

Staff Report

for the Board of Directors' Meeting of October 26, 2016

TO: Board of Directors

FROM: Timothy Crough, Assistant GM

DATE: 10/18/2016

SUBJECT: Annexation of Village I in Lincoln - Tax Sharing Agreement

ADMINISTRATION

RECOMMENDATION:

Approve the Agreement for the Apportionment of Property Taxes between the District and the City of Lincoln, and authorize the General Manager to execute the agreement after the approval by the City of Lincoln.

BACKGROUND:

On August 26, 2016, the District adopted Resolution No. 2015-28 (Making Application for Annexation of Land to Nevada Irrigation District – a portion of Village I of The City of Lincoln). At the time, staff was directed to negotiate a tax sharing agreement with the City for the apportionment of ad valorem taxes after annexation.

The attached agreement was prepared by District staff using the current Master Tax Sharing Agreement with Nevada County, Grass Valley and Nevada City, as a template. With the exception of including the County, as a third party, the attached agreement is the same. The draft agreement has been reviewed by District Counsel, City Staff and City Counsel, and it is now ready for approval by the agencies.

The City Council will consider the agreement on November 15, 2016. In case the Council approves the agreement subject to minor non-substantive edits, we ask that the Board of Directors authorize staff to make the necessary changes subject to Legal Counsel's concurrence.

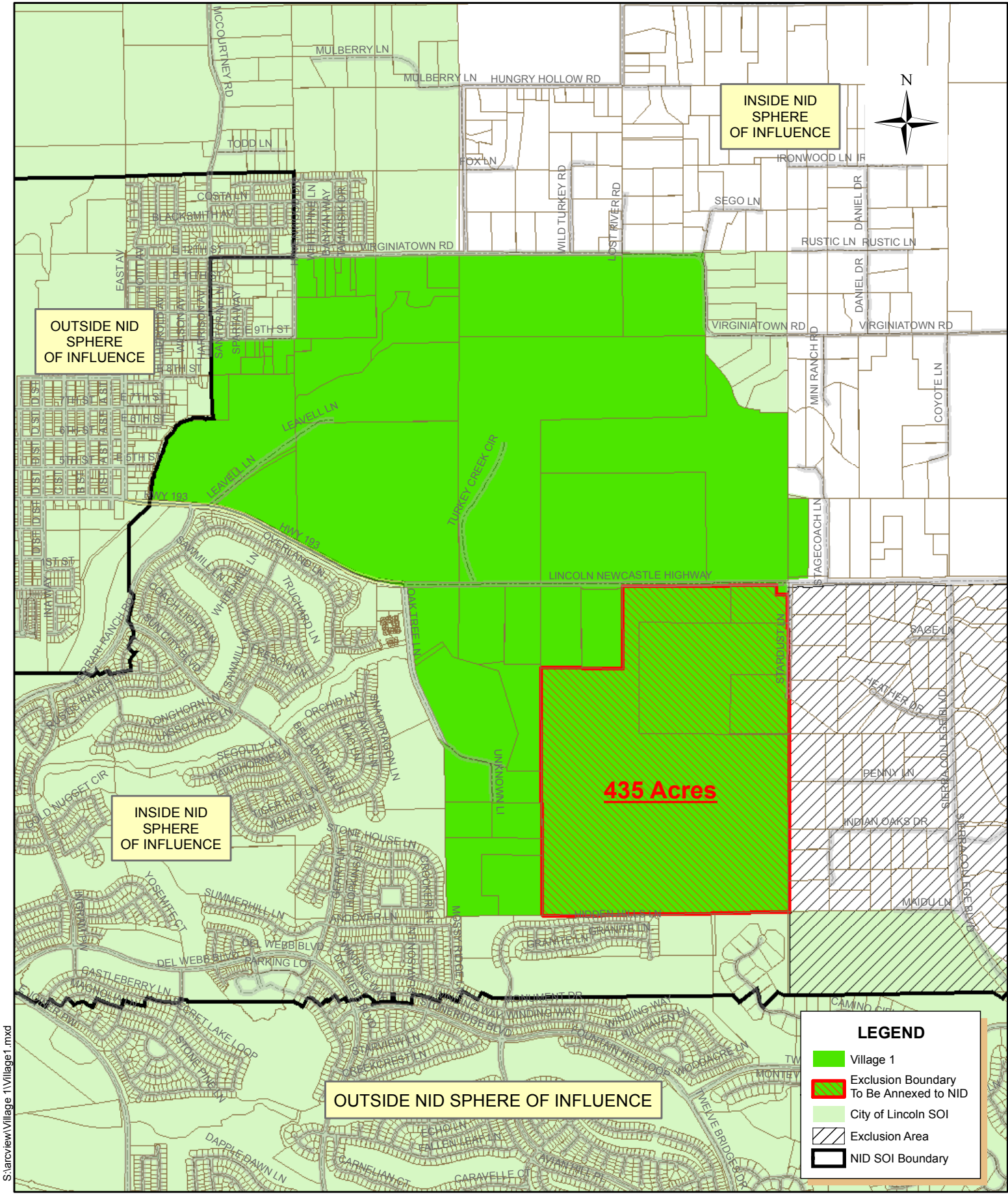
BUDGETARY IMPACT:

