

## RESOLUTION NO. 24-120

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY AUTHORIZING THE MAYOR TO EXECUTE A REVENUE SHARING AGREEMENT WITH THE COUNTY OF SUTTER

WHEREAS, the purpose of a Revenue Sharing Agreement with the County of Sutter is to promote public health, safety, and welfare through improved coordination and the combining of efforts between the City and County, while ensuring the responsible use of public funds; and

WHEREAS, the City seeks to address pressing needs such as roads, police protection, fire services, and response efforts for unhoused persons, among other general fund revenue needs, and is proposing a revenue measure, Measure D, to be considered in November of 2024 to assist in financing the same. However, the City has certain limitations in doing so as there are related matters within the jurisdiction and control of other public agencies that would require intra-agency cooperation and support. Specific to the Agreement, in order to effectively address the City's pressing needs, it will also require sufficient County services such as prosecutors at the District Attorney's Office, County Sheriff's Department personnel to staff jail facilities and courtrooms, County support to address roadways and infrastructure overlapping in both jurisdictions, to provide homeless response efforts, and other County services that benefit City residents; and

WHEREAS, the City has a strong desire to ensure there are sufficient County services available for items that directly affect City residents' health, safety, and quality of life. The County also has a strong desire to provide additional services but lacks adequate funding to do so currently. Both the City and the County have a mutual desire to improve the coordination and combining of efforts to meet the needs of the residents within the City of Yuba City; and

WHEREAS, Government Code Sections 55700 to 55707 and Section 29 of Article XIII of the California Constitution authorize counties and cities to enter into agreements to apportion between them, the revenue derived from sales or use taxes imposed by them pursuant to the Bradley-Burns Act which are collected for them by the California Department of Tax and Fee Administration; and

WHEREAS, Section 55704.5 of the California Government Code provides that a revenue sharing agreement must be proposed in a resolution of the governing body of each jurisdiction, and such resolution must be approved by two-thirds (2/3's) vote of each governing body. This Agreement constitutes a contract between City and County to apportion revenue between them pursuant to Section 55704.5 of the Government Code; and

WHEREAS, Pursuant to Government Code Section 55704, the County and City find and determine that one or more retailers have been established, or will be established, within the City, and consumers residing in the County are, or will be, purchasing tangible personal property from such retailers. The parties therefore have determined that equity requires that the local sales and use tax revenue under the Bradley-Burns Act attributable to sales of tangible personal property shipped, or caused to be shipped, by businesses within the City to be distributed and apportioned in a fair and just manner to both parties pursuant to this Agreement; and

WHEREAS, in consideration of the mutual covenants and agreements contained in the Revenue Sharing Agreement (Agreement) between the County of Sutter and City of Yuba City, the City and County agree to the terms in such Agreement.

NOW, THEREFORE, be it resolved by the City Council of the City of Yuba City that the Mayor is authorized to execute the Revenue Sharing Agreement attached as Exhibit A with the County of Sutter.

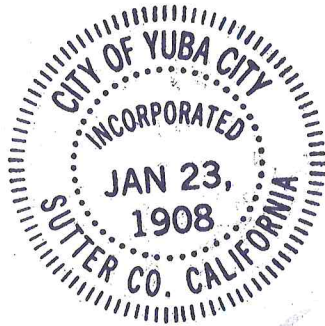
The foregoing Resolution was duly and regularly introduced, passed, and adopted by the City Council of the City of Yuba City at a regular meeting thereof held on the 3<sup>rd</sup> day of September, 2024.

AYES: Councilmembers Boomgaarden, Kirchner, Pasquale, Shaw, and Mayor Harris  
NOES: None  
ABSENT: None

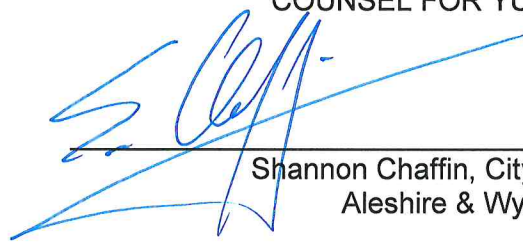


Shon Harris, Mayor

ATTEST:

  
Ciara Wakefield, Deputy City Clerk

APPROVED AS TO FORM  
COUNSEL FOR YUBA CITY:



Shannon Chaffin, City Attorney  
Aleshire & Wynder, LLP

Attachment:

Exhibit A – Revenue Sharing Agreement between County of Sutter and City of Yuba City

## EXHIBIT A

**REVENUE SHARING AGREEMENT**  
**BETWEEN COUNTY OF SUTTER AND CITY OF YUBA CITY**

THIS REVENUE SHARING AGREEMENT (“Agreement”) is made and entered into by and between the CITY OF YUBA CITY (“City”) and the COUNTY OF SUTTER (“County”) and is dated for reference purposes as of \_\_\_\_\_, 2024 (the “Effective Date”).

