

Agreement for Tax Transfer Upon Annexation Righetti Annexation

THIS TAX SHARING AGREEMENT (“Agreement”) is made and entered into this ____ day of _____, 2025, by and between the City of Hollister (“City”) and the County of San Benito (“County”), and is subject to the following terms:

RECITALS

- A. The parties previously executed a Master Tax Sharing Agreement on December 16, 2019 (“Master Tax Sharing Agreement”), and that agreement is limited to addressing tax sharing for annexations initiated by City application (Master Tax Sharing Agreement, Section 4(b)); and
- B. The property owners of the property identified on Exhibit “A” and depicted on Exhibit “B” seek to have 61.33 acres annexed into the City and an application for such annexation has been filed with the County Local Agency Formation Commission (“LAFCO”). LAFCO has named the proposed annexation as the “LAFCO 2024-549”– Chappell Road Annexation” (hereinafter, the “Chappell Road Annexation”).
- C. The County is prepared to assert no opposition to the proposed Chappell Road Annexation, subject to the terms of this Agreement.
- D. County recognizes the need for orderly growth within and adjacent to City and for supporting appropriate annexations and promoting the concentration of development within the City.
- E. The parties agree that this Agreement is intended as a property tax exchange Agreement applicable only to the property and tax rate areas encompassed within the Chappell

Road Annexation, as shown on Exhibits “A” and “B” for purposes of Revenue and Taxation Code section 99.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. The Recitals are true and correct.
2. DEFINITIONS. Unless the particular provision or context otherwise requires, the

definitions contained in this section and in the Revenue and Taxation Code shall govern the construction, meaning, and application of words used in this Agreement.

- a. “Base Tax” shall mean those property tax revenues specified as being subject to allocation in Revenue and Taxation Code section 96, subdivisions (a) and (d) and Revenue and Taxation Code section 97, and for the fiscal years after the initial year in which property taxes are allocated for a jurisdictional change under this Agreement, the annual tax increment for the prior fiscal year shall be included in the base for the succeeding year.

Notwithstanding the foregoing, Base Tax shall not include any property tax revenues allocated to the County Fire Department, or other entity other than the County receiving a portion of the one percent (1%) property tax authorized by Article XIII A of the California Constitution, in an area to be annexed. Those revenues shall be allocated as provided by state law.

- b. “Annual Tax Increment” shall mean those property tax revenues specified in Revenue and Taxation Code section 96.5. Annual Tax Increment shall include revenues accruing due to the increase in assessed valuation for the preceding fiscal year because of changes of ownership and new construction and because of the inflation adjustment authorized by section 2, subdivision (b) of Article XIII A of the California Constitution.

- c. “Proceedings” shall mean as specified in Government Code section 56067.

d. “Affected Territory” shall mean as specified in Government Code section 56015 to the extent the proceeding involves annexation to the City.

e. “County Obligation Release” shall mean an agreed written and recorded administrative process whereby the City can confirm that all annexation, development, or other obligations under this Agreement (e.g., fees, permits, clearances, etc.), due to the County, have been met prior to the City issuing approvals, permissions, or permits in relation to an annexed residential property.

3. EXCHANGE OF PROPERTY TAX REVENUES TO BE MADE UNDER SECTION 99 OF THE REVENUE AND TAXATION CODE.

a. The property tax revenues collected in relation to the Chappell Road Annexation shall be apportioned between City and County as set forth in section 3.b. below. The parties acknowledge that, pursuant to sections 54902, 54902.1 and 54903 of the Government Code and sections 97 and 99 of the Revenue and Taxation Code, the distribution of such property tax revenues will not be effective until the revenues are collected in the tax year following the calendar year in which the statement of boundary change for the Chappell Road Annexation is filed with the County Assessor and the State Board of Equalization.

b. City and County shall each be allocated fifty percent (50%) of each of the Base Tax and the Annual Tax Increment for the Affected Territory before annexation.

c. Additional Amount.

i. City shall pay to County an additional amount (“Additional Amount”) reasonably justified in the County’s sole discretion which may be determined by a fiscal impact analysis and/or capital improvement/development impact fee report, determining

County's costs arising from residential development of parcels that may be offset from taxes, fees, or development impact fees.

ii. The Additional Amount will apply to each dwelling unit ultimately built within the City on land included in the Chappell Road Annexation during the term of this Agreement, whether the development is single- or multi-family residential. The Additional Amount shall not apply to non-residential development in the Chappell Road Annexation.