Expense for annexation fees are nominal and are included in the 2016 Budget. The annexation will generate nominal annual tax revenue for the District after development of the property.

tac

attachments(2):

- Vicinity Map
- Draft Agreement with exhibits.



S:\arcview\Village 1\Village1.mxd



Date: 10/12/2016
 Drawn By: D. HUNT

VILLAGE 1 ANNEXATION

NEVADA IRRIGATION DISTRICT
 NEVADA COUNTY -- PLACER COUNTY
 GRASS VALLEY, CALIFORNIA

Scale: 1" = 2000' @ 8-1/2x11
 Sheet: 1 of 1

**AGREEMENT FOR
APPORTIONMENT OF PROPERTY TAX
REVENUES DUE TO JURISDICTIONAL CHANGES**

THIS AGREEMENT is made and entered into this ____ day of _____, 2016, by and between the CITY OF LINCOLN, a municipal corporation (hereinafter referred to as "City"), and NEVADA IRRIGATION DISTRICT, a special district (hereinafter referred to as "NID").

WHEREAS, Section 99 of the Revenue and Taxation Code provides that no jurisdictional change pending before the Local Agency Formation Commission shall become effective until each local agency whose service areas or service responsibilities would be altered by such jurisdictional change agrees by resolution to accept the negotiated exchange of property tax revenue; and

WHEREAS, the parties have negotiated this MASTER Agreement for the exchange of property tax revenues upon annexation of specified territory;

NOW, THEREFORE, the parties do agree as follows:

1. Scope: This agreement shall apply to the lands to be annexed into NID which are described and depicted in Exhibit B hereto.
2. Definitions:
 - a. "Base Year Revenues" – In the event of annexation, "Base Year Revenues" shall be all property tax revenues accruing to the agency whose service area or service responsibility would be affected by the annexation, in the fiscal year in which the annexation occurs.

Annexation to NID shall be deemed to affect its service area and service responsibility and to confer a service not previously provided, whether or not the subject territory has been previously served with surplus water by NID pursuant to Outside User Agreements.

- b. "Tax Increment" means the amount of property tax revenues in excess of Base Year Revenues accruing to each agency (by TRA) and resulting from the increase in assessed valuation from one year to the next. For the purposes of this Agreement, Tax Increments shall be cumulative. The

original Base Year (when annexation occurs) shall remain the Base Year for future calculations of the cumulative increments to be apportioned among the City and NID (see example: Exhibit "A").

"TRA" means tax rate area.