**RECITALS**

A. The purpose of this Agreement is to promote public health, safety, and welfare through improved coordination and the combining of efforts between the City and County, while ensuring the responsible use of public funds.

B. The City seeks to address pressing needs such as roads, police protection, fire services, and response efforts for unhoused persons, among other general fund revenue needs, and is proposing a revenue measure to be considered in November of 2024 to assist in financing the same (“Revenue Measure”). However, the City has certain limitations in doing so as there are related matters within the jurisdiction and control of other public agencies that would require intra-agency cooperation and support. Specific to this Agreement, in order to effectively address the City’s pressing needs, it will also require sufficient County services such as prosecutors at the District Attorney’s Office, County Sheriff’s Department personnel to staff jail facilities and courtrooms, County support to address roadways and infrastructure overlapping in both jurisdictions, to provide homeless response efforts, and other County services that benefit City residents (collectively “City Needs”).

C. The City has a strong desire to ensure there are sufficient County services available for items that directly affect City residents' health, safety, and quality of life. The County also has a strong desire to provide additional services but lacks adequate funding to do so currently. Both the City and the County have a mutual desire to improve the coordination and combining of efforts to meet the needs of the residents within the City of Yuba City.

D Government Code Sections 55700 to 55707 and Section 29 of Article XIII of the California Constitution authorize counties and cities to enter into agreements to apportion between them, the revenue derived from sales or use taxes imposed by them pursuant to the Bradley-Burns Act which are collected for them by the California Department of Tax and Fee Administration (“CDTFA”).

E. Section 55704.5 of the California Government Code provides that a revenue sharing agreement must be proposed in a resolution of the governing body of each jurisdiction, and such resolution must be approved by two-thirds (2/3’s) vote of each governing body. This Agreement constitutes a contract between City and County to apportion revenue between them pursuant to Section 55704.5 of the Government Code.

F. Pursuant to Government Code Section 55704, the County and City find and determine that one or more retailers have been established, or will be established, within the City, and consumers residing in the County are, or will be, purchasing tangible personal property from such retailers. The parties therefore have determined that equity requires that the local sales and use tax revenue under the Bradley-Burns Act attributable to sales of tangible personal property shipped, or caused to be shipped, by businesses within the City to be distributed and apportioned in a fair and just manner to both parties pursuant to this Agreement.

### **DEFINITIONS**

A. "City Transaction and Use Tax Revenue" is the actual net amount the City receives from the proposed City Revenue Measure to be considered at the November 2024 election.

B. "Local Tax Revenues" are those revenues attributable to the local sale and use by retailers within the City that are currently paid to the City per the Bradley-Burns Uniform Local Sales and Use Tax Law (California Revenue and Taxation Code Section 7200 et seq.)

C. "Measured Sales" are sales of retail products subject to the Bradley-Burns Act sales and use tax within the jurisdiction of the City during each calendar quarter.

D. "Quarterly Revenue Payment" is twenty-five percent (25%) of the City's budgeted estimate of the City Transaction and Use Tax Revenue anticipated to be received for the fiscal year.

E. "Tax Sharing Period" shall mean that period of time commencing the quarter of the City's first receipt of City Transaction and Use Tax Revenue and shall end at the conclusion of the second quarter after the termination by voters of the Revenue Measure.

### **AGREEMENT**

In consideration of the mutual covenants and agreements contained herein, the City and County hereby agree as follows:

1. Recitals. The recitals and definitions set forth above are incorporated herein and made a part of this Agreement.

2. Allocation. During the Tax Sharing Period, the County shall be allocated the following Local Tax Revenues attributable to Measured Sales after April 1, 2025, as follows:

(a) Initial Year: The following shall apply for the first twelve (12) months that the City receives City Transaction and Use Tax Revenue:

(i) Up to \$17,500,000: In the event that the City receives City Transaction and Use Tax Revenue in the amount of seventeen million, five hundred thousand dollars (\$17,500,000) or less, the City will allocate to the County, thirty-three percent (33%) of that amount in Local Tax Revenues attributable to Measured Sales.

(ii) Over \$17,500,000 million: In the event that City Transaction and Use Tax Revenue received by the City is in excess of \$17,500,000, the City will allocate both:

(1) The amount described in Section 2(a)(i) to the County; and

(2) 50% of that amount in excess of \$17,500,000 in Local Tax Revenues attributable to Measured Sales to a joint project fund to be administered by the City but allocated by both the City and County (“Joint Project Fund”), as further described in Section 5.

