



City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: May 19, 2009

SUBJECT: Approval of Collaborative Planning Principles for Yolo County and
the City of Woodland

Report in Brief

Yolo County and the City of Woodland staff have jointly worked on the drafting of a Collaborative Planning Principles statement. This statement is intended to commit both local governments to formal discussion of issues that will facilitate economic development and address potential areas of concern associated with annexations, including fiscal impact, environmental mitigation and governance in advance of a project or annexation application. Most specifically, the Principles would facilitate development of a Memorandum of Agreement that would establish the process for implementation of development proposals within annexation lands and a renegotiated Master Tax Sharing Agreement. The statement has been discussed periodically by the City/County 2 x 2 and favorably reviewed by the 2 x 2 in late March.

Staff recommends that the City Council approve the Collaborative Planning Principles for Yolo County and the City of Woodland and direct the City Manager to work with the County Administrator and the City/County 2 x 2 representatives to facilitate approval of the Principles by the County Board of Supervisors.

Background

In late 2007 the Woodland City Manager and Yolo County Executive (County Administrator) initiated discussions regarding common challenges that both local governments had interest in resolving. The common challenges included fiscal issues, potentially conflicting land use policies, annexation conflicts, outdated tax sharing agreements, implementing fair development impact fees, joint legislative efforts and developing mutually beneficial partnerships. In order to address these issues, the City Manager and County Administrator and their respective staff began reviewing potential agreements that would promote the efficient provision of services, explore opportunities to generate resources, improve federal and state legislative advocacy and facilitate land use policies that are consistent with the priorities of Woodland and Yolo County citizens. These efforts resulted in many benefits to each agency, including collaboration on regional transportation issues, cost

sharing and coordination for federal advocacy and adoption of a process to periodically review development impact fees.

In 2008 City and County staff began discussing land use issues, including annexation and the processing of development applications within Yolo County area that is within Woodland's Urban Limit Line (ULL). City staff believed that the reasonable expectation of future annexation suggested that City standards should be considered as part of the development application review process. County staff agreed, and collaborative review was implemented. At approximately the same time the economy became very uncertain for commercial, industrial and retail developers, causing many to withdraw or delay applications. The uncertainty was especially acute for developers where annexation within the City would be necessary in order to secure access to the supporting infrastructure. Among the reasons cited for the slowing of development was the risk associated with processing applications in annexation lands. Developers feared that their applications would be affected by disagreement between the City and the County and ultimately mired in potential litigation. Given the uncertainty associated with the present economic environment, City and County staff felt there had to be some way of providing certainty in the processing of development applications where the City and the County shared responsibility and interest.

In the course of discussing this issue, City and County staff developed Collaborative Planning Principles. The Principles defined various issues that have generated obstacles to previous joint planning efforts with the objective of providing a framework for agreement instead of conflict. Specifically, the Principles commit the City of Woodland and Yolo County to establishing a Memorandum of Agreement (MOA) that will outline implementation of development proposals within annexation lands. The MOA is intended to lead to a renegotiated Master Tax Sharing Agreement between the City and the County that would facilitate, not impede, future development that is mutually desired by and beneficial to both local governments. The current Master Tax Sharing Agreement was approved in 1980, is outdated and does not serve either entity effectively. This agreement is included as Attachment No. 1.

Discussion and development of the Collaborative Planning Principles has been affected by the significant fiscal challenges faced by Woodland and Yolo County as a result of the current recession. Despite this major issue, City and County staff finalized the Collaborative Planning Principles in March for review by the City/County 2 x 2. The 2 x 2 favorably reviewed the document and agreed that the respective staff should present the Principles to the City Council and Board of Supervisors for review and approval. The Collaborative Planning Principles are included as Attachment No. 2.

Discussion

The Collaborative Planning Principles identify three (3) specific sections summarizing issues that have impeded City/County cooperation on development applications in the past. These sections include *Issues of Governance; Issues of Finance; and Environmental Issues and Smart Growth Design*. The following information will briefly summarize the major issues.