3. Apportionment:

- a. Upon annexation of territory to NID, no part of any agency's Base Year Revenues from such territory shall be reapportioned to NID.
- b. Upon the annexation to NID of territory which is within the incorporated boundaries of the City, twenty-five percent (25%) of the Tax Increments accruing to the City after the Base Year (when annexation occurs) shall be reapportioned and paid to NID.

4. Exceptions: Where a proposed annexation contains in excess of Ten Million Dollars (\$10,000,000) in taxable valuation, or where previously tax-exempt property is subsequently placed on the tax rolls, individual agreements shall be negotiated between the parties, consistent with existing law.

5. Term of Agreement: This Agreement shall become effective after approval by the City Council of the City of Lincoln and the Board of Directors of the Nevada Irrigation District and shall remain in force and effect until the 1st day of August, 2021, and shall be automatically renewed on that date and at the end of all subsequent five (5) year periods unless a party files with the others a notice of intention to terminate or renegotiate the provisions of this Agreement upon expiration, which notice shall be served at least three (3) months prior to the next expiration date with copies to the County Auditor-Controller and the Local Agency Formation Commission. The termination of this Agreement shall not result in a reapportionment of property tax revenues from territories annexed prior to such termination.

IN WITNESS WHEREOF, this Agreement is entered into the date first above written.

Approved as to Form:

CITY OF LINCOLN

City Attorney, City of Lincoln

By:

City Manager, City of Lincoln

Attest:

City Clerk

Approved as to Form:

NEVADA IRRIGATION DISTRICT

Attorney for District

By:

General Manager

Attest:

Board Secretary

EXHIBIT A

Sample: Distribution of Property Taxes
 City of Lincoln, and NID
 Parcels within the incorporated boundaries of the City annexed to NID

ASSUMPTIONS:

- (A) Annexation to NID is completed September 2016.
 Base year is therefore FY 2016/2017
 Current assessed value of land - \$80,000
 City's share of the 1% property tax (before NID annexation) = 14.7%
 Revenues to City at Base Year - \$117.60 (\$80,000 x 1% x 14.7%)

- (B) \$140,000 in improvements are made in July 2017 through December 2017
 This will be reflected in December 2017 Supplemental Tax Distribution
 (\$140,000 x 1% x 14.7% = \$205.80 x 6 months, or \$102.90)

- (C) \$110,000 in improvements are made in January 2018 through March 1, 2018
 This will be reflected in the FY 2018/2019 distribution.
 (\$110,000 x 1% x 14.7% = \$161.70)

Distribution		Total	City	NID
		100%		
FY 2016/17		\$800.00	\$117.60 (14.7%)	N/A
Parcels Annexed to NID	(A)	100%	14.7% Base Year & 11.025% Increment	3.675% Increment
FY 2017/18				
Base Revenues		\$800.00	\$117.60	0.00
2% Increment		\$16.00	\$1.76	\$0.59
Dec 2017 Supplemental Tax	(B)	\$102.90	\$11.35	\$3.78
Total		\$918.90	\$130.71	\$4.37
FY 2018/19				
Base Revenues		\$918.90	\$130.71	\$4.37
2% Increment		\$18.38	\$2.03	\$0.68
Improvements	(C)	\$161.70	\$17.83	\$5.94
Total		\$1,098.98	\$150.57	\$10.99
FY 2019/20				
Base Revenues		\$1,098.98	\$150.56	\$10.99
2% Increment		\$21.98	\$2.42	\$0.81
Total		\$1,120.96	\$152.98	\$11.80

**LEGAL DESCRIPTION
LAFCo ANNEXATION NO. 2015-05
A PORTION OF LINCOLN VILLAGE ONE
ANNEXATION TO
NEVADA IRRIGATION DISTRICT**

February 2016

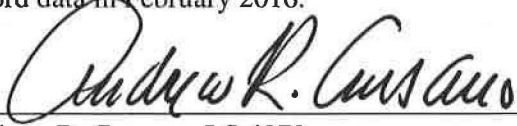
ALL THAT PORTION of the south half of the southeast quarter of Section 13, together with a portion of Section 24, within Township 12 North, Range 6 East, M.D.M, Placer County, California, **BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:**

