



## Memorandum

DATE: January 11, 2022

TO: The Honorable Lakeport City Council & Lake County Board of Supervisors

FROM: Carol J. Huchingson, County Administrative Officer  
Kevin M. Ingram, Lakeport City Manager

SUBJECT: Consideration of the draft Sales Tax Agreement for the South Lakeport Annexation Project

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### EXECUTIVE SUMMARY:

Both the City of Lakeport and County of Lake are pleased to announce that the respective negotiation teams have developed a draft Tax Sharing Agreement for both the City Council and Board of Supervisors to jointly consider as it relates to the South Lakeport Annexation Project. The South Lakeport Annexation Project includes approximately 137 acres adjacent to South Main Street and Soda Bay Road as shown in the attached annexation area map (Attachment 1).

### BACKGROUND/DISCUSSION:

Negotiations were undertaken in good faith, and focused heavily on two priorities:

1. Sustainably delivering the best possible public services and governance to residents, businesses and property owners in the project area; and
2. Ensuring efficient use of public funds.

With these priorities in mind the City of Lakeport and County of Lake negotiation teams developed a tax sharing agreement with an underlying framework that aims to maintain and enhance public services in the annexation area. The draft tax sharing agreement is broken into three general phases as it pertains to the sharing of Bradley-Burns sales tax revenues:

- Period 1—Adjustment Phase: Beginning June 30<sup>th</sup> of the year in which the annexation is adopted and running for five (5) years after the completion of the water project.
- Period 2—Cooperation Phase: Continuing for ten (10) years following the completion of Period 1. This time period is expected to see the greatest growth associated with access to public water and is designed to allow for both the City

of Lakeport and County of Lake to share in the benefits of economic growth in the annexation area.

- Phase 3—Permanent Phase: Following the completion of Period 2, allocation of Bradley-Burns sales tax revenues to the County will remain equal to the amount received for the final year of Period 2. The agreement includes protections for both the County and City if significant declines in sales tax revenue occur.

Other important elements of this agreement include—

- Coordination and management of the South Main Street / Soda Bay Road Corridor project through the adoption of a Memorandum of Understanding addressing City and County roles and responsibilities for the Transportation Improvement Project, including funding responsibility and allocation.
- Currently, the County owns and operates a sanitary sewer system in the South Lakeport area which includes the annexation area (Assessment District 9-1 & 9-2). Wastewater from these districts is treated by the City under the terms of an agreement dated September 12, 1995, and as subsequently amended. City and County agree to negotiate in good faith a long-term solution that is both financially feasible and effective for residents and businesses in the entire service area for the management of wastewater utilities.

Residents and businesses can expect improved fire protection, access to public water, emergency resiliency through installation of fire hydrants and municipal law enforcement. Additional information related to the annexation may be accessed at [www.lakeportannexation.org](http://www.lakeportannexation.org).

#### RECOMMENDED ACTIONS:

Following public input and discussion by both the Lakeport City Council and Lake County Board of Supervisors both jurisdictions are being asked individually to adopt the South Lakeport Annexation Tax Sharing Agreement through respective resolutions. The Tax Sharing Agreement and resolutions are included as attachments to this report.

#### SUGGESTED MOTIONS:

##### **Lakeport City Council**

Move to adopt a resolution approving the South Lakeport Annexation Tax Sharing Agreement between the City of Lakeport and County of Lake.

##### **Lake County Board of Supervisors**

Move to adopt a resolution approving the South Lakeport Annexation Tax Sharing Agreement between the City of Lakeport and County of Lake.

#### **Attachments:**

1. South Lakeport Annexation Area Map
2. Draft South Lakeport Annexation Tax Sharing Agreement