Issues of Governance

Issues of Governance recognize and reaffirm the respective land use policies of each agency and how the application of these policies should be utilized in order to collaborate. As an example, Yolo County is generally best suited for planning, governance and protection of development outside of the boundaries of the City of Woodland. In contrast, the City of Woodland is generally best suited for providing urban services. If development is contemplated within Woodland's voter approved Urban Limit Line, it is generally preferred, although not required, that annexation occurs prior to urban development.

This section provides the impetus for the development of a Memorandum of Agreement and a renegotiated Master Tax Sharing Agreement. The MOA would set forth the process objectives and reimbursement provisions in the implementation of development proposals within annexation lands. This document would ultimately lead to a renegotiated Master Tax Sharing Agreement that would replace the outdated nearly 30 year old agreement that is unworkable. The MOA would be reviewed and approved by the respective elected officials prior to proceeding to the Tax Sharing Agreement; that document would be reviewed and approved by the City Council/Board of Supervisors prior to actual implementation.

It is important for the City Council to note that the specifics regarding the MOA or Tax Sharing Agreement have not yet been contemplated by City and County staff. The only point of agreement by both staff representatives at this time is that the current lack of collaboration is not working, generates uncertainty and does not meet the expectations of Woodland and Yolo County residents who desire the two local governments to work together. In summary, the staff representatives of both agencies believe that Woodland and Yolo County can and must do better.

Issues of Finance

Issues of Finance define the process for joint performance of economic analysis, developing financial assumptions associated with the cost of services provided by both agencies and developing the financial data necessary to determine an equitable revenue sharing agreement between the City and the County. Further, this area requires that taxes and residual revenues collected from development projects and/or resulting from annexation shall be allocated between the City and County in a manner that is consistent with state law.

Financial issues are often the primary obstacle associated with City and County *disagreement* regarding annexation. This focus area proposes to address that potential source of disagreement proactively and in advance of a specific development proposal through the application of data and a methodology. While consistent application of data and methodology is contemplated in the settlement of financial issues, some room for flexibility may also be desired since development applications could vary widely as to impacts on City and County services.

Environmental Issues and Smart Growth Design

Environmental Issues and Smart Growth Design focus on the mitigation of environmental impacts such as air quality, traffic circulation and multi-modal transportation. In addition, this area would focus attention on partnerships associated with the use of public facilities ranging from cultural resources and emergency services to open space and agricultural/habitat easements. The section recognizes the potential for development applications within lands that are outside of Woodland's current city limits yet within the Urban Limit Line and pledges to consider environmental impacts and smart growth principles in the course of processing the applications.

As stated previously under the *Issues of Governance* section, the preferred manner for processing development applications within Woodland's Urban Limit Line is to annex those lands prior or as part of the application process. However, in recognition that the specific conditions associated with an application may not permit annexation, a condition is included that ensures a joint development process and establishing conditions that would meet City of Woodland standards. As an example, the ARCO Gas Station/Mini-Mart at West Street and Interstate 5 was entitled through a joint review process and conditions for infrastructure such as curbs, gutters and sidewalks meet City standards. Annexation of that property is currently not feasible because of the distance between the current city limit and the project site even though the land is within Woodland's ULL. From the City's perspective, such projects would clearly be the exception and not the rule.

It is important for the City Council to note that the City of Woodland has a number of *potential* annexations that may be approved in the next several years. Prior to any annexation being considered by the Local Agency Formation Commission (LAFCO), the City and the County will have to reach an agreement on fiscal and revenue issues. The framework for reaching agreement on fiscal and revenue issues is the outdated Master Tax Sharing Agreement; this agreement does not apply to the current fiscal situation for both the City and the County. State law requires a city and a county to agree on the conditions governing the annexation. Without mutual agreement, state law will not allow an annexation to proceed.