BEGINNING AT the south one-sixteenth corner common to said Section 24, Township 12 North, Range 6 East, M.D.M. and Section 19, Township 12 North, Range 7 East, M.D.M., a point on the existing Nevada Irrigation District boundary; **THENCE FROM SAID POINT OF BEGINNING** along said district boundary the following 7 courses:

- 1) Westerly along the North line of the South 1/2 of the South 1/2 of said Section 24, 3960 feet more or less to the East line of the West 1/2 of the West 1/2 of said Section 24;
- 2) Northerly along the East line of the West 1/2 of the West 1/2 of said Section 24, 3978 feet more or less to the North line of Section 24,
- 3) Thence North 89°38'07" East, along the North line of Section 24, 1326.68 feet, to the North one-quarter corner of Section 24;
- 4) Thence Northerly, along the North - South Centerline of Section 13, 1320 feet more or less to the South Right-of-Way of State Highway 193 as shown in Record of Survey filed in Book 18 Surveys Page 63;
- 5) Thence North 89°50'22" East, along said South Right-of-Way, 1226.93 feet;
- 6) Thence North 89°37'05" East, along said South Right-of-Way, 1174.96 feet;
- 7) Thence North 89°45'01" East, along said South Right-of-Way, 323.85 feet, to the intersection of said South Right-of-Way with the East line of said Section 13;
- 8) Thence leaving said highway Southerly line and existing District boundary and running along said East line of Section 13 South 00°16'00" West 1255.78 feet to the Southeast corner of said Section 13;
- 9) Thence leaving said Section 13 and running along the line common to said Sections 24 and 19, South 00°17'34" West 1115.76 feet;
- 10) Thence South 00°17'12" West 1525.83 to the quarter corner common to said Sections 24 and 19;
- 11) Thence continuing along said common section line South 00°17'52" West 1320.98 feet to the **POINT OF BEGINNING;**

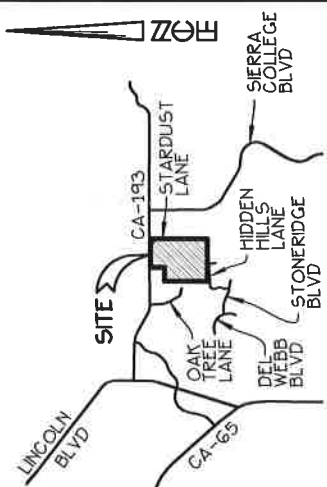
And containing 435 acres more or less.

THIS LEGAL DESCRIPTION was prepared by me or under my direction based on record data in February 2016.



Andrew R. Cassano, LS 4370
Professional Land Surveyor
Nevada City Engineering, Inc.





VICINITY MAP
SCALE: 1"=1000'



COURSE LEGEND	
①	WESTERLY 3960'±
②	NORTHERLY 3978'±
③	N 89°38'07" E 1326.68'
④	NORTHERLY 1320'±
⑤	N 89°50'22" E 1226.93'
⑥	N 89°37'05" E 1174.96'
⑦	N 89°45'01" E 323.85'
⑧	S 00°16'00" W 1255.78'
⑨	S 00°17'34" W 1115.76'
⑩	S 00°17'12" W 1525.83'
⑪	S 00°17'52" W 1320.98'

EXHIBIT "B"

