACRAMENTO
DEPARTMENT OF FINANCE
AUDITOR-CONTROLLER DIVISION
CITY OF RANCHO CORDOVA REQUEST 10-29-07
BASE YEAR 2007-08 - ESTIMATE PROPERTY TAX REVENUES

ESTIMATE REVENUES ALLOCATIONS

TRA	52-009	52-032	52-034	52-038	52-048	52-057	TOTAL
ASSESSED VALUES	63,509,226	6,979,893	161,106,518	268,234,381	23,142,489	41,787,277	564,759,784
COUNTYWIDE 1% REVENUES	635,092	69,799	1,611,065	2,682,344	231,425	417,873	5,647,598
LOS RIOS COMM COLLEGE	19,685	2,205	49,936	84,719	7,173	13,198	176,916
GRANT HIGH SCHOOL	137,356	15,382	348,437	591,141	50,052	92,092	1,234,459
COUNTY WIDE EQUALIZ	707	79	1,793	3,043	258	474	6,354
CSA #1	0	0	0	0	0	0	0
SACRAMENTO WTR AGENCY	10,756	0	27,284	0	3,919	0	41,959
COUNTY LIBRARY	11,013	1,233	27,937	47,397	4,013	7,384	98,977
COUNTY ROADS	534	60	1,355	2,299	195	358	***4,800***
COUNTY GENERAL	112,719	12,623	285,938	485,110	41,074	75,574	***1,013,038***
FAIR OAKS CEMETERY	0	0	0	0	0	0	0
SACRAMENTO METRO FIRE	176,632	19,781	448,069	760,173	64,364	118,425	1,587,444
CORDOVA PARK	19,415	2,174	49,250	83,556	7,075	13,017	174,487
JUVENILE HALL	298	33	757	1,285	109	200	2,683
REGIONAL OCCUP CENTER	518	58	1,315	2,231	189	348	4,659
INFANT DEV-PHYS HANDIC	31	4	80	135	11	21	282
INFANT DEV-RETARDED	31	4	80	135	11	21	282
CHILDREN'S INST	2,419	271	6,137	10,412	882	1,622	21,744
COUNTY SUPT-ADMIN	1,398	157	3,547	6,018	510	937	12,566
SACTO-YOLO MOSQUITO	4,682	524	11,876	20,149	1,706	3,139	42,076
DEV CENTER HANDICAPPED	786	88	1,993	3,381	286	527	7,060
EDUCATIONAL REV. AUG. FUND	136,111	15,123	345,280	581,162	49,598	90,537	1,217,811
TOTAL	635,092	69,799	1,611,065	2,682,344	231,425	417,873	**5,647,598**

AB 8 FACTORS

	52-009	52-032	52-034	52-038	52-048	52-057
LOS RIOS COMM COLLEGE	3.0996	3.1584	3.0996	3.1584	3.0996	3.1584
GRANT HIGH SCHOOL	21.6277	22.0382	21.6277	22.0382	21.6277	22.0382
COUNTY WIDE EQUALIZ	0.1113	0.1134	0.1113	0.1134	0.1113	0.1134
CSA #1	-	-	-	-	-	-
SACRAMENTO WTR AGENCY	1.6936	-	1.6935	-	1.6936	-
COUNTY LIBRARY	1.7341	1.7670	1.7341	1.7670	1.7341	1.7670
COUNTY ROADS	*0.0841*	*0.0857*	*0.0841*	*0.0857*	*0.0841*	*0.0857*
COUNTY GENERAL	*17.7484*	*18.0853*	*17.7484*	*18.0853*	*17.7484*	*18.0853*
FAIR OAKS CEMETERY	-	-	-	-	-	-
SACRAMENTO METRO FIRE	27.8120	28.3399	27.8120	28.3399	27.8120	28.3399
CORDOVA PARK	3.0570	3.1150	3.0570	3.1150	3.0570	3.1150
JUVENILE HALL	0.0470	0.0479	0.0470	0.0479	0.0470	0.0479
REGIONAL OCCUP CENTER	0.0816	0.0832	0.0816	0.0832	0.0816	0.0832
INFANT DEV-PHYS HANDIC	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050
INFANT DEV-RETARDED	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050
CHILDREN'S INST	0.3810	0.3882	0.3810	0.3882	0.3810	0.3882
COUNTY SUPT-ADMIN	0.2202	0.2243	0.2202	0.2243	0.2202	0.2243
SACTO-YOLO MOSQUITO	0.7372	0.7512	0.7372	0.7512	0.7372	0.7512
DEV CENTER HANDICAPPED	0.1237	0.1260	0.1237	0.1260	0.1237	0.1260
EDUCATIONAL REV. AUG. FUND	21.4318	21.6662	21.4318	21.6662	21.4318	21.6662
	100.0000	100.0000	100.0000	100.0000	100.0000	100.0000

