
FINANCE COMMITTEE AGENDA – Regular Meeting

A Committee of the Chico City Council: Councilmember Hawley, Vice Mayor Bennett, and Chair van Overbeek

Meeting of Wednesday, September 17, 2025 – 9:00 a.m. to 11:00 a.m.

Meeting Location: Council Chamber Building, Conference Room 1, 421 Main St. Chico, CA

REGULAR AGENDA

A. BUTTE COUNTY TAX SHARING AGREEMENT - *Continued from 6/18/25 meeting*

At its meeting of 3/18/25, the Council referred a discussion on the Butte County Tax Sharing Agreement to the Finance Committee for further discussion. **(Verbal Report – Mark Sorensen, City Manager)**

B. CALPERS PRESENTATION - *Barbara Martin, Administrative Services Director*

C. DISCUSSION OF DEVELOPMENT IMPACT FEE FORMULA

At its meeting of 7/8/25, the City Council referred a discussion on the Development Impact Fee formula to the Finance Committee for further discussion. **(Report - Barbara Martin, Administrative Services Director)**

D. PUBLIC COMMENTS - *Members of the public may address the Committee at this time on any matter not already listed on the agenda, with comments being limited to three minutes. The Committee cannot take any action at this meeting on requests made under this section of the agenda.*

E. ADJOURNMENT - The meeting will adjourn no later than 11:00 a.m. to the next regular Finance Committee Meeting on October 15, 2025, at 9:00 a.m. in Conference Room 1 at 421 Main St.

SPEAKER ANNOUNCEMENT

NOTE: Citizens and other interested parties are encouraged to participate in the public process and will be invited to address the Committee regarding each item on the agenda. In order to maintain an accurate and complete record, the following procedural guidelines are being implemented:

1. Speaker Cards – speakers will be asked to print his/her name on a speaker card to address the Committee and provide card to the Clerk prior to the completion of the Staff Report.
2. The Clerk will call on speakers in the order the cards are received.
3. Speakers may address the Committee one time per agenda item.
4. Speakers will have three minutes to address the Committee.

Distribution available in the office of the City Clerk

Posted: 9/11/25 prior to 5:00 p.m. at 421 Main St. Chico, CA 95928 and www.chicoca.gov

Copies of the agenda packet are available for review at: City Clerk's Office, 411 Main St. Chico, CA.



Please contact the City Clerk at 530-896-7250 should you require an agenda in an alternative format or if you need to request a disability-related modification or accommodation in order to participate in a meeting. This request should be received at least three working days prior to the meeting in order to accommodate your request.



Agenda Report

Meeting Date: June 18, 2025

TO: Finance Committee

FROM: **Mark Sorensen**, City Manager

RE: City/County Tax Sharing Agreement

BACKGROUND:

This item was referred to the Finance Committee from the 03/18/2025 Council meeting as follows:

5.5. COUNCILMEMBER WINSLOW REQUEST - BUTTE COUNTY TAX SHARING AGREEMENTS

At its meeting of 2/18/25, the Council voted to agendize a discussion regarding the tax sharing agreements with Butte County.

During the Council's discussion, it was noted the City Manager had provided the Council with historical information regarding tax sharing agreements, including prior discussions related to this item.

A motion was made by Councilmember Winslow and seconded by Councilmember van Overbeek to refer the matter to the Finance Committee, with it noted by Councilmember van Overbeek that there should be no additional staff research done at this time, since the information was already provided.

Informational email to City Council of March 14, 2025, was forwarded to the Finance Committee members on June 10, 2025.

RECOMMENDATION:

Review the City/County Tax Sharing Agreement and consider defining next steps.

Mark Sorensen,
City Manager

Attached;

[1987-11-04 Chico Amended Master Property Tax Transfer Agreement.pdf](#)

[1987-11-04 Chico-County Municipal Affairs.pdf](#)

[2025-03-14 tax sharing email to Council.pdf](#)

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5 AMENDED MASTER PROPERTY TAX TRANSFER
6 AGREEMENT (COUNTY OF BUTTE/CITY OF CHICO)
7

8 THIS AGREEMENT, is made and executed in duplicate by and
9 between the County of Butte, a political subdivision of the State
10 of California (hereinafter referred to as "County"), and the City
11 of Chico, a municipal corporation of the State of California
12 (hereinafter referred to as "City").

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

14 WHEREAS, on June 6, 1978, the voters of the State of Cali-
15 fornia amended the California Constitution by adding Article
16 XIII A thereto which limited the total amount of property taxes
17 which could be levied on property by local taxing agencies having
18 such property within their territorial jurisdiction to one
19 percent (1%) of full cash value; and

20 WHEREAS, following such constitutional amendment, the
21 California Legislature added Section 99 to the California Revenue
22 and Taxation Code which requires a city seeking to annex property
23 to its incorporated territory and a county affected by such
24 annexation to agree upon an exchange of property taxes which are
25 derived from such property and available to the county and city
26 following annexation of the property to the incorporated territo-
27 ry of the city; and

28 -----

1 WHEREAS, in January, 1980, County and City, in contemplation
2 of the annexation of property located in the unincorporated
3 territory of County to the incorporated territory of City, and in
4 accordance with the provisions of Section 99(d) of the California
5 Revenue and Taxation Code, executed a master property tax trans-
6 fer agreement entitled "Agreement Between Butte County and its
7 Cities Regarding the Negotiated Exchange of Property Tax Revenues
8 Relating to Jurisdictional Changes (in Accordance with Revenue
9 and Taxation Code Section 99 Added by Chapter 282 Statutes of
10 1979 and Amended by Chapter 1161 of the Statutes of 1979) (Agree-
11 ment Amended January 31, 1980)" which provided for the exchange
12 of property tax revenues between County and City for all annexa-
13 tions of property located in the unincorporated territory of
14 County to the incorporated territory of City, save and except
15 those annexations which would also materially affect the non-
16 property tax revenues received by County; and

17 WHEREAS, on or about April 1, 1982, City made a request to
18 County to renegotiate the property tax exchange rate between
19 County and City established by such agreement as expressly
20 provided for in Section 3 of the agreement; and

21 WHEREAS, County and City, after protracted negotiations have
22 reached an understanding as to a new rate of exchange of property
23 tax revenues to be made pursuant to Section 99 of the California
24 Revenue and Taxation Code; and

25 WHEREAS, County and City now desire to amend the Master
26 Property Tax Transfer Agreement heretofore executed by them
27 pursuant to Section 99(d) of the California Revenue and Taxation
28 Code to set forth such new rate of exchange.

1 NOW, THEREFORE, County and City agree as follows:

- 2 1. County and City agree that effective on the date of
3 this Agreement, all property tax revenues available to
4 County and City from properties annexed to the incorporated
5 territory of City between January 1, 1978, and December 31,
6 1986, as set forth in Exhibit "A" attached hereto and by
7 this reference incorporated herein, as well as all property
8 tax revenues available to County and City from properties
9 annexed to the incorporated territory of City subsequent to
10 January 1, 1987, shall be divided between County and City as
11 follows:

12 County Share - 55%

13 City Share - 45%

- 14 2. County and City also agree that between the effective
15 date of this Agreement and the end of the first fiscal year
16 in which five percent (5%) of the "total sales and use tax
17 revenues received by both County and City" (as hereinafter
18 defined in this Section) during such year from all proper-
19 ties within the incorporated territory of City is equal to
20 or greater than one-half of the total sales and use tax
21 revenues received by both County and City during such year
22 from properties within the annexation district designated by
23 the Butte County Local Agency Formation Commission as
24 Pillsbury Road Annexation District No. 4, County will also
25 be entitled to the following additional portion of property
26 tax revenues available to County and City from properties
27 annexed to the incorporated territory of City between
28 January 1, 1978, and December 31, 1986, as well as all

1 properties annexed to the incorporated territory of City
2 subsequent to January 1, 1987, the same to be deducted from
3 and paid over to County from City's forty-five percent (45%)
4 share of such property taxes hereinbefore provided for in
5 Section 1 of this Agreement:

6 (A) Effective on January 1, 1988, and continuing thereafter
7 until June 30, 1988, County shall be entitled to an
8 additional portion of such property tax revenues equal
9 to:

10 (i) One hundred percent (100%) of the total sales and
11 use tax revenues received by both County and City
12 between January 1, 1988, and June 30, 1988, from
13 all properties within Pillsbury Road Annexation
14 District No. 4; minus

15 (ii) Five percent (5%) of the total sales and use
16 tax revenues received by both County and City
17 between January 1, 1988, and June 30, 1988, from
18 all properties within the incorporated territory
19 of City.

20 (B) Effective July 1, 1988, and continuing each year
21 thereafter until the end of the first fiscal year in
22 which five percent (5%) of the total sales and use tax
23 revenues received by both County and City during such
24 year from all properties within the incorporated
25 territory of City is equal to or greater than one-half
26 of the total sales and use tax revenues received by
27 both County and City from all properties within
28 Pillsbury Road Annexation District No. 4, County shall

1 be entitled to an additional portion of such property
2 tax revenues equal to:

- 3 (i) One-half of the total sales and use tax revenues
4 received by both County and City during the year
5 from all properties within Pillsbury Road Annexa-
6 tion District No. 4; minus
7 (ii) Five percent (5%) of the total sales and use tax
8 revenues received by both County and City during
9 the year from all properties within the incorpo-
10 rated territory of City.

11 For purposes of this Section, the term "total sales and
12 use tax revenues received by both County and City"
13 shall mean all sales and use tax revenues which have
14 been received by the State Board of Equalization from
15 the local sales and use taxes levied by County and City
16 within the incorporated territory of City pursuant to
17 the provisions of the Bradley Burns Uniform Local Sales
18 and Use Tax Law in effect on the date of this Agreement
19 and which actually have been distributed by the State
20 Board of Equalization to County and City, save and
21 except for any portion of such local sales and use
22 taxes levied by County in order to fulfill its obliga-
23 tions under the provisions of Article 11, Chapter 2,
24 Division 3, Title 3, of the California Government Code
25 in effect on the date of this Agreement (commencing
26 with Section 29530) relating to the local transporta-
27 tion fund. Moreover, for purposes of this Agreement,
28 the term "fiscal year" shall mean any year commencing

on July 1st and ending on June 30th.