iii. With the exception of amounts that may be recovered under the Mitigation Fee Act, no Additional Amount will be owed unless the County requests the City to form an appropriate financing district ("District") to recover the Additional Amount, such as a community facilities district ("CFD") under the Mello-Roos Community Facilities Act of 1982 (Gov. Code, §§ 53311 *et seq.*), an assessment statute, or other law, or requests that the City annex the property into an existing District. Upon such a request, the City will form a District, or annex the property into an existing District, and require payment of the Additional Amount as a condition for issuing a building permit. The County will reimburse the City for: (a) the reasonable cost of forming and administering the District; (b) annexing property into an existing District; or (c) the reasonable costs of imposing and administering the charge.

iv. The Additional Amount shall accrue when the City issues a building permit for any residential structure on land annexed pursuant to this Agreement. City shall provide the County a quarterly accounting of residential building permits during the term of this Agreement and shall pay the Additional Amount quarterly in arrears, determined by the number of dwelling units for which the City issued building permits in the preceding quarter.

v. City shall adjust the Additional Amount imposed annually through CFDs by the inflation adjustment formula established for each CFD. The City will update capital/development impact fees at the request of the County.

vi. County agrees to defend and indemnify City from and against any legal challenge to the City's basis for calculating the Additional Amount or City's authority to impose that Additional Amount, or any suit, claim, or other liability arising from the City's compliance with this paragraph. The City agrees to cooperate in the County's defense of the challenge.

vii. If the City determines to impose an impact fee or CFD tax on development in the County for City impacts, the duties set forth above for the City and the County shall be reciprocal, such that the County shall assume the City's duties specified above, and the City shall assume the County's duties specified above.

4. TERM.

a. Term. This Agreement shall take effect upon being fully executed by both parties and shall remain in effect through January 1, 2030.

b. This Agreement shall be subject to renegotiation or termination as detailed below should any one of the following triggering events occur:

i. Reduction in the City's or County's allocation of property tax. The calculated property tax transfer is predicated on the current allocation of the one percent (1%) base property tax among the various agencies in the County, including the Education Revenue Augmentation Fund ("ERAF"). A change in the base allocation resulting in a loss to City's or County's equal to or in excess of ten percent (10%) of its base allocation shall constitute a "triggering event" under this section for renegotiation.

ii. Mutual agreement of the City and County to renegotiate the Agreement.

iii. Mutual Agreement of the City and County to terminate this Agreement.

c. Termination Due to Changes in Law. The purpose of this Agreement is to alleviate, in part, the revenue shortfall experienced by County, which may result from City's annexation of revenue-producing or potentially revenue producing properties located within the unincorporated area of County. The purpose of this Agreement is also to enable City to proceed with territorial expansion and economic growth consistent with the terms of existing law as mutually understood by the parties, as well as to maximize each party's ability to deliver essential governmental services. In entering into this Agreement, the parties mutually assume the continuation of the existing statutory scheme for the distribution of available tax revenues to local government and that assumption is a basic tenet of this Agreement. Accordingly, it is mutually understood and agreed that this Agreement may, by mutual agreement, be terminated should changes occur in statutory law, court decisions, or state administrative interpretations which negate the basic tenets of this Agreement.

5. COUNTY OBLIGATION RELEASE.

a. The City and County shall comply with those mutually agreeable written administrative procedures established by the Master Tax Sharing Agreement.

6. GENERAL PROVISIONS.

a. Except as expressly stated herein, there is no intended third-party beneficiary of any right or obligation assumed by the parties.

b. Enforcement. County and City each acknowledge that this instrument cannot bind or limit themselves or each other or their future governing bodies in the exercise of their discretionary legislative power. However, each binds itself that it will insofar as is legally possible fully carry out the intent and purposes hereof, if necessary, by administrative action independent of ordinances, and that this Agreement may be enforced by injunction to the extent allowed by law.

c. Entire Agreement; Supersession. With respect to the subject matter hereof, this Agreement supersedes any and all previous negotiations, proposals, commitments, writings, and understandings of any nature whatsoever regarding the subjects of this Agreement between County and City except as otherwise provided herein.

d. Notice. All notices, requests, certifications, or other correspondence required to be provided by the parties to this Agreement shall be in writing and shall be delivered by first-class mail or an equal or better form of delivery to the respective parties at the following addresses:

COUNTY

County Administrative Officer
San Benito County
481 4th Street, 1st Floor
Hollister, CA 95023

CITY

City Manager
City of Hollister City Hall
375 5th Street
Hollister, CA 95023

e. Notice of Breach. Except as otherwise provided in this Agreement for a breach of its terms and conditions, the parties may enforce this Agreement in any manner authorized by law, following thirty (30) days written notice of a breach.

f. The waiver by City or County of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition or of any subsequent breach of the same or any other term, covenant, or condition

herein. No term, covenant, or condition of this Agreement shall be deemed to have been waived by City or County unless in writing signed by one authorized to bind the party asserted to have consented to this waiver.