The current Master Tax Sharing Agreement primarily relies on the sharing of property tax revenue between the City and the County. City staff understands that the County believes that the current formula for sharing the property tax revenue is insufficient to meet their service delivery needs and impacts. As described herein, the Collaborative Planning Principles would proactively address this issue by developing the Memorandum of Agreement and updated Master Tax Sharing Agreement.

Staff believes it is important to take the steps necessary to develop and approve a new Master Tax Sharing Agreement with the County that will comprehensively address the fiscal impact and revenue issues for a variety of reasons:

- From an economic development and long range City development standpoint, it is **critical** that the processing of future projects proceed without the uncertainty pertaining to either the probability of timely annexation approval or the varied possibilities of uncertain action and unknown mitigation.

- It would be a big advantage to both the City and the County to have certainty and predictability as to the long range fiscal impacts to both agencies of any future annexation proposals.
- Achieving certainty regarding the development of the areas between the current city limits and the Urban Limit Line will clarify an important issue that will become an integral part of the next General Plan update.

Finally, staff believes it is important to the City to collaborate with the County in a manner that facilitates economic development and improves both agencies fiscal condition. Collaboration with Yolo County in a manner that improves their fiscal condition helps the City meet the needs of many citizens, including those who need medical care and mental health services. Approval of the Collaborative Planning Principles would commit the City and the County to working toward a solution to the issues described herein.

Fiscal Impact

The approval of the Collaborative Planning Principles will have no direct fiscal impact. Indirectly, the Collaborative Planning Principles are the first step to what would ultimately lead to the approval of an updated Master Tax Sharing Agreement between the City and the County that would apply to future annexations.

Public Contact

Posting of the City Council agenda

Council Committee Recommendation

The Collaborative Planning Principles have been favorably reviewed by the City and County members of the City/County 2 x 2.

Alternative Courses of Action

1. Approve the Collaborative Planning Principles for Yolo County and the City of Woodland and direct the City Manager to work with the County Administrator and the City/County 2 x 2 representatives to facilitate approval of the Principles by the County Board of Supervisors.

2. Direct staff to make specific revisions to the Collaborative Planning Principles for Yolo County and the City of Woodland and direct the City Manager to work with the County Administrator and the City/County 2 x 2 representatives to facilitate approval of the Principles by the County Board of Supervisors
3. Discontinue any further discussions with the County regarding Collaborative Planning Principles.

Recommendation for Action

Staff recommends that the City Council approve Alternative No. 1.

Prepared by: Barry Munowitch, AICP
Assistant City Manager

Mark G. Deven
City Manager

Attachments: Collaborative Planning Principles
Agreement No. 80-416, Master Agreement Regarding Property Tax Revenue Exchange

Collaborative Planning Principles

Yolo County and City of Woodland

Issues of Governance (effective representation)

1. The City and County recognize, and hereby reaffirm that the County is generally best suited for planning, governance and protection of development located outside the boundaries of the City of Woodland, and that the City is generally best suited for the provision of urban services. Annexation of lands within Woodland's Urban Limit Line is generally preferred prior to any urban development occurring.
2. Encourage City and County collaboration in fostering a close working relationship regarding any future City annexations or the siting and expansion of County facilities within the Woodland Sphere of Influence.
3. Establish a Memorandum of Agreement (MOA) between the City of Woodland and Yolo County setting forth process objectives and reimbursement provisions in the implementation of development proposals within annexation lands. The MOA will lead to a renegotiated Master Tax Sharing Agreement between the City of Woodland and Yolo County.
4. Annexations to the City should be negotiated in recognition that both the City and County are interested in the joint involvement and assistance in the development of creative solutions to shared issues and that CEQA provides a public process to mitigate many residual impacts associated with new development.
5. County to support City annexation efforts provided there are no costs to the County or other financial impacts to county services and the annexation generally conforms to the MOA and the renegotiated Master Tax Sharing Agreement.