3. County and City further agree that all of the exchanges of property taxes required by this Section shall be made by the County Auditor. In carrying out the provisions of Section 2 of this Agreement, the County Auditor shall make the exchanges required therein from that part of City's share of the property taxes referred to therein which is paid by the County Auditor to City subsequent to April 10 of the fiscal year or portion thereof for which such exchange is being made. Moreover, in carrying out the provisions of Section 2 of this Agreement, the County Auditor shall determine the amount of exchange required therein from the total estimated sales and use taxes which will be received by both County and City from all properties within the incorporated territory of City as well as all properties within Pillsbury Road Annexation District No. 4 for the fiscal year or any portion thereof in which such exchange is being made, as agreed upon by the County Auditor and the City Finance Officer, or if they are unable to agree, as determined by an independent consultant selected by the Chief Administrative Officer of County and the City Manager of City, all costs of which will be equally shared by County and City; provided, however, that as soon as possible following the end of each such fiscal year, the County Auditor, after consulting with the City Finance Officer, shall reconcile the estimated amount of such sales and use taxes with the actual amount of such sales and use taxes and make any adjustments in the deductions and payments required by Section 2 of this

1 Agreement which are necessary to account therefor, shall
2 provide a report of such reconciliation and adjustments to
3 the City Finance Officer, and shall either remit to or bill
4 City for any amounts required by such reconciliation and
5 adjustment; and, provided further, that if the County
6 Auditor, after undertaking such reconciliation and making
7 such adjustment, bills City for any amounts required by the
8 reconciliation and adjustment, then City shall pay to County
9 the amount set forth in such bill within 45 days of the
10 receipt of same.

11 4. This Agreement and the exchanges of property taxes
12 provided for herein shall not apply to any annexation
13 application or petition which proposes the annexation of a
14 substantial part of the unincorporated portion of the Chico
15 Urban Area to the incorporated territory of City. In the
16 case of such an annexation, County and City shall separately
17 agree on a division of the property tax revenues available
18 to County and City from such an annexation in accordance
19 with the provisions of Section 99(b) of the California
20 Revenue and Taxation Code.

21 For purposes of this section, the term "Chico Urban
22 Area" shall mean the sphere of influence for the City of
23 Chico as now or hereafter adopted by the Butte County Local
24 Agency Formation Commission and the term "substantial part
25 of the unincorporated territory of the Chico Urban Area"
26 shall mean any part of the unincorporated portion of the
27 Chico Urban Area containing ten percent (10%) or more of the
28 total population of both the unincorporated and incorporated

1 portions of the Chico Urban Area, the same to be determined
2 on the basis of the population per household for the City of
3 Chico as established by the State Department of Finance, and
4 the number of households within the Chico Urban Area and the
5 area proposed to be annexed as jointly agreed upon by the
6 County and City Planning Directors, or, in the event the
7 County and City Planning Directors are unable to agree, by
8 an independent consultant selected by the Chief Administra-
9 tive Officer of County and the City Manager of City, all
10 costs of which shall be equally shared by County and City.

11 5. This Agreement shall completely amend and fully super-
12 sede all or any portion of the agreement entitled "Agreement
13 Between Butte County and its Cities Regarding the Negotiated
14 Exchange of Property Tax Revenues Relating to Jurisdictional
15 Changes (in Accordance with Revenue and Taxation Code
16 Section 99 Added by Chapter 282 Statutes of 1979 and Amended
17 by Chapter 1161 of the Statutes of 1979) (Agreement Amended
18 January 31, 1980)" which relates in any manner to an ex-
19 change of property taxes between the County of Butte and the
20 City of Chico incident to the annexation of property located
21 in County to the incorporated territory of City.

22 IN WITNESS WHEREOF, the parties have executed this Agreement
23 in the County of Butte, State of California, on the dates set
24 forth below.

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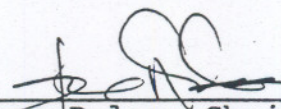
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COUNTY OF BUTTE

NOV 4 1987

Date


Jane Dolan, Chair
Butte County Board of
Supervisors

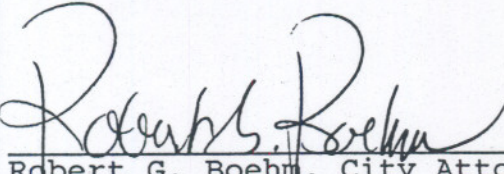
CITY OF CHICO

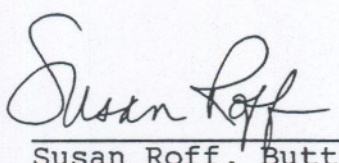
Date

11/4/87


Fred Davis, City Manager
City of Chico

APPROVED AS TO FORM:


Robert G. Boehm, City Attorney
City of Chico


Susan Roff, Butte County
Counsel

Authorized Pursuant to City of Chico
Joint City Council/Redevelopment Agency
Resolution Nos. 49 87-88/RDA 5-87
Adopted November 3, 1987

Authorized Pursuant to Butte County
Board of Supervisors Resolution #87-267
adopted November 3, 1987

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5 MUNICIPAL AFFAIRS AGREEMENT
6 (COUNTY OF BUTTE/BUTTE COUNTY MOSQUITO ABATEMENT DISTRICT/
7 CITY OF CHICO/CHICO REDEVELOPMENT AGENCY)

8 THIS AGREEMENT, is made and executed in quadruplicate this
9 4th day of November, 1987, by and among the County of Butte, a
10 political subdivision of the State of California (hereinafter
11 referred to as "County"), the Butte County Mosquito Abatement
12 District, a special district organized and existing under and by
13 virtue of the laws of the State of California (hereinafter
14 referred to as "District"), the City of Chico, a municipal
15 corporation of the State of California (hereinafter referred to
16 as "City"), and the Chico Redevelopment Agency, a redevelopment
17 agency organized and existing under and by virtue of the laws of
18 the State of California (hereinafter referred to as "Agency").
19

20 W I T N E S S E T H:
21

22 WHEREAS, during the past few years, County and District, on
23 the one hand, and City and Agency, on the other, have found
24 themselves embroiled in a continuing dispute over the appropriate
25 division of tax revenues derived from properties located in the
26 Chico Urban Area which are being annexed to the incorporated
27 territory of City, the Chico Urban Area being defined for purpos-
28 es of this Agreement as the Chico Sphere of Influence as now or

1 hereafter adopted by the Butte County Local Agency Formation
2 Commission, as well as tax increment revenues derived from
3 properties which are located in redevelopment project areas
4 formed by City and Agency within the incorporated territory of
5 City; and

6 WHEREAS, the focus of this ongoing controversy is the tax
7 revenues which are and will be derived from properties within the
8 proposed annexation district designated by the Butte County Local
9 Agency Formation Commission as Pillsbury Road Annexation District
10 No. 4 (#86-22 - City of Chico), as well as the tax increment
11 revenues to be derived from the properties within the redevel-
12 opment project area formed by Agency and City known as the
13 "Central Chico Redevelopment Project Area"; and

14 WHEREAS, by this Agreement, County, District, City, and
15 Agency desire to resolve the foregoing controversy and establish
16 policies which insure that County and District continue to
17 receive a portion of the tax revenues which otherwise would have
18 been lost to them by reason of the annexation of properties
19 located in the unincorporated portion of the Chico Urban Area to
20 the incorporated territory of City, including but not limited to
21 those properties within Pillsbury Road Annexation District No. 4,
22 and/or the formation by Agency of the Central Chico Redevelopment
23 Project Area; and

24 WHEREAS, by this Agreement, County, District, City, and
25 Agency also desire to set forth mutual understandings which will
26 permit a cooperative approach to the future annexation of proper-
27 ties in the unincorporated portion of the Chico Urban Area to the
28 incorporated territory of City and the formation of additional

1 redevelopment project areas by Agency within the Chico Urban
2 Area, as well as the cost effective provision of municipal
3 service to property owners and residents within both the incorpo-
4 rated and unincorporated portions of the Chico Urban Area; and

5 WHEREAS, in entering into this Agreement and authorizing the
6 exchange of City property tax revenues provided for herein
7 pursuant to the provisions of Section 99.4 of the California
8 Revenue and Taxation Code, City has determined, as required by
9 Section 99.4(f) of the California Revenue and Taxation Code, that
10 such property tax revenues are available for such purpose, that
11 such exchange will not result in any increase in the ratio
12 between the amount of revenues of City which are generated by
13 regulatory licenses, use charges, user fees, or assessments and
14 used to finance services provided by City, that such exchange
15 will not impair the ability of City to provide existing services,
16 and that such exchange will not result in a reduction of property
17 tax revenues available to school entities; and

18 WHEREAS, in entering into this Agreement and authorizing the
19 payments from City's general fund provided for herein, City has
20 also determined that such payments are necessary in order to
21 avoid reductions in the level of services which are provided by
22 County both in the incorporated and unincorporated territory of
23 County and therefore of particular benefit to City residents and
24 property owners; and

25 WHEREAS, in entering into this Agreement and authorizing the
26 payments of Agency tax increment revenues provided for herein
27 pursuant to Section 33401 of the California Health and Safety
28 Code, Agency has determined, as required by Section 33401 of the

1 California Health and Safety Code, that such payments are neces-
2 sary and appropriate to alleviate any financial burden caused to
3 County or District by the formation of the Central Chico Redevel-
4 opment Project Area.

5 NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

6
7 ARTICLE I

8 AGREEMENTS OF COUNTY AND CITY IN REGARD TO SALES AND USE TAXES,
9 PROPERTY TAXES, AND SERVICES PROVIDED WITHIN THE CHICO URBAN AREA

10
11 1.01 Adjustments to Local Sales and Use Tax Rates to be Made
12 Under the Bradley Burns Uniform Local Sales and Use Tax Law,
13 Exchange of Property Tax Revenues to be Made Under Section
14 99.4 of the California Revenue and Taxation Code, or Pay-
15 ments to be Made From City's General Fund.