g. Each right, power, and remedy provided for herein or now or hereafter existing at law, in equity, or otherwise shall be cumulative and shall be in addition to every other right, power, or remedy provided for herein or now or hereafter existing at law, in equity, or otherwise. The exercise, the commencement of the exercise, or the forbearance of the exercise by any party of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by such party of any or all such other rights, powers, or remedies. If legal action shall be necessary to enforce any term, covenant, or condition herein contained, the party prevailing in such action, whether reduced to judgment or not, shall be entitled to its reasonable court costs, including accountants' fees, if any, and attorneys' fees expended in such action.

h. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, then such term or provision shall be amended to, and solely to, the extent necessary to cure such invalidity or unenforceability, and in its amended form shall be enforceable. In such event, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

* * * * *

IN WITNESS WHEREOF the foregoing Agreement is executed on the date and year first above written.

COUNTY OF SAN BENITO

CITY OF HOLLISTER

Chairman, Board of Supervisors

By: _____
Mayor, City of Hollister

ATTEST:

Clerk, Board of Supervisors

Approved as to Legal Form:
COUNTY COUNSEL

By: _____

Approved as to Legal Form:
CITY ATTORNEY

By: _____

{4928-2636-4522 v.1}

EXHIBIT A

JOE PAUL GONZALEZ
COUNTY AUDITOR
E-Mail: jgonzalez@sanbenitocountyca.gov



OFFICE OF THE COUNTY AUDITOR

481 Fourth Street, Second Floor
Hollister, California 95023

Telephone: (831) 636-4090
Facsimile: (831) 635-9340

COUNTY OF SAN BENITO

Date: May 19, 2025

To: Jennifer Stephenson, San Benito LAFCO, Executive Officer

From: Joe Paul Gonzalez, County Auditor

Subject: LAFCO 549 – NOTICE OF ANNEXATION REQUEST: Annexation to the City of Hollister of seven parcels constituting 61.33 acres more or less along Highway 25, with Area A located at its intersection with Santa Ana Road and Area B located at its intersection with Chappell Road, was submitted to LAFCO by private petitioners – James T. Dassel Revocable Trust, Perreira Family Trust, Silva Irrev. Residual Trust, Daniel De Roza, Righetti Living Trust, Righetti Bros, and Antonio and Anne Faria

Per R&T 99 the Auditor's Office is required to notify the governing body of each local agency whose service area or service responsibility will be altered by the amount of, and allocation factors with respect to, property tax revenue estimated that is subject to a negotiated exchange.

With regards to the above referenced file, the estimated property tax revenue subject to negotiated exchange is:

Total Value:	\$5,716,398
Loss to County:	\$6,277.75
Loss to State Fire:	\$1,442.38

These amounts are calculated using the formulas in the current annexation master agreement between the County of San Benito and the City of Hollister (Resolution No 2019-272).

Sincerely,

Joe Paul Gonzalez
Auditor-Controller

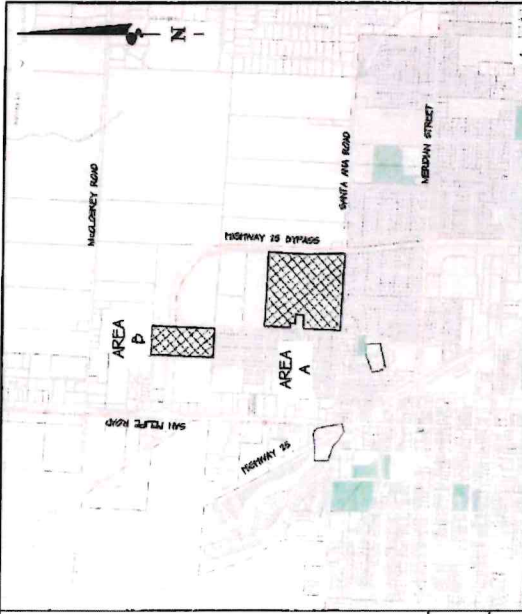
CC: CAO – Interim CAO Henie Ring
State Fire Contract
City of Hollister