Issues of Finance (efficiency in public expenditures)

6. The City and County would jointly select and fund a consultant to perform an economic analysis, including the financial assumptions to be employed in addressing both the cost of services provided by the County and those by the City; and to develop the financial data necessary to determine an equitable revenue sharing agreement between the City and the County.
7. Taxes and residual revenues collected from development projects and/or resulting from the annexation shall be allocated consistently with state law and agreements between the City of Woodland and Yolo County.

Environmental Issues and Smart Growth Design

8. Consider air quality impacts, improved circulation and the potential expansion of city and county multi-modal connections (i.e., rail, bus, bike, and e-vehicles) within the design of any new development and/or areas to be annexed.
9. That the City and County look toward the logical development of partnerships and shared use of public facilities including cultural, educational and emergency services.
10. Ensure that projects located within the City's Urban Limit Line are considered within a joint development review process, and provide for all appropriate site plan, design, infrastructure, and roadway improvements to meet City of Woodland standards.
11. Encourage partnership opportunities between the County and the City for the provision of additional open space improvements and the strategic application of mitigation (agricultural / habitat) easements resulting from development projects to provide greater opportunities for city separators and agricultural transition areas in proximity to the City.

DEC 22 1980

PETER McNAMEE, Clerk
BY PETE E. LUCAS
DEPUTY

AGREEMENT NO. 80- 416

(Master Agreement Regarding Property Tax
Revenue Exchange)

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4 THIS AGREEMENT, executed this 9th day of
5 December, 1980, by and between the CITY OF WOODLAND, a
6 municipal corporation of the State of California (hereinafter
7 referred to as "CITY"), and the COUNTY OF YOLO, a political
8 subdivision of the State of California (hereinafter referred to
9 as "COUNTY"),

10 W I T N E S S E T H:

11 RECITALS:

- 12 1. Section 99 of the California Revenue and Taxation Code, as
13 amended by Chapter 801 of the Statutes of 1980, requires local
14 agencies to agree to a negotiated exchange of property tax
15 revenues in the case of a jurisdictional change in local
16 agencies, other than a city incorporation or formation of a
17 district. Said section also authorizes the development and
18 adoption of a master property tax transfer agreement.
- 19 2. Except as otherwise provided in Revenue and Taxation Code
20 Section 99.1, Section 99 provides that in the event a jurisdic-
21 tional change affects a service area or service responsibility of
22 one or more special districts, the Board of Supervisors shall
23 negotiate any exchange of property tax revenues on behalf of the
24 special districts.
- 25 3. In adopting this agreement, it is the intention of CITY and
26 COUNTY to adopt a master property tax revenue exchange agreement

1 for jurisdictional changes which include annexations of territory
2 to CITY.

3 AGREEMENTS:

4 1. For each jurisdictional change which includes an annexation
5 of territory to CITY, there shall be an exchange of property tax
6 revenues from COUNTY to CITY. The exchange of such revenues shall
7 be equal to 51.6% of the property tax revenue, including any
8 annual tax increment, which would have been available to COUNTY
9 from the subject territory but for the annexation. Those revenues
10 which would have been available to COUNTY within such territory
11 shall be deemed to include all of the tax rate equivalents which
12 would have been allocated to COUNTY but for the annexation.

13 2. If the jurisdictional change includes the detachment of
14 territory from a special district and the annexation of such
15 territory to CITY, the "revenues which would have been available
16 to COUNTY", as provided in the preceding paragraph, shall be
17 deemed to include all of the tax rate equivalents which would
18 have been allocated to the special district but for the
19 detachment.

20 3. If the effective date of any such jurisdictional change is
21 other than July 1 of any given year, the amount of property tax
22 revenues to be allocated to CITY pursuant to Paragraph "1" above
23 shall be in accordance with the following percentages:

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EFFECTIVE DATE

PERCENT OF ALLOCATION

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July 1 - July 31	100%
August 1 - August 31	83-1/3%
September 1 - September 30	75%
October 1 - October 31	66-2/3%
November 1 - November 30	58-1/3%
December 1 - December 31	50%
January 1 - January 31	41-2/3%
February 1 - February 28(29)	33-1/3%
March 1 - March 31	25%
April 1 - April 30	16-2/3%
May 1 - May 31	8-1/3%
June 1 - June 30	0%

4. If any jurisdictional change results in an allocation of property tax revenues that is less than 100%, as provided in Paragraph "3" above, the exchange of property tax revenues for the following fiscal year shall be 100% of the property tax revenues subject to the exchange as provided in Paragraph "1" above.