16 (a) Pursuant to the Bradley Burns Uniform Local Sales
17 and Use Tax Law, Part 1.5, Division 2, of the Califor-
18 nia Revenue and Taxation Code (commencing with Section
19 7200) County and City have amended the local sales and
20 use tax ordinances adopted by them as follows:

21 (i) County has amended its local sales and use tax
22 ordinance in a manner which will establish a local
23 sales and use tax rate of one and one-quarter
24 percent (1¼%) within all of the incorporated and
25 unincorporated territory of the County, effective
26 January 1, 1988, and in a manner which will
27 provide for a credit against the payment of taxes
28 due under such ordinance in an amount equal to any

1 sales and use tax due any city within County under
2 such city's local sales and use tax ordinance, a
3 copy of such County ordinance being attached
4 hereto marked Exhibit "A" and by this reference
5 incorporated herein.

6 (ii) City has amended its local sales and use tax
7 ordinance in a manner which will establish a local
8 sales and use tax rate of ninety-five hundredths
9 percent (.95%) within the incorporated territory
10 of City, effective January 1, 1988, and in a
11 manner which will provide for a credit against the
12 payment of such taxes due under such ordinance in
13 an amount equal to any sales and use tax due to
14 Agency under any local sales and use tax ordinance
15 hereafter adopted by Agency, a copy of such City
16 ordinance being attached hereto marked Exhibit "B"
17 and by this reference incorporated herein.

18 (b) County and City agree that if either or both
19 of the amended local sales and use tax ordinances
20 referred to in Subpart (a) of this Section are declared
21 invalid or inoperative by a court of competent juris-
22 diction or if the County is deprived of funds which
23 would have been due County thereunder by reason of the
24 further amendment of City's local sales and use tax
25 ordinance or the repeal thereof, then County and City,
26 in accordance with the provisions of Section 99.4 of
27 the California Revenue and Taxation Code, shall make an
28 exchange of property tax revenues received by City from

1 properties within or annexed to the incorporated
2 territory of City prior to January 1, 1978, which is
3 equal to all of the local sales and use tax revenues
4 lost by County by reason thereof, such exchange of
5 property tax revenues to be made in the manner and in
6 accordance with the schedule mutually agreed upon by
7 the Chief Administrative Officer of County and the City
8 Manager of City.

9 (c) County and City further agree that if either or
10 both of the amended local sales and use tax ordinances
11 referred to in Subpart (a) of this Section, as well as
12 the exchange of property tax revenues referred to in
13 Subpart (b) of this Section, are declared invalid or
14 inoperative by a court of competent jurisdiction, then
15 City shall pay to County, out of City's general funds,
16 a sum equal to the sales and use tax revenues lost by
17 County by reason thereof. Such payments shall also be
18 made in the manner and in accordance with the schedule
19 mutually agreed upon by the Chief Administrative
20 Officer of County and the City Manager of City;
21 provided that until the Chief Administrative Officer of
22 County and the City Manager of City have agreed on such
23 matters, the County Auditor shall be entitled to
24 impound a portion of the City's share of the property
25 tax revenues which are being exchanged by County and
26 City pursuant to the provisions of Section 99 of the
27 California Revenue and Taxation Code in the manner
28 hereinafter provided for in Section 1.02 of this

1 Article and which are equal in amount to any sales tax
2 revenues actually lost by County by reason of the
3 invalidity or the inoperativeness of the amended local
4 sales and use tax ordinances referred to in Subpart (a)
5 of this Section or by reason of the further amendment
6 of the City's local sales and use tax ordinance or
7 repeal thereof.

8 1.02 Exchange of Property Tax Revenues to be Made Under Section
9 99 of the California Revenue and Taxation Code.

10 (a) Pursuant to the provisions of Section 99 of the
11 California Revenue and Taxation Code, County and City
12 agree that effective on the date of this Agreement, all
13 property tax revenues available to County and City from
14 properties annexed to the incorporated territory of
15 City between January 1, 1978, and December 31, 1986, as
16 set forth in Exhibit "C" attached hereto and by this
17 reference incorporated herein, as well as all property
18 tax revenues available to County and City from proper-
19 ties annexed to the incorporated territory of City
20 subsequent to January 1, 1987, shall be divided between
21 County and City as follows:

22 County Share - 55%

23 City Share - 45%

24 (b) County and City also agree that between the date
25 of this Agreement and the end of the first fiscal year
26 in which five percent (5%) of the "total sales and use
27 tax revenues received by both County and City" (as
28 hereinafter defined in this Subpart [b]) during such

1 year from all properties within the incorporated
2 territory of City is equal to or greater than one-half
3 of the total sales and use tax revenues received by
4 both County and City during such year from property
5 within Pillsbury Road Annexation District No. 4, County
6 will be entitled to the following additional portion of
7 property tax revenues available to County and City from
8 properties annexed to the incorporated territory of
9 City between January 1, 1978, and December 31, 1986, as
10 well as all properties annexed to the incorporated
11 territory of City subsequent to January 1, 1987, the
12 same to be deducted from and paid over to County from
13 City's forty-five percent (45%) share of such property
14 taxes hereinbefore provided for in Subpart (a) of this
15 Section:

16 (i) Effective on January 1, 1988, and continuing
17 thereafter until June 30, 1988, County shall be
18 entitled to an additional portion of such property
19 tax revenues equal to:

20 (A) One hundred percent (100%) of the total sales
21 and use tax revenues received by both County
22 and City between January 1, 1988, and June
23 30, 1988, from all properties within
24 Pillsbury Road Annexation District No. 4;
25 minus

26 (B) Five percent (5%) of the total sales and use
27 tax revenues received by both County and City
28 between January 1, 1988, and June 30, 1988,

1 from all properties within the incorporated
2 territory of City.

3 (ii) Effective July 1, 1988, and continuing each year
4 thereafter until the end of the first fiscal year
5 in which five percent (5%) of the total sales and
6 use tax revenues received by both County and City
7 during such year from all properties within the
8 incorporated territory of City is equal to or
9 greater than one-half of the total sales and use
10 tax revenues received by both County and City from
11 all properties within Pillsbury Road Annexation
12 District No. 4, County shall be entitled to an
13 additional portion of such property tax revenues
14 equal to:

15 (A) One-half of the total sales and use tax
16 revenues received by both County and City
17 during the year from all properties within
18 Pillsbury Road Annexation District No. 4;
19 minus

20 (B) Five percent (5%) of the total sales and use
21 tax revenues received by both County and City
22 during the year from all properties within
23 the incorporated territory of City.

24 For purposes of this Subpart (b), the term "total sales
25 and use tax revenues received by both County and City"
26 shall mean all sales and use tax revenues which have
27 been received by the State Board of Equalization from
28 the local sales and use taxes levied by County and City

1 within the incorporated territory of City pursuant to
2 the provisions of the Bradley Burns Uniform Local Sales
3 and Use Tax Law in effect on the date of this Agreement
4 and which actually have been distributed by the State
5 Board of Equalization to County and City, save and
6 except for any portion of such local sales and use
7 taxes levied by County in order to fulfill its obliga-
8 tions under the provisions of Article 11, Chapter 2,
9 Division 3, Title 3, of the California Government Code
10 in effect on the date of this Agreement (commencing
11 with Section 29530) relating to the local transporta-
12 tion fund. Moreover, for purposes of this Agreement,
13 the term "fiscal year" shall mean any year commencing
14 on July 1st and ending on June 30th.

15 (c) County and City further agree that all of the
16 exchanges of property taxes required by this Section
17 shall be made by the County Auditor. In carrying out
18 the provisions of Subpart (b) of this Section, the
19 County Auditor shall make the exchanges required
20 therein from that part of City's share of the property
21 taxes referred to therein which is paid by the County
22 Auditor to City subsequent to April 10 of the fiscal
23 year or portion thereof for which such exchange is
24 being made. Moreover, in carrying out the provisions
25 of Subpart (b) of this Section, the County Auditor
26 shall determine the amount of exchange required therein
27 from the total estimated sales and use taxes which will
28 be received by both County and City from all properties

1 within the incorporated territory of City as well as
2 all properties within Pillsbury Road Annexation Dis-
3 trict No. 4 for the fiscal year or any portion thereof
4 in which such exchange is being made, as agreed upon by
5 the County Auditor and the City Finance Officer, or if
6 they are unable to agree, as determined by an indepen-
7 dent consultant selected by the Chief Administrative
8 Officer of County and the City Manager of City, all
9 costs of which will be equally shared by County and
10 City; provided, however, that as soon as possible
11 following the end of each such fiscal year, the County
12 Auditor, after consulting with the City Finance
13 Officer, shall reconcile the estimated amount of such
14 sales and use taxes with the actual amount of such
15 sales and use taxes and make any adjustments in the
16 deductions and payments required by Subpart (b) of this
17 Section which are necessary to account therefor, shall
18 provide a report of such reconciliation and adjustments
19 to the City Finance Officer, and shall either remit to
20 or bill City for any amounts required by such
21 reconciliation and adjustment; and provided further,
22 that if the County Auditor, after undertaking such
23 reconciliation and making such adjustment, bills City
24 for any amounts required by the reconciliation and
25 adjustment, then City shall pay to County the amount
26 set forth in such bill within 45 days of receipt of
27 same.

1 Concurrently with the execution of this Agreement
2 County and City will also execute an "Amended Master
3 Property Tax Transfer Agreement" in accordance with the
4 provisions of Section 99(d) of the California Revenue
5 and Taxation Code, which Amended Master Property Tax
6 Transfer Agreement shall implement the provisions of
7 this Section and be in all respects consistent with any
8 other applicable terms or conditions of this Agreement.

9 1.03 Services.

10 (a) It is the intent of County and City that in the
11 future City will assume responsibility to provide the
12 following services to the unincorporated portion of the
13 Chico Urban Area, subject to negotiation of a detailed
14 agreement between County and City relating to the level
15 of such services, the reimbursement of costs incurred
16 by City in providing such services, the obligation of
17 the owners of property benefited by such services to
18 annex such property to the incorporated territory of
19 City, and any other matter of concern to either County
20 or City:

21 (i) Animal Control

22 (ii) Parks

23 (iii) Planning and Building Inspection

24 (iv) Law Enforcement

25 (v) Sanitary Sewers

26 (vi) Storm Drainage

27 (vii) Street Lighting

28 (viii) Street Maintenance

1 (ix) Street Trees

2 (x) Public Transportation

3 (b) County and City also agree to meet and confer no
4 later than January 1, 1988, in order to explore the
5 feasibility of an agreement between County and City in
6 the following matters relating to the fire suppression
7 services provided by County and City within both the
8 incorporated and unincorporated portions of the Chico
9 Urban Area:

10 (i) Automatic Aid

11 (ii) Location of Fire Stations

12 (iii) Any other matters relating to fire suppres-
13 sion services determined to be of mutual
14 interest to both County and City.