LAFCO ANNEXATION NO. 2015-05
A PORTION OF LINCOLN VILLAGE 1 ANNEXATION #1
TO THE

Nevada Irrigation District

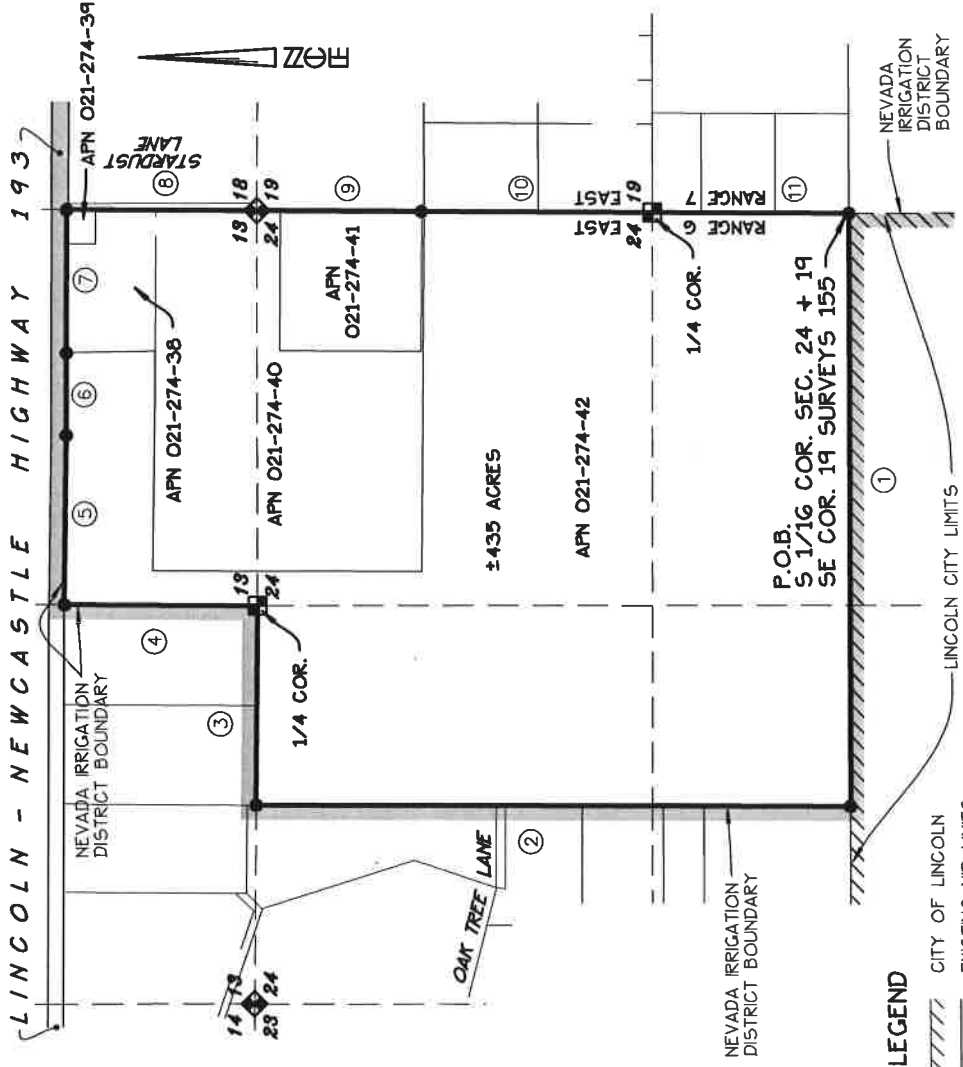
BEING PORTIONS OF

S 1/2-SE 1/4 SEC. 13, NE 1/4, N 1/2-SE 1/4,
E 1/2-NW 1/4, NE 1/4-SW 1/4 SEC. 24, T. 12 N.,
R. 6 E., M.D.M.

WITHIN THE UNINCORPORATED TERRITORY OF

PLACER COUNTY, CALIFORNIA
SCALE: 1" = 800'

NEVADA CITY ENGINEERING, INC.
505 COYOTE STREET • P.O. BOX 1437 • NEVADA CITY • CALIFORNIA



- NEVADA IRRIGATION DISTRICT BOUNDARY
- CITY OF LINCOLN
- EXISTING MID LIMITS
- SECTION CORNER
- QUARTER CORNER