Listing of Interested Agencies for Distribution of Attached Letter

County Administration Office
481 4th Street
Hollister California 95023

State Fire Contract
110 Fifth Street
Hollister California 95023

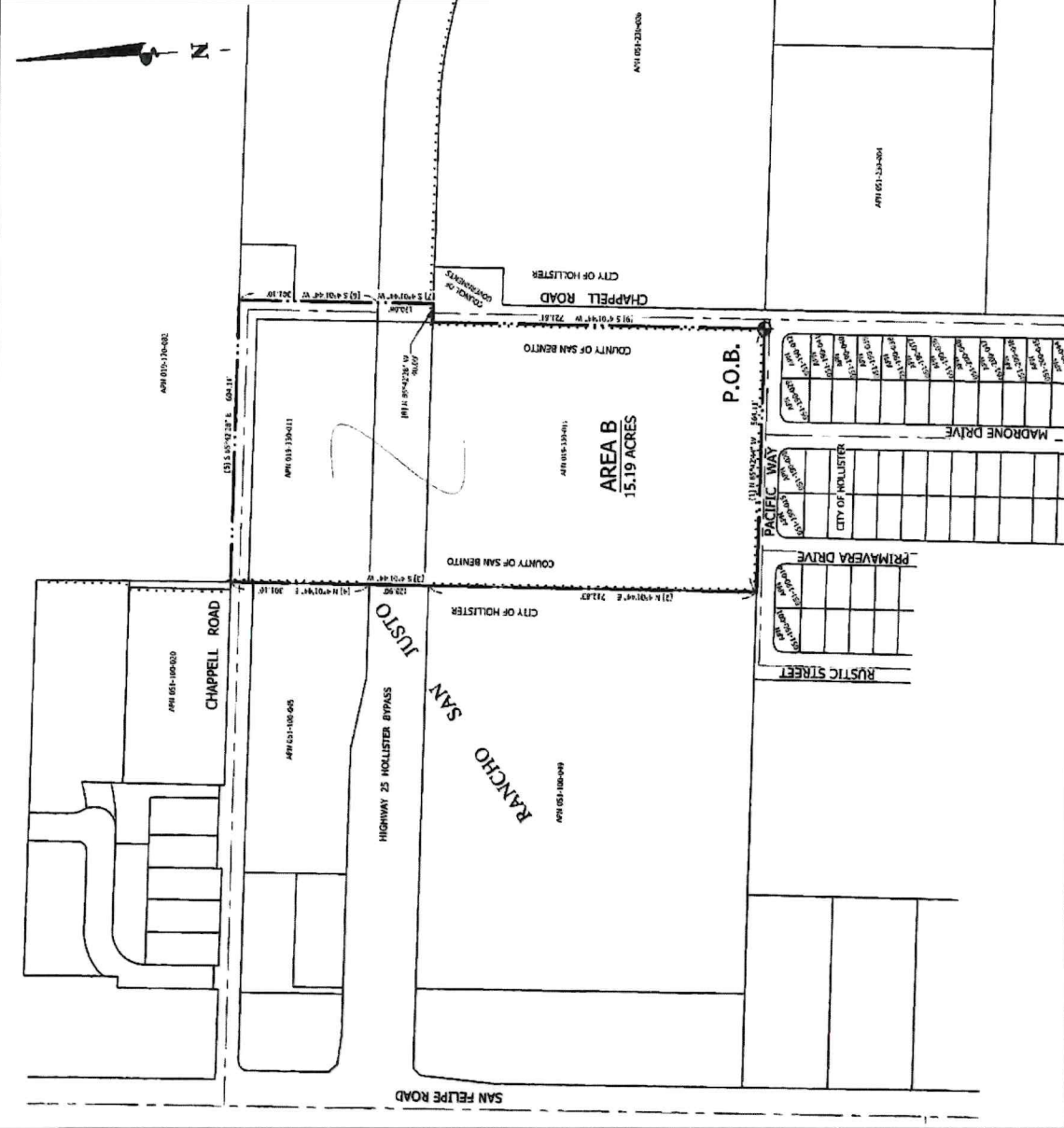
City of Hollister
375 Fifth Street
Hollister California 95023



VICINITY MAP
NO SCALE

LEGEND:

- DOTTED BOUNDARY OF AREA TO BE ANNEXED
- DOTTED CASTERING ANTI-CLOCKWISE BOUNDARY OF THE CITY OF HOLLISTER
- DOTTED EXISTING PROPERTY LINE
- DOTTED EXISTING CONTIGUOUS
- DOTTED POINT OF BEGINNING
- P.O.B.



SAN BENITO ENGINEERING & SURVEYING, INC.
502 Monterey Street, Hollister, California 95023
(408) 937-2783 FAX (408) 937-0835 E-Mail: sbes@earthlink.net

PROJECT: **CHAPPELL ROAD ANNEXATION INTO THE CITY OF HOLLISTER**
PROJECT NO.: **100**

DATE: _____
DRAWN BY: _____
CHECKED BY: _____
APPROVED BY: _____

CITY OF SAN BENITO
COUNTY OF SAN BENITO
PTN OF HOMESTEAD LOT 14
BOOK 1 OF MAPS PAGE 64
STATE OF CALIFORNIA

DATE: _____
DRAWN BY: _____
CHECKED BY: _____
APPROVED BY: _____

SCALE: 1" = 150'

2025 01-27 WGS revised 2 (04)
Zero comments