15 (c) County and City further agree that City shall make
16 space available to County at the Chico Municipal
17 Services Center for the parking and storage of the
18 County's vehicles and equipment at no cost to County;
19 provided, however, that the amount and location of the
20 space to be made available and the type of County
21 vehicles or equipment to be stored in such space shall
22 be subject to further negotiations by County and City;
23 and provided further that if County requests City to
24 maintain or provide other services related to County
25 vehicles and equipment stored at the Chico Municipal
26 Services Center, then County shall reimburse City for
27 all costs incurred by City in providing such services.

1 1.04 Future Annexations.

2 (a) County and City agree that except as otherwise
3 provided in this Section, this Agreement and the
4 division of tax revenues provided for herein fully
5 mitigates all adverse economic effects now or hereafter
6 caused to County as a result of the annexation of
7 residential, commercial or any other properties within
8 the unincorporated portion of the Chico Urban Area to
9 the incorporated territory of City, including but not
10 limited to the proposed annexations of properties
11 within Pillsbury Road Annexation District No. 4 and
12 Esplanade Annexation District No. 18, and by reason
13 thereof, County will not oppose on economic grounds any
14 petitions or applications now or hereafter filed to
15 annex properties within the unincorporated portion of
16 the Chico Urban Area to the incorporated territory of
17 City, including but not limited to the pending applica-
18 tions relating to Pillsbury Road Annexation District
19 No. 4 and Esplanade Annexation District No. 18.

20 (b) County and City agree, however, that this Agree-
21 ment is not intended to address the economic effects of
22 any particular annexation application or petition which
23 proposes the annexation of a substantial part of the
24 unincorporated portion of the Chico Urban Area to the
25 incorporated territory of City, and that by reason
26 thereof, neither County nor City shall be precluded by
27 the terms of this Agreement from opposing such annexa-

28 -----

1 tion on economic grounds or any other grounds whatsoev-
2 er.

3 For purposes of this Section, the term "substan-
4 tial part of the unincorporated territory of the Chico
5 Urban Area" shall mean any part of the unincorporated
6 portion of the Chico Urban Area containing ten percent
7 (10%) or more of the total population of both the
8 unincorporated and incorporated portions of the Chico
9 Urban Area, the same to be determined on the basis of
10 the population per household for the City of Chico as
11 established by the State Department of Finance, and the
12 number of households within the Chico Urban Area and
13 the area proposed to be annexed as jointly agreed upon
14 by the County and City Planning Directors, or, in the
15 event the County and City Planning Directors are unable
16 to agree, by an independent consultant selected by the
17 Chief Administrative Officer of County and the City
18 Manager of City, all costs of which shall be equally
19 shared by County and City.

20 1.05 Pending Litigation.

21 County and City agree that the provisions of this
22 Agreement shall settle the ongoing dispute between County
23 and City over the annexation of properties within Pillsbury
24 Road Annexation District No. 4, and that by reason thereof,
25 County will promptly dismiss with prejudice that certain
26 action on file in Sacramento County Superior Court entitled
27 County of Butte v. City of Chico, the same being designated
28 Sacramento County Superior Court Action No. 340790, as well

1 as the appeal to the Third District Court of Appeals from
2 the trial court's decision in said action, the same being
3 designated as Third District Court of Appeals Action No. 3
4 Civil' C001976.

5
6 ARTICLE II

7 AGREEMENTS OF COUNTY, DISTRICT, CITY, AND AGENCY
8 IN REGARD TO REDEVELOPMENT PROJECT AREAS
9

10 2.01 Existing Redevelopment Project Areas.

11 As of the date of this Agreement, City and Agency have
12 approved redevelopment plans for three redevelopment
13 projects located in the incorporated territory of City
14 identified as the Southeast Chico Redevelopment Project
15 Area, the Chico Municipal Airport Redevelopment Project
16 Area, and the Central Chico Redevelopment Project Area.
17 Moreover, pursuant to the provisions of Section 33401 of the
18 California Health and Safety Code, County, District, and
19 Agency have also entered into public agency reimbursement
20 agreements for both the Southeast Chico Redevelopment
21 Project Area and the Chico Municipal Airport Redevelopment
22 Project Area which provide for the payment by Agency to
23 County and District of seventy percent (70%) of County and
24 District "share" of tax increments received by Agency from
25 each such project area.

26 County, District, and Agency now agree that concurrent-
27 ly with the execution of this Agreement, they will enter
28 into additional public agency reimbursement agreements for

1 the Central Chico Redevelopment Project Area in which Agency
2 will agree to pay to County and District seventy percent
3 (70%) of the County and District "share" of tax increment
4 revenues received by Agency from the Central Chico Redevel-
5 opment Project Area, the same being defined in such agree-
6 ments as the difference between the amount of property taxes
7 actually received by County or District from the Central
8 Chico Redevelopment Project Area during such fiscal year and
9 the amount of property tax revenues which County or District
10 would have received from the Central Chico Redevelopment
11 Project Area for such fiscal year but for the adoption of a
12 redevelopment plan for the Central Chico Redevelopment
13 Project Area.

14 Moreover, Agency and City agree they will not request
15 or approve an expansion of the boundaries of either the
16 Southeast Chico Redevelopment Project Area, Chico Municipal
17 Airport Redevelopment Project Area, or Central Chico Rede-
18 velopment Project Area without reasonable notice to and full
19 consultation with County, and that they will explore with
20 County ways in which the tax increment revenues from these
21 existing redevelopment project areas may be used to pay all
22 or a portion of the outstanding debt of the County for
23 constructing the County building which houses the Chico
24 Branch of the Butte County Library system.

25 2.02 Proposed Joint Chico Urban Area Redevelopment Project Area.

26 County, City, and Agency agree that they will use their
27 best efforts to cooperate on the formation of a joint Chico
28 Urban Area Redevelopment Project Area. County, City, and

1 Agency further agree that as part of the formation proceed-
2 ings for such joint redevelopment project area, they will
3 establish a procedure for the joint selection of improvement
4 projects within the joint redevelopment project area, and
5 that in selecting improvement projects, they will give a
6 high priority to repayment of the outstanding debt of County
7 for the construction of County building which houses the
8 Chico Branch of the Butte County Library system. After
9 formation of such joint redevelopment project area, County,
10 City, and Agency will also explore ways of merging existing
11 redevelopment project areas within the incorporated territo-
12 ry of City with the joint redevelopment project area.

13 By the execution of this Agreement, neither County nor
14 District waives the right to request payment authorized by
15 Section 33401 of the California Health and Safety Code to
16 alleviate any financial burden or detriment caused by a
17 joint Chico Urban Area Redevelopment Project Area.

18 2.03 Agency Sales Taxes.

19 County, City, and Agency agree that in accordance with
20 the provisions of the Bradley Burns Uniform Local Sales and
21 Use Tax Law, Agency shall not adopt a sales and use tax rate
22 which is greater than the sales and use tax rate adopted by
23 City.

24 2.04 Pending Litigation.

25 County, District, City, and Agency agree that the
26 provisions of this Agreement settle the ongoing dispute
27 between County and District on the one hand and City and
28 Agency on the other hand over the formation of the Central

1 Chico Redevelopment Project Area, and that by reason there-
2 of, County and District will dismiss the appeal to the Third
3 District Court of Appeals from the trial court's decision in
4 the action entitled County of Butte, et al. v. All Persons
5 Interested in the Matter of the Central Chico Redevelopment
6 Plan for the Central Chico Project Area for the City of
7 Chico, et al., the same being designated Third District
8 Court of Appeals Action No. 3 Civil C002562.

9
10 **ARTICLE III**

11 **GENERAL PROVISIONS**

12
13 **3.01 Term.**

14 County, District, City, and Agency intend that this
15 Agreement shall remain in full force and effect forever,
16 unless terminated earlier by mutual agreement. Provided,
17 however, in the event that this Agreement is required by law
18 to have a termination date in order to be fully effective,
19 then this Agreement shall terminate on the latest date
20 permitted by law as to any provision required by law to have
21 a termination date and it will remain in full force and
22 effect thereafter as to all other provisions.

23 **3.02 Modification.**

24 Article I of this Agreement and all of the covenants
25 and conditions set forth therein may be modified or amended
26 only by a writing duly authorized and executed by both
27 County and City, and Article II of this Agreement and all of
28 the covenants and conditions set forth therein may be

1 modified or amended only by a writing duly authorized and
2 executed by County, District, City, and Agency.

3 3.03 Reformation.


4 County, District, City, and Agency understand and agree
5 that this Agreement is based on existing law, and that such
6 law may be substantially amended in the future. In the
7 event of an amendment of state law which renders this
8 Agreement invalid or inoperable or which denies any party
9 hereto of the full benefit of this Agreement as set forth
10 herein, in whole or in part, then County, District, City,
11 and Agency agree to reform this Agreement and any and all
12 documents attached hereto or executed concurrently herewith
13 to accomplish the intent of the County, District, City, and
14 Agency as set forth herein. In the event County, District,
15 City, and Agency cannot reach an understanding in regard to
16 the reformation of this Agreement within six months, then
17 County, District, City, or Agency may file a petition with
18 the Butte County Superior Court to judicially reform this
19 Agreement.

20 IN WITNESS WHEREOF, the parties have executed this Agreement
21 in the County of Butte, State of California, on the dates set
22 forth below.

