



**Contra
Costa
County**

To: Board of Supervisors

From: John Kopchik, Director, Conservation & Development Department

Date: May 24, 2016

Subject: San Ramon Bishop Ranch Tax Exchange Amendment

RECOMMENDATION(S):

ADOPT Resolution No. 2016/353 amending the Master Property Tax Exchange Agreement between the County of Contra Costa and the City of San Ramon, and; AUTHORIZE and APPROVE the Chair, Board of Supervisors, to execute the attached Third Amendment to Master Property Tax Exchange Agreement for Allocation of Property Tax Between the County of Contra Costa and the City of San Ramon Upon Annexations.

FISCAL IMPACT:

The Third Amendment to the Master Property Tax Exchange will result in an estimated \$173,600 decrease in *ad valorem* property tax for the County. The completion of the San Ramon City Center Project will result in a projected net increase of \$1.58 million to the County after adjusting for the decrease of \$173,600, estimated to result from the Third Amendment. (100% General Fund)

BACKGROUND:

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **05/24/2016** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Mary N. Piepho, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: May 24, 2016

David Twa, County Administrator and Clerk of the Board of Supervisors

By: Stacey M. Boyd, Deputy

Contact: Rich Seithel, (925)
674-7869

Resolution No. 2007/370 (Second Amendment to Master Property Tax Exchange Agreement for Allocation of Property Tax between the County of Contra Costa and City of San Ramon Upon Annexations) was approved on July 24, 2007 to amend the Master Property Tax Exchange Agreement for three parcels in the Bishop Ranch area (APN 213-133-086; APN 213-120-013; APN 213-133-063), in order to aid in financing four to five parking structures for the then proposed San Ramon City Center. Included in the Second Amendment to the Master Agreement was an

BACKGROUND: (CONT'D)

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automatic termination clause requiring the City to notify the County of either the Project Commencement or Extension Notice by November 1, 2009 or the Second Amendment would be considered null and void. The County did not receive either the Extension Notice or the Project Commencement Notice by November 1, 2009, thereby terminating the second amendment.

Since 2007, the City of San Ramon has modified their City Center Concept Plan. Of particular note, the modified Plan does not include parking structures, but it now includes 450-500 residential units.

Currently, the Master Property Tax Exchange Agreement as amended by the first amendment, thereto the "Master Agreement", County Resolution No. 86/305, provides that the property tax revenues the City is to be allocated from the County shall be reduced by an amount equal to 50% of the sum of the sales tax revenue and transient occupancy tax revenue received by the City during the preceding tax year throughout the Bishop Ranch area. Any such reduction, however, shall not result in a negative transfer (i.e. more than 100% of City's Bishop Ranch property tax).

It is estimated that the City Center will create approximately 3,000 additional jobs and result in an increase in assessed value of approximately \$850 million. The \$850 million assessed value increase is estimated to result in additional *ad valorem* property tax of \$884,541 to the County and \$869,070 (\$173,814 of which is residential) to the City.

Given that the residential units will not generate sales tax or transient occupancy tax, and in recognition of the additional jobs created and the increase in assessed valuation, it has been recommended that the assessed value generated by the residential units in the City Center area not be subject to the 50% sales tax and transient occupancy tax revenue provision. This amendment will apply to units identified by Assessor Responsibility Code 1 or 2 and Use Codes 10 thru 29 and located in current Assessor Parcels 213-133-063 and 213-133-086 (see attached map of City Center project area and parcels).

Assuming the preceding year's sales and transient occupancy tax revenue generated in the City Center project area are more than twice the City's *ad valorem* property tax, it is estimated that the County will receive \$1,753,611 (San Ramon + County portion) less \$173,814 (San Ramon's residential portion) for a net of \$1,579,797 in additional County revenue from the City Center Project.

CONSEQUENCE OF NEGATIVE ACTION:

If Resolution not adopted, City Center residential units will continue to be exposed to the Master Property Tax Agreement's sales and transit occupancy tax reduction formula.

ATTACHMENTS

Resolution No. 2016/353

Master/First Amendment

Parcel Map

Third Amendment