CITY OF RANCHO CORDOVA
CALIFORNIA
Incorporated 2003

ATTACHMENT 3

Linda Budge
Mayor

Dan Skoglund
Vice Mayor

David Sander
Councilmember

Ken Cooley
Councilmember

Robert McGarvey
Councilmember

December 19, 2007

Mr. Don Nottoli, Chair and Members of the Board of Supervisors
County of Sacramento
700 H Street, Suite 2450
Sacramento, CA 95814

Re: "City of Rancho Cordova Annexation – Annexation of the Sphere of Influence (LAFC 07-09) – Revenue and Taxation Code section 99 offer

Dear Chair Nottoli and Board Members:

I write to you on behalf of the City Council of the City of Rancho Cordova. As you know, when the Local Agency Formation Commission of the County of Sacramento ("LAFCO") approved the incorporation of the City of Rancho Cordova, LAFCO designated the new City's sphere of influence. The voters' approval of the incorporation in November 2002 established not only the new City of Rancho Cordova but its sphere of influence.

In July 2005, the City Council adopted Resolution No. 84-2005, notifying LAFCO and other interested parties of the City Council's intent to file an application to annex the sphere of influence and directing City staff to prepare the required application.

On August 21, 2007, the City submitted its application to LAFCO to annex the City's sphere of influence to the City ("Annexation Area"). LAFCO has designated the application as the "City of Rancho Cordova Annexation – Annexation of the Sphere of Influence (LAFC 07-09)."

As required by Revenue and Taxation Code Section 99, the LAFCO Executive Director gave notice of the filing of the City's application to the County Assessor and Auditor and on December 4, 2007, the Auditor provided the City Council and the Board of Supervisors with the information needed for the City and County to commence negotiations for exchange of property tax revenues between the City and the County as required by, and pursuant to, Revenue and Taxation Code section 99 ("Section 99 negotiations").

Because Section 99 provides a short time period for the Section 99 negotiations – 60 days commencing December 5, 2007 and ending February 2, 2008 -- the Council met and considered City staff's recommendation for the Section 99 negotiations and the City's position regarding exchange of property tax revenues and the annual tax increment for the Annexation Area.

Based on the information provided by the Auditor and the City staff's recommendations, the City's offer to the Board of Supervisors of the County of Sacramento in the Section 99 negotiations is as follows:

1. The City of Rancho Cordova agrees to accept none of the property tax revenues from the Annexation Area 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 96.1.

2. The City of Rancho Cordova further agrees to accept none of the annual tax increment from the Annexation Area 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.

On December 19, 2007, the City Council adopted a resolution (Resolution No. 146-2007, a copy of which is attached) agreeing to accept none of the property tax revenues and none of the annual tax increment from the Annexation Area. We ask that the Board of Supervisors adopt a similar resolution, prior to January 10, 2008, in order that LAFCO may consider the City's application to annex its sphere of influence. If you need more time to consider the City's offer, please contact Donna Silva, the City's Finance Director, prior to January 4, 2008. If we do not receive a response from the Board by January 10, 2008, the City will assume that the Board has rejected the City's offer and that the Board will not adopt a resolution similar to Resolution 146-2007.

The City Council believes it has offered the County all that the City can offer pursuant to Section 99.

We hope that you will find this offer acceptable.

Very truly yours,

Linda Budge, Mayor
City of Rancho Cordova

cc: Council members
City Manager
Assistant City Manager
Finance Director
City Attorney