23 COUNTY OF BUTTE

24
25 NOV 4 1987

26
27 Date

28

Jane Dolan, Chair
Butte County Board of
Supervisors

BUTTE COUNTY MOSQUITO
ABATEMENT DISTRICT

NOV 4 1987



William Hazeltine, Manager

CITY OF CHICO and CHICO
REDEVELOPMENT AGENCY

11/4/87



Fred Davis, City Manager
City of Chico and Executive
Director of the Chico
Redevelopment Agency

APPROVED AS TO FORM:



Robert G. Boehm, City Attorney
of the City of Chico and
Attorney for the Chico
Redevelopment Agency



Susan Roff, Butte County
Counsel

Authorized Pursuant to City of Chico
Joint City Council/Redevelopment Agency
Resolution Nos. 49 87-88/RDA 5-87
Adopted November 3, 1987

Authorized Pursuant to Butte County
Board of Supervisors Resolution #87-267
approved on November 3, 1987

UNIFORM COUNTY SALES AND USE TAX ORDINANCE

Section 1. This ordinance shall be known as the Butte County Uniform Local Sales and Use Tax Ordinance.

Section 2. The Board of Supervisors of the County of Butte hereby declares that this ordinance is adopted to achieve the following, among other, purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

(a) To adopt a sales and use tax ordinance which complies with the requirements and limitations contained in Part 1.5 of Division 2 of the Revenue and Taxation Code of the State of California;

(b) To adopt a sales and use tax ordinance which incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.5 of Division 2 of the said Revenue and Taxation Code;

(c) To adopt a sales and use tax ordinance which imposes a one and one-quarter percent (1 1/4%) tax and provides a measure therefor that can be administered and collected by the State Board of Equalization in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the State Board of Equalization in administering and collecting the California State Sales and Use Taxes;

(d) To adopt a sales and use tax ordinance which can be

EXHIBIT A

1 administered in a manner that will, to the degree possible, be
2 consistent with the provisions of Part 1.5 of Division 2 of the
3 said Revenue and Taxation Code, minimize the cost of collecting
4 county sales and use taxes and at the same time minimize the
5 burden of record keeping upon persons subject to taxation under
6 the provisions of this ordinance;

7 Section 3. This ordinance shall become operative on January
8 1, 1988.

9 Section 4. (a) For the privilege of selling tangible
10 personal property at retail a tax is hereby imposed upon all
11 retailers in the County at the rate of one and one-quarter
12 (1 1/4%) of the gross receipts of the retailer from the sale of
13 all tangible personal property sold at retail in the County of
14 Butte.

15 (b) For the purposes of this ordinance, all retail sales
16 are consummated at the place of business of the retailer unless
17 the tangible personal property sold is delivered by the retailer
18 or his agent to an out-of-state destination or to a common
19 carrier for delivery to an out-of-state destination. Delivery
20 charges shall be included in the gross receipts by which the tax
21 is measured, regardless of the place to which delivery is made,
22 when such charges are included in the measure of the sales or use
23 tax imposed by the State of California. In the event a retailer
24 has no permanent place of business in the State of California, or
25 has more than one place of business, the place of places at which
26 retail sales are consummated shall be as determined under rules
27 and regulations prescribed and adopted by the Board of
28 Equalization.

1 (b) (1) Except as hereinafter provided, and except insofar
2 as they are inconsistent with the provisions of Part 1.5 of
3 Division 2 of the Revenue and Taxation Code of the State of
4 California, all of the provisions of Part 1 of Division 2 of said
5 Code, as amended and in force and effect on January 1, 1988
6 applicable to sales taxes are hereby adopted and made a part of
7 this section as though fully set forth herein.

8 (2) Wherever, and to the extent that, in Part 1 of
9 Division 2 of the Revenue and Taxation Code the State of
10 California is named or referred to as the taxing agency, the
11 County of Butte shall be substituted therefor. Nothing in this
12 subdivision shall be deemed to require the substitution of the
13 name of the County of Butte for the word "State" when that word
14 is used as part of the title of the State Controller, State
15 Treasurer, the State Board of Control, the State Board of
16 Equalization, or the name of the State Treasury, or of the
17 Constitution of the State of California; nor shall the name of
18 the County be substituted for that of the State in any section
19 when the result of that substitution would require action to be
20 taken by or against the County or any agency thereof, rather than
21 by or against the State Board of Equalization, in performing the
22 functions incident to the administration or operation of this
23 ordinance; and neither shall the substitution be deemed to have
24 been made in those sections, including, but not necessarily
25 limited to, sections referring to the exterior boundaries of the
26 State of California, where the result of the substitution would
27 be to provide an exemption from this tax with respect to certain
28 gross receipts which would not otherwise be exempt from this tax

1 while those gross receipts remain subject to tax by the State
2 under the provisions of Part 1 of Division 2 of the Revenue and
3 Taxation Code; nor to impose this tax with respect to certain
4 gross receipts which would not be subject to tax by the State
5 under the said provisions of that Code; and, in addition, the
6 name of the County shall not be substituted for that of the State
7 in Sections 6701, 6702, except in the last sentence thereof,
8 6711, 6715, 6737, 6797 and 6828 of the Revenue and Taxation Code
9 as adopted, and the name of the County shall not be substituted
10 for the word "State" in the phrase "retailer engages in business
11 in this State" in Section 6203 nor in the definition of that
12 phrase in Section 6203.

13 (3) If a seller's permit has been issued to a retailer
14 under Section 6067 of the Revenue and Taxation Code, an
15 additional seller's permit shall not be required by reason of
16 this section.

17 (4) There shall be excluded from the gross receipts by
18 which the tax is measured:

19 (i) The amount of any sales or use tax imposed by the
20 State of California upon a retailer or consumer.

21 (ii) Eighty percent (80%) of the gross receipts from the
22 sale of property to operators of common carriers and waterborne
23 vessels to be used or consumed in the operation of such common
24 carriers or waterborne vessels principally outside of this
25 County.

26 Section 5. (a) An excise tax is hereby imposed on the
27 storage, use, or other consumption in the County of Butte of
28 tangible personal property purchased from any retailer on or

1 after January 1, 1988, for storage, use, or other consumption in
2 the County at the rate of one and one-quarter percent (1 1/4%).
3 The sales price shall include delivery charges when such charges
4 are subject to State sales or use tax regardless of the place of
5 which delivery is made.

6 (b) (1) Except as hereinafter provided, and except insofar
7 as they are inconsistent with the provisions of Part 1.5 of
8 Division 2 of the Revenue and Taxation Code of the State of
9 California, all of the provisions of Part 1 of Division 2 of said
10 Code, as amended and in force and effect on January 1, 1988,
11 applicable to use taxes, are hereby adopted and made a part of
12 this section as though fully set forth herein.

13 (2) Wherever, and to the extent that, in Part 1 of
14 Division 2 of the Revenue and Taxation Code the State of
15 California is named or referred to as the taxing agency, the name
16 of this County shall be substituted therefor. Nothing in this
17 subdivision shall be deemed to require the substitution of the
18 name of this County for the word "State" when that word is used
19 as part of the title of the State Controller, State Treasurer,
20 the State Board of Control, the State Board of Equalization, or
21 the name of the State Treasury, or of the Constitution of the
22 State of California; nor shall the name of the County be
23 substituted for that of the State in any section when the result
24 of that substitution would require action to be taken by or
25 against the County or any agency thereof rather than by or
26 against the State Board of Equalization, in performing the
27 functions incident to the administration or operation of this
28 ordinance; and neither shall the substitution be deemed to have

1 been made in those sections, including but not necessarily
2 limited to, sections referring to the exterior boundaries of the
3 State of California, where the result of the substitution would
4 be to provide an exemption from this tax with respect to certain
5 storage, use, or other consumption of tangible personal property
6 which would not otherwise be exempt from this tax while such
7 storage, use, or other consumption remains subject to tax by the
8 State under the provisions of Part 1 of Division 2 of the Revenue
9 and Taxation Code, or to impose this tax with respect to certain
10 storage, use, or other consumption of tangible personal property
11 which would not be subject to tax by the State under the said
12 provisions of that Code; and in addition, the name of the County
13 shall not be substituted for that of the State in Sections 6701,
14 6702, except in the last sentence thereof, 6711, 6715, 6737, 6797
15 and 6828 of the Revenue and Taxation Code as adopted, and the
16 name of the County shall not be substituted for the word "State"
17 in the phrase "retailer engaged in business in this State" in
18 Section 6203 nor in the definition of that phrase in Section
19 6203.

20 (3) There shall be exempt from the tax due under this
21 section:

22 (i) The amount of any sales or use tax imposed by the
23 State of California upon a retailer or consumer.

24 (ii) The storage, use, or other consumption of tangible
25 personal property, the gross receipts from the sale of which has
26 been subject to sales tax under a sales or use tax ordinance
27 enacted in accordance with Part 1.5 of Division 2 of the Revenue
28 and Taxation Code by any other city and county, county or city in

1 any other county in this State.

2 (iii) Provided, however, that the storage or use of
3 tangible personal property in the transportation or transmission
4 of persons, property, or communications or in the generation,
5 transmission or distribution of electricity or in the
6 manufacture, transmission or distribution of gas in intrastate,
7 interstate or foreign commerce by public utilities which are
8 regulated by the Public Utilities Commission of the State of
9 California shall be exempt from eighty percent (80%) of the tax
10 due under this section.

11 Section 6. Any person subject to a sales or use tax or
12 required to collect a use tax under this ordinance shall be
13 entitled to credit against the payment of taxes due under this
14 ordinance the amount of sales and use tax due any city in this
15 county, provided that the city sales and use tax is levied under
16 an ordinance including provisions substantially conforming to the
17 provisions of subdivisions (1) to (8), inclusive, of subsection
18 (h) of Section 7202 of the Revenue and Taxation Code, and other
19 applicable provisions of Part 1.5 of Division 2 of that Code.

20 Section 7. No injunction or writ of mandate or other legal
21 or equitable process shall issue in any suit, action, or
22 proceeding in any court against the State or this County or
23 against any officer of the State or this County to prevent or
24 enjoin the collection under this ordinance or Part 1.5 of
25 Division 2 of the Revenue and Taxation Code of any tax or any
26 amount of tax required to be collected.

27 Section 8. All amendments of the Revenue and Taxation Code
28 enacted subsequent to the effective date of this ordinance which

1 relate to the sales and use tax which are not inconsistent with
2 Part 1.5 of Division 2 of the Revenue and Taxation Code shall
3 automatically become a part of this ordinance.