5. CITY and COUNTY recognize that some jurisdictional changes may involve certain circumstances that would necessitate an exchange of property tax revenues in amounts different from those provided by this agreement. For this reason, CITY and COUNTY expressly reserve the right to negotiate the exchange of property tax revenues for any particular jurisdictional change. In order to exercise this right, either party must give notice to the other party of the need to negotiate. Such notice must be given prior to the issuance of a certificate of filing by the executive officer of the Yolo County Local Agency Formation Commission.

6. Any annual tax increments derived from the territory subject to the annexation shall be allocated to CITY in the same percent as provided in Paragraph "1" above.

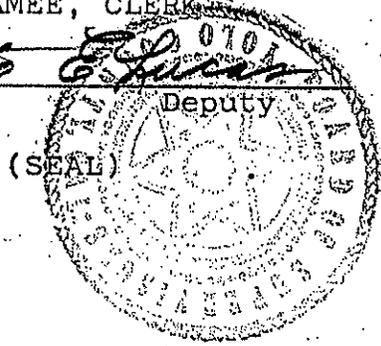
1 7. This agreement shall be applicable to all future juris-
2 dictional changes which include annexations to CITY and for any
3 such pending jurisdictional changes for which property tax
4 revenue exchange agreements have not been adopted.

5 IN WITNESS WHEREOF, the parties hereto have executed this
6 agreement on the day and year first above written.

COUNTY OF YOLO, a political sub-
division of the State of California
By: *Theresa J. Thompson*
CHAIRMAN OF THE BOARD OF SUPERVISORS

10 ATTEST:

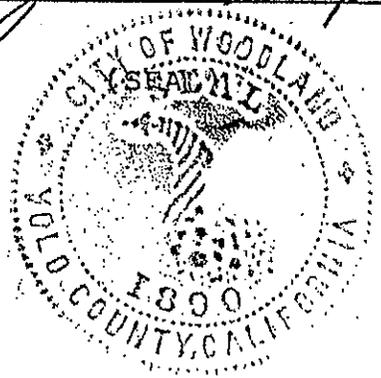
11 PETER McNAMEE, CLERK
12 By: *Pete McNamee*
13 Deputy
14 (SEAL)
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16
17



CITY OF WOODLAND, a municipal cor-
poration
By: *Harry O. Walker*
CHAIRMAN OF THE CITY COUNCIL
CITY OF WOODLAND

20 ATTEST:

21 JEAN WINNUP, CLERK
22 By: *Jean Winnup*
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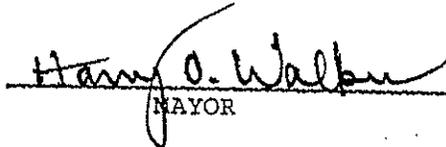
A RESOLUTION AUTHORIZING EXECUTION OF
A MASTER AGREEMENT BETWEEN THE CITY OF
WOODLAND AND THE COUNTY OF YOLO
REGARDING PROPERTY TAX ADJUSTMENT

The City Council of the City of Woodland hereby finds and resolves as follows:

1. The agreement attached hereto as Exhibit "A" is fair and equitable.
2. The Mayor hereby is authorized to execute the immediately above mentioned agreement on behalf of the City of Woodland.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF WOODLAND ON
December 16, 1980, by the following vote:

AYES: COUNCILMEN: Holman, Jameson, Keller, Parrish, Walker
NOES: COUNCILMEN: None
ABSENT: COUNCILMEN: None
ABSTENTIONS: COUNCILMEN: None


MAYOR

ATTEST:


CITY CLERK