4 Section 8.5 This ordinance may be made inoperative not less
5 than 60 days, but not earlier than the first day of the calendar
6 quarter, following the County's lack of compliance with Article
7 II (commencing with Section 29530) of Chapter 2 of Division 3 of
8 Title 3 of the Government Code.

9 Section 9. This ordinance shall become inoperative on the
10 first day of the first calendar quarter which commences more than
11 60 days following the date upon which any city within the County
12 increases the rate of its sales or use tax above the rate in
13 effect on the date this ordinance was enacted.

14 Section 10. Any person violating any of the provisions of
15 this ordinance shall be deemed guilty of a misdemeanor, and upon
16 conviction thereof shall be punishable by a fine of not more than
17 \$500.00 or by imprisonment for a period of not more than six
18 months in the county jail or by both such fine and imprisonment.

19 Section 11. If any section, subsection, sentence, clause,
20 phrase or portion of this ordinance, including but not limited to
21 any exemption, is, for any reason held to be invalid or
22 unconstitutional by the decision of any court of competent
23 jurisdiction, such decision shall not affect the validity of the
24 remaining portion of this ordinance. The Board of Supervisors of
25 the County of Butte hereby declares that it would have adopted
26 this ordinance and each section, subsection, sentence, clause,
27 phrase or portion thereof, irrespective of the fact that any one
28 or more sections, subsections, sentences, clauses, phrases or

1 portions be declared invalid or unconstitutional.

2 Section 12. This ordinance shall become operative January
3 1, 1988.

4 Section 13. This ordinance shall be published once with the
5 names of the members of the Board of Supervisors voting for and
6 against it in the _____, a newspaper
7 published in the County of Butte, State of California.

8 PASSED AND ADOPTED by the Board of Supervisors of the County
9 of Butte, State of California, on the _____ day of
10 _____, 1987, by the following vote:

11 AYES:

12 NOES:

13 ABSENT:

14 NOT VOTING:

15

16

JANE DOLAN, Chair of the
Butte County Board of Supervisors

17

18 ATTEST:

19 MARTIN J. NICHOLS, Chief Administrative
20 Officer and Clerk of the Board

21 By _____

22

23

24

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5 ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHICO
6 AMENDING CHAPTER 3.48 OF THE CHICO MUNICIPAL CODE,
7 ENTITLED "SALES AND USE TAX", BY CHANGING THE PROVISIONS
8 OF SECTION 3.48.020 OF CHAPTER 3.48, ENTITLED "RATE", AND
9 BY ADDING A NEW SECTION 3.48.140 TO CHAPTER 3.48,
10 TO BE ENTITLED "CREDITS"

11 BE IT ORDAINED by the City Council of the City of Chico that
12 Chapter 3.48 of the Chico Municipal Code, entitled "Sales and Use
13 Tax", be amended as follows:

14 Sec. 1 That Section 3.48.020 of Chapter 3.48, entitled
15 "Rate", be and is hereby amended to read as follows:

16 3.48.020 Rate.

17 The rate of sales tax and use tax imposed by this
18 chapter shall be one percent (1%); PROVIDED, HOWEVER, THAT
19 ON AND AFTER JANUARY 1, 1988, THE RATE OF SALES TAX AND USE
20 TAX IMPOSED BY THIS CHAPTER SHALL BE NINETY-FIVE HUNDREDTHS
21 PERCENT (.95%).

22 Sec. 2 That Section 3.48.140 be added to Chapter 3.48 of
23 the Chico Municipal Code to be entitled and to read as follows:

24 3.48.140 Credits.

25 ANY PERSON SUBJECT TO A SALES OR USE TAX UNDER THE
26 PROVISIONS OF THIS CHAPTER SHALL BE ENTITLED TO A CREDIT
27 AGAINST THE PAYMENT OF TAXES DUE UNDER THIS CHAPTER IN THE
28 AMOUNT OF SALES OR USE TAX DUE TO THE REDEVELOPMENT AGENCY
29 OF THE CITY OF CHICO PURSUANT TO SECTION 7202.6 OF THE

1 CALIFORNIA REVENUE AND TAXATION CODE, PROVIDED THAT THE
2 SALES AND USE TAX ORDINANCE OF THE REDEVELOPMENT AGENCY OF
3 THE CITY OF CHICO COMPLIES WITH ALL REQUIREMENTS OF SECTION
4 7202.6 OF THE CALIFORNIA REVENUE AND TAXATION CODE AND ANY
5 OTHER APPLICABLE PROVISIONS OF PART 1.5, DIVISION 2, OF THAT
6 CODE.

7 Ordinance No. ____ was adopted by the City Council of the
8 City of Chico at its regular meeting held on the ____
9 day of _____, 1987, by the following vote:

10 AYES:

11 NOES:

12 ABSENT:

13
14 ATTEST:

APPROVED AS TO FORM:

15
16
17
18 _____
19 Barbara A. Evans, City Clerk

20
21
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27
28

Robert G. Boehm, City Attorney

EXHIBIT B

MUNICIPAL AFFAIRS AGREEMENT
(COUNTY OF BUTTE/BUTTE COUNTY MOSQUITO ABATEMENT DISTRICT
CITY OF CHICO/CHICO REDEVELOPMENT AGENCY)

EXHIBIT "C"

SETTING FORTH PROPERTY ANNEXED TO THE CITY OF CHICO
BETWEEN JANUARY 1, 1978 AND DECEMBER 31, 1986

<u>ANNEXATION DISTRICT</u>	<u>DATE ADOPTED BY CITY</u>
Manzanita Avenue - Annex Dist #4	01-17-78
W. 11th Avenue - Annex Dist #2	02-21-78
Mangrove Avenue - Annex Dist #14	02-21-78
Chico Municipal Airport - Annex Dist #1	03-07-78
E. 8th Avenue - Annex Dist #1	04-18-78
Ellene Avenue - Annex Dist #3	04-18-78
Manzanita Court - Annex Dist #2	04-18-78
Mariposa Avenue - Annex Dist #7	05-16-78
Larch Street - Annex Dist #4	07-11-78
Manzanita Avenue - Annex Dist #5	09-05-78
E. Park Avenue - Annex Dist #1	09-05-78
Sunset Avenue - Annex Dist #4	11-14-78
Morrow Lane - Annex Dist #1	01-09-79
Skyway - Annex Dist #5	01-09-79
Nord Avenue - Annex Dist #5	01-09-79
W. 8th Avenue - Annex Dist #2	01-09-79
Vallombrosa Avenue - Annex Dist #10	01-09-79
Downing Avenue - Annex Dist #2	03-02-79
N. Cherry Street - Annex Dist #5	04-17-79
E. 20th Street - Annex Dist #7	05-08-79
Nord Avenue - Annex Dist #6	06-19-79
E. 19th Street - Annex Dist #2	06-19-79
Manzanita Avenue - Annex Dist #6	06-19-79
North Cherry Street - Annex Dist #6	08-14-79
Esplanade - Annex Dist #11	09-04-79
East Park Avenue - Annex Dist #2	09-18-79
Columbus Avenue - Annex Dist #2	09-18-79
Verbena Avenue - Annex Dist #2	10-16-79
Bryant Avenue - Annex Dist #6	10-16-79
East First Avenue - Annex Dist #15	10-16-79
Chico Municipal Airport - Annex Dist #2	11-10-79
Morrow Lane - Annex Dist #2	12-18-79
Sherman Avenue - Annex Dist #4	12-18-79
Meyers Street - Annex Dist #1	01-15-80
East Avenue - Annex Dist #4	03-18-80
Cohasset Road - Annex Dist #14	06-17-80
Manzanita Avenue - Annex Dist #7	07-01-80
East Park Avenue - Annex Dist #3	09-16-80
W. 11th Street - Annex Dist #1	09-16-80

MUNICIPAL AFFAIRS AGREEMENT
(COUNTY OF BUTTE/BUTTE COUNTY MOSQUITO ABATEMENT DISTRICT
CITY OF CHICO/CHICO REDEVELOPMENT AGENCY)

EXHIBIT "C"

SETTING FORTH PROPERTY ANNEXED TO THE CITY OF CHICO
BETWEEN JANUARY 1, 1978 AND DECEMBER 31, 1986

<u>ANNEXATION DISTRICT</u>	<u>DATE ADOPTED BY CITY</u>
Hwy 32 @ Fir Street - Annex Dist #1	09-16-80
Arbutus Avenue - Annex Dist #12	10-07-80
1980 City-owned property - Annex Dist #1	10-07-80
East First Avenue - Annex Dist #16	01-06-81
Boucher Street - Annex Dist #2	01-27-81
Manzanita Avenue - Annex Dist #8	02-17-81
Cohasset Road - Annex Dist #17	04-21-81
Southeast Chico Sewer Assessment Annexation District	04-21-81
Cohasset Road - Annex Dist #15	08-04-81
Cohasset Road - Annex Dist #18	08-03-82
Northeast Chico Sewer Assessment Annexation District	08-03-82
City-owned property - Annex Dist #2	08-08-82
Burnap Avenue - Annex Dist #1	11-18-82
West First Avenue - Annex Dist #4	11-18-82
Columbus Avenue - Annex Dist #3	02-01-83
W. 4th Avenue - Annex Dist #3	02-01-83
Ceanothus Avenue - Annex Dist #5	02-01-83
Cohasset Road - Annex Dist #19	04-19-83
Burnap Avenue - Annex Dist #2	04-19-83
Columbus Avenue - Annex Dist #4	08-02-83
White Avenue - Annex Dist #1	10-11-83
The Esplanade - Annex Dist #12	10-11-83
Fair Street - Annex Dist #2	12-06-83
City-owned property - Annex Dist #3	12-06-83
North Cedar Street - Annex Dist #2	12-20-83
W. 2nd Street - Annex Dist #4	12-20-83
Whitman Avenue - Annex Dist #1	02-07-84
Cohasset Road - Annex Dist #20	03-06-84
Park Avenue - Annex Dist #12	03-06-84
West First Avenue - Annex Dist #5	03-06-84
Columbus Avenue - Annex Dist #5	03-06-84
Columbus Avenue - Annex Dist #6	03-06-84
E. 9th Street - Annex Dist #4	04-03-84
W. 2nd Avenue - Annex Dist #5	05-15-84
W. 4th Avenue - Annex Dist #5	05-15-84
White Avenue - Annex Dist #2	05-15-84
Columbus Avenue - Annex Dist #7	05-15-84

MUNICIPAL AFFAIRS AGREEMENT
(COUNTY OF BUTTE/BUTTE COUNTY MOSQUITO ABATEMENT DISTRICT
CITY OF CHICO/CHICO REDEVELOPMENT AGENCY)

EXHIBIT "C"

SETTING FORTH PROPERTY ANNEXED TO THE CITY OF CHICO
BETWEEN JANUARY 1, 1978 AND DECEMBER 31, 1986

<u>ANNEXATION DISTRICT</u>	<u>DATE ADOPTED BY CITY</u>
Madrone Avenue - Annex Dist #7	05-15-84
Cohasset Road - Annex Dist #22	06-19-84
Humboldt Road - Annex Dist #6	06-19-84
W. Sacramento Avenue - Annex Dist #14	06-19-84
W. Sacramento Avenue - Annex Dist #15	06-19-84
The Esplanade - Annex Dist #13	06-19-84
Cohasset Road - Annex Dist #21	09-18-84
West First Avenue - Annex Dist #6	10-16-84
Rio Lindo Avenue - Annex Dist #8	10-16-84
Elm Street - Annex Dist #2	10-16-84
West First Avenue - Annex Dist #7	10-16-84
W. Sacramento Avenue - Annex Dist #16	12-18-84
W. Sacramento Avenue - Annex Dist #18	04-02-85
Nord Avenue - Annex Dist #8	05-21-85
W. 4th Avenue - Annex Dist #4	05-21-85
E. 7th Avenue - Annex Dist #2	06-18-85
E. 8th Street - Annex Dist #13	06-18-85
E. 20th Street - Annex Dist #8	06-18-85
North Cedar Street - Annex Dist #3	06-18-85
Sheridan Avenue - Annex Dist #4	06-18-85
The Esplanade - Annex Dist #14	07-23-85
W. Sacramento Avenue - Annex Dist #17	08-06-85
W. Sacramento Avenue - Annex Dist #19	10-15-85
North Cedar Street - Annex Dist #5	10-15-85
Humboldt Road - Annex Dist #7	10-15-85
Mangrove Avenue - Annex Dist #15	12-17-85
W. 2nd Avenue - Annex Dist #6	12-03-85
Nord Avenue - Annex Dist #9	02-18-86
Floral Avenue - Annex Dist #9	02-18-86
W. Sacramento Avenue - Annex Dist #20	03-18-86
Nord Avenue - Annex Dist #10	03-18-86
North Cedar Street - Annex Dist #4	03-18-86
Cohasset Road - Annex Dist #23	04-01-86
Hooker Oak Avenue - Annex Dist #13	04-15-86
Lupin Avenue - Annex Dist #1	04-15-86
Lassen Avenue - Annex Dist #1	04-15-86
Mountain View Avenue - Annex Dist #1	06-03-86
Longfellow Avenue - Annex Dist #4	06-03-86
North Avenue - Annex Dist #1	06-03-86
Filbert Avenue - Annex Dist #7	06-03-86

MUNICIPAL AFFAIRS AGREEMENT
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EXHIBIT "C"

SETTING FORTH PROPERTY ANNEXED TO THE CITY OF CHICO
BETWEEN JANUARY 1, 1978 AND DECEMBER 31, 1986

<u>ANNEXATION DISTRICT</u>	<u>DATE ADOPTED BY CITY</u>
W. 2nd Avenue - Annex Dist #7	07-01-86
W. 8th Avenue - Annex Dist #3	08-05-86
Humboldt Road - Annex Dist #8	08-05-86
Comanche Court - Annex Dist #1	08-05-86
Bidwell Avenue - Annex Dist #2	09-02-86
Manzanita Avenue - Annex Dist #10	09-02-86
Mangrove Avenue - Annex Dist #16	09-02-86
Mangrove Avenue - Annex Dist #18	10-28-86
W. 2nd Avenue - Annex Dist #8	10-28-86
North Cedar Street - Annex Dist #6	10-28-86
Mangrove Avenue - Annex Dist #17	11-04-86
California Park - Annex Dist #1	12-02-86

From: Mark Sorensen

Sent: Friday, March 14, 2025 2:56 PM

To: All City Council <All-City-Council@Chicoca.gov>

Cc: All City Manager <All-City-Manager@Chicoca.gov>; Barbara Martin <barbara.martin@Chicoca.gov>; Amanda McGarr <amanda.mcgarr@Chicoca.gov>; John Lam <John.Lam@chicoca.gov>


Subject: RE: Tax Sharing Agreements

In a quick look through paper files found summaries from previous reviews of the subject that provide some historical perspective:

 [1987-12-11 north valley plaza business list.pdf](#)

 [1990-06-22 chico-butte muni affairs agree.pdf](#)

 [2007-06-07 tax sharing summary.pdf](#)

 [2007-10-31 history of tax sharing chico-butte.pdf](#)

From: Mark Sorensen

Sent: Friday, March 14, 2025 9:52 AM


To: All City Council <All-City-Council@Chicoca.gov>



Cc: All City Manager <All-City-Manager@Chicoca.gov>; Barbara Martin <barbara.martin@Chicoca.gov>; Amanda McGarr <amanda.mcgarr@Chicoca.gov>; John Lam <John.Lam@chicoca.gov>

Subject: Tax Sharing Agreements


Mayor and Council:

I wanted to provide you all with some foundational materials on this topic ahead of the March 18, 2025, Council discussion.

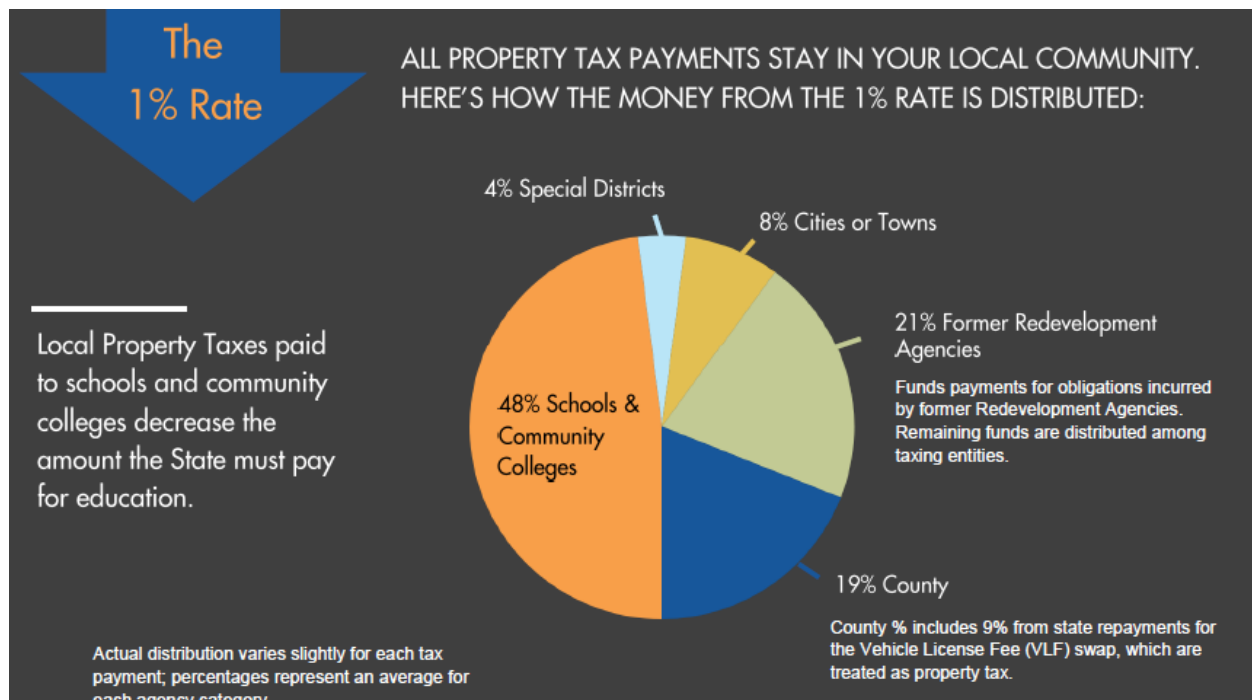
First is the current tax sharing agreement, attached and linked:  [1987-11-04 Chico Amended Master Property Tax Transfer Agreement.pdf](#). And also very relevant is a directly associated item, the City/County Municipal Affairs agreement:  [1987-11-04 Chico-County Municipal Affairs.pdf](#).

Very prominent issues at the time of the agreements included the formations of Chico Redevelopment Agencies (RDA's) in 1980, two in 1983 and 1985, and City of Chico annexation of the North Valley Plaza Mall. While later combined into a single RDA, the Chico RDA's in the 1980's were siphoning millions of dollars per year off the top the available property tax revenues. This issue is specifically mentioned in the 1987 Municipal Affairs agreement and was the subject of Butte County legal action against the City of Chico. While we didn't locate numbers from that time, in the last full year of existence the Chico RDA siphoned about \$28 million per year off the top of the City of Chico property tax gross receipts:  [2011 RDA Fund 352 - 063011.pdf](#), with pass throughs of \$7 million  [2011 RDA 10-11 Pass Thru Summary.pdf](#). As to the North Valley Plaza Mall area annexation, the County was extremely unhappy with the loss of sales tax revenue associated with this annexation.

RDA's were abolished by state law effective February 01, 2012 and heavily contributed to the City of Chico fiscal challenges at the time. However, years after the dissolution of the RDA's, the continued winddown of the financial obligations takes about \$8 million per year off the top of the property tax revenues:





 [FY 25-26 ROPS Signed Resolution 25-002.pdf](#)
<https://www.buttecounty.net/247/Consolidated-Oversight-Board>

Note that the property tax revenues that are relevant to the tax sharing agreement are those revenues actually allocated to the City and County. Of the base 1% property tax assessment most goes to schools and community colleges, below is a 2024 breakdown of Butte County wide averages:



In any discussions with the County, very likely that they will point out that the [1992 ERAF \(Educational Revenue Augmentation Fund\)](#) disproportionately impacted County revenues.

The following documents might become part of discussions with the County:

 [1987-11-04 Chico-County Municipal Affairs.pdf](#)
 [2003 Chico-County MOA Cooperative Planning.pdf](#)
 [2009-03-02 Fire Auto aid Agreement CUAFA.pdf](#)
 [2006-02-09 AG Opinion - Property Tax Exchange.pdf](#)

A Sacramento LAFCO white paper and San Luis Obispo LAFCO document regarding the potential for LAFCO involvement:

 [2003-10-01 Sacramento LAFCo white paper re property tax.pdf](#)

 [2018-02-15 SLO LAFCO Special Report Property Tax Exchange Process.pdf](#)

In 2015 I assembled most of the California tax sharing agreements formed since 2000, and included a more recent example from Glenn County. You will note that many also include sharing other tax revenues such as TOT, and many are completed with each annexation area with varying levels of tax sharing rather than a blanket agreement. Here are few random agreements, many more are available:

 [2004-03-23 stanislaus modesto tax share.pdf](#)

 [2013-07-24 wheatland yub tax share 2013.pdf](#)

 [2015-04-16 Glenn County - Orland Tax Share for Pilot Annexation 2015.pdf](#)

 [2015-04-06 Orland Glenn tax share.pdf](#)

 [2018-07 Glenn County master tax.pdf](#)

 [Elk Grove Tax Share 2003.pdf](#)

 [Folsom Tax Share 2011.pdf](#)

 [Greenbriar tax share 2008.pdf](#)

 [Kerman Fresno tax share 2014.pdf](#)

 [Placer Roseville tax share 2011.pdf](#)

 [Rancho Cordova Tax Share 2009.pdf](#)

 [Sacramento-Panhandle Tax Exchange-2010.pdf](#)

 [Tax-Sharing-Wheatland-2013.pdf](#)

Mark Sorensen

City Manager | City of Chico

P.O. Box 3420 | 411 Main Street | Chico, CA 95927 | 530-896-7210

mark.sorensen@chicoca.gov | www.chicoca.gov





TO: **Finance Committee**

FROM: Barbara Martin, Administrative Services Director

RE: Development Impact Fee Adjustments

REPORT IN BRIEF:

The Chico Municipal Code Section 3.85 discusses Development Impact Fees. Per the Code, certain Development Impact Fees—specifically transportation, storm drainage, park facilities, and building/equipment fees— are increased annually based on recognized construction cost indices. These indices include the Caltrans Highway Construction Cost Index (HCI) and the Engineering News Record Construction Cost Index for San Francisco (CCI).

Currently, the Chico Municipal Code refers to increases in fees when there are increases in indices, but no provision for a decline in indices. At the July 8, 2025 City Council meeting, this item was referred to Finance Committee for further discussion.

RECOMMENDATION:

The Administrative Services Director recommends that the Finance Committee review the annual fee adjustment language and forward its recommendation to the City Council for consideration.

FISCAL IMPACT:

The annual adjustment ensures that fees collected from new development continue to align with the actual costs of constructing required public improvements. If impact fees fail to keep pace with actual costs, public improvements are paid for by other tax dollars, such as the General Fund, or projects are delayed.

Budgeted: Yes **Supplemental Required:** No

BACKGROUND:

The Chico Municipal Code provides for annual administrative adjustments to Development Impact Fees each year.

The adjustment applies to:

1. **Transportation Facility Fees** – Based on the *Caltrans Highway Construction Cost Index*.
2. **Storm Drainage Facility Fees** – Based on the *Caltrans Highway Construction Cost Index*.
3. **Basic Park Facility Fees** – Based on the *Engineering News Record (ENR) Construction Cost Index for San Francisco*.
4. **Building and Equipment Fees** – Based on the *ENR Construction Cost Index for San Francisco*.

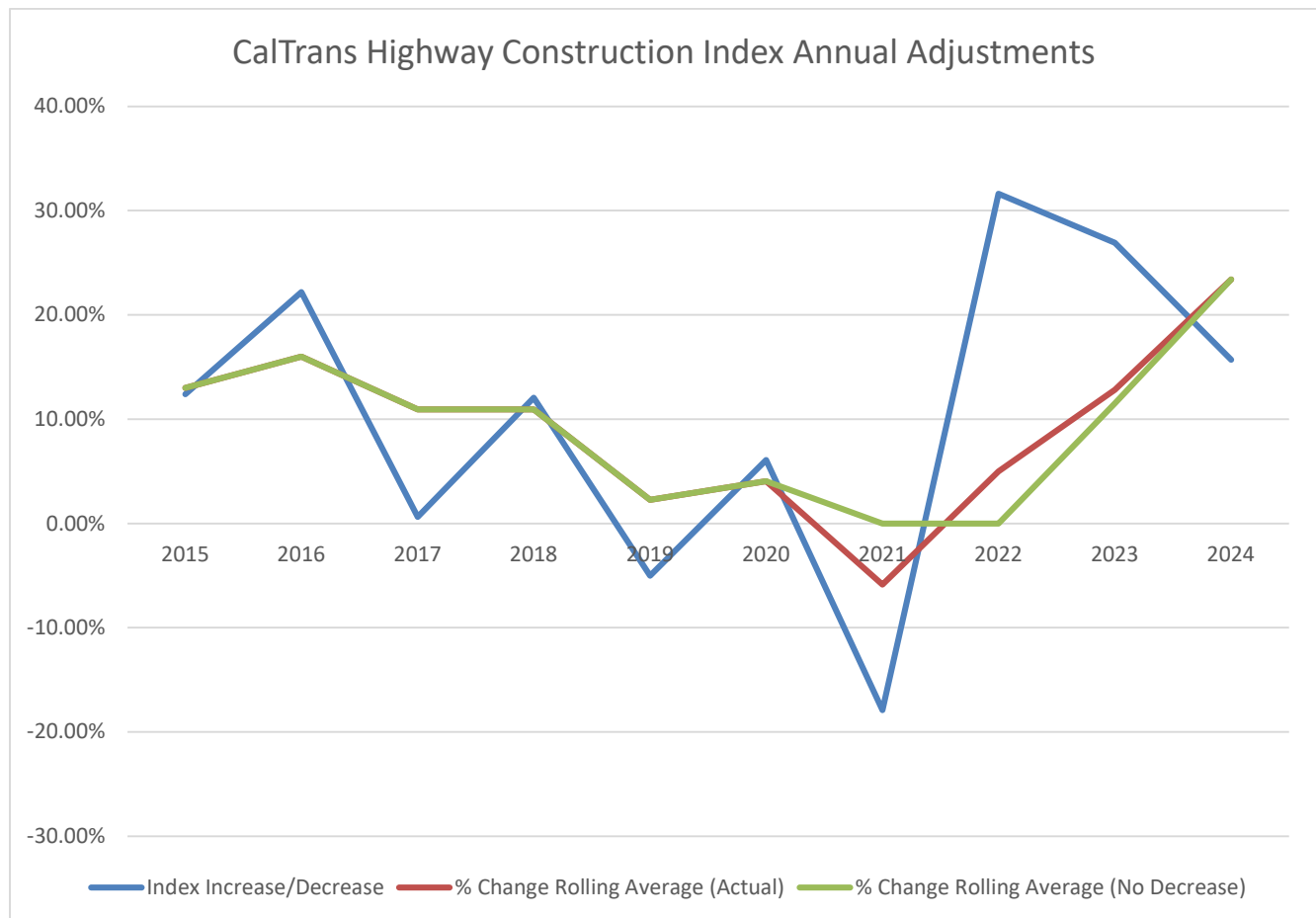
The Chico Municipal Code specifies that these fees shall be increased in proportion to cost increases indicated by the indices. The Code does not provide for reductions in fees when indices decline.

DISCUSSION:

To illustrate, the fees that are increased using the HCI are those fees that are to be used for Transportation Facility Fees and Storm Drainage Facility Fees. The HCI is calculated based on a 3-year average of the annual cost index at December 31st each year. This information is provided by the California Department of Transportation (Caltrans).

The chart below illustrates the HCI (annual values and rolling averages) used for transportation and storm drainage facility fee adjustments.

- Between 2015 and 2020, the rolling average reflected moderate increases, leading to fee adjustments of 2-16% annually.
- In 2021 the rolling averages showed negative changes (-5.84%), yet no fee reductions were applied, consistent with the Chico Municipal Code.
- In 2022, the index had not reached 2020 levels, so no increase was applied for a second year.
- Subsequent years (2023 and 2024) reflected substantial increases (11.52% and 23.40%), yet if a decrease of 5.84% had been applied, the increases for 2022, 2023, and 2024 would have been 5.00%, 12.80% and 23.40% respectively.



This pattern shows fees increase in response to rising construction costs but remain unchanged during years of index decline. This ensures revenue stability for critical infrastructure projects, as well as less volatility in fees over time.



Office of Councilmember Katie Hawley
411 Main Street
Chico, CA 95927

July 1st, 2025

Requested Agenda Item: Consideration of decreasing development impact fees (DIF) based on the net percentage decrease in construction costs during the preceding year.

Development impact fees (DIF) are used to upkeep city infrastructure, including transportation facilities, storm drainage systems, park facilities, and city building and equipment. Currently, annual DIF adjustments are limited to increase based on the net percentage increase in construction costs during the preceding year. I propose that the city council consider modifying annual fee adjustments to include decreasing DIF based upon the net percentage decrease in construction costs during the preceding year. These decreases should reflect the percentages published in the Caltrans Highway Construction Cost Index for transportation facility fees and storm drainage fees. For park facility fees and building and equipment fees, decreases should reflect those in the Engineering News Record Construction Cost Index. City council is being asked to consider this adjustment for the following municipal codes...

3.85.320 Annual adjustment to transportation facility fees.

3.85.420 Annual adjustment to storm drainage facility fees.

3.85.520 Annual adjustment to park facility fees.

3.85.620 Annual adjustment to building and equipment fees.