(iii) Example: For the purposes of clarity, if the City Transaction and Use Tax Revenue is \$19.5 million in the first year of net collections, the City would then allocate Local Tax Revenues in the following apportionment: 33% of \$17.5 million = \$5,775,000 to the County; and 50% of \$2 million = \$1 million to the Joint Project Fund.

(b) Subsequent Years: After the initial year, the following shall apply until this Agreement is terminated:

(i) Annual Basis: Starting the second year and each year thereafter, the City will allocate to the County Local Tax Revenues equal to Measured Sales in the amount of 33% of the prior year’s actual City Transaction and Use Tax Revenue receipts (Annual Basis).

(ii) Over Annual Basis: In the event that the City Transaction and Use Tax Revenue received by the City is in excess of the Annual Basis, the City will allocate both:

(1) The amount described in Section 2(a)(i) to the County; and

(2) 50% of the amount in excess of the Annual Basis in Local Tax Revenues equal to Measured Sales to the County, which allocation shall be placed in the Joint Project Fund, as further described in Section 5 of this Agreement.

(iii) Example: For the purposes of clarity, if the initial year City Transaction and Use Tax Revenues were \$19,500,000, then that would be the Annual Basis for the second year. If \$22,500,000 in City Transaction and Use Tax Revenues were then received during the second year, then the City would allocate \$6,435,000 (33% of \$19,500,000) of Local Tax Revenues to the County. Additionally, \$1,500,000 (50% of the \$3,000,000 in excess of the Annual Basis) would be allocated by the City to the Joint Project Fund. The second-year amount (\$22,500,000) would then serve as the updated Annual Basis for the third year, and so on for each subsequent year.

(c) County Allocation: The County’s allocated share of the Local Tax Revenues attributable to the Measured Sales, as described above, is referred to as the

“County Allocation.” Amounts not specifically designated by this Agreement to be a part of the County Allocation or the allocation to the Joint Project Fund shall remain allocated to the City.

3. Payments.

(a) Quarterly Reporting. Upon request from the County, within three years after a report first becomes available, the City will assist County in obtaining reports regarding the allocation of Local Tax Revenues on Measured Sales (“Yuba City Reported Revenue”) as reported to the CDTFA, as well as the actual and net amount of City Transaction and Use Tax Revenue while this Agreement is in effect.

(b) Quarterly Revenue Payments of County Allocation. It is the intent of the City and County that a payment process, consisting of four quarterly payments, will be used to distribute the County Allocation, which shall be based on budgeted amounts, followed by a year-end reconciliation, of City Transaction and Use Tax and Use Tax Revenue received by the City. The City shall pay to the County, for each calendar quarter, as follows (each payment below being referred to as a “Quarterly Revenue Payment”):

(i) The Quarterly Revenue Payment shall be due by the last day of September, December, March, and June of each calendar year. Each payment shall represent one hundred percent (100%) of City’s budgeted estimate of the City Transaction and Use Tax Revenue for the applicable quarter or, if the City only budgets such revenues annually, equal to one fourth of that annual budget; and

(ii) After four Quarterly Revenue Payments are made for a fiscal year, the City shall calculate actual receipts of City Transaction and Use Tax Revenue for that fiscal year and adjust subsequent Quarterly Payments accordingly (“Quarterly Payment Adjustment”). If a Quarterly Payment Adjustment results in an additional allocation to the County or to the Joint Project Fund, such payment shall be made by September 30th. If a Quarterly Payment Adjustment results in an excess payment, the City may correct the excess payment as described in Section 3(e).

(iii) If any Quarterly Revenue Payment date falls on a City holiday, a banking holiday, or a weekend, then the required Quarterly Revenue Payment date shall be the first business day following such date.

(c) Interest. Quarterly Revenue Payments owed by City to the County will not accrue interest.

(d) Tax Payment Cap and Limitations. Notwithstanding any other provision, under no circumstances shall any payment to the County under this Agreement exceed thirty-three percent (33%) of the amount of City Transaction and Use Tax Revenue received by the City. Likewise, under no circumstances shall the City’s contribution to the Joint Projects Fund exceed fifty percent (50%) of the City Transaction and Use Tax Revenue received by the City above the applicable Annual Basis. Finally, notwithstanding any other provision in this Agreement, in the event no City Transaction and Use Tax

Revenue is actually or ultimately received by the City, then no payment of Local Tax Revenues or any other amount subject to this Agreement shall be due or owing to the County, contributed to the Joint Allocation Fund, or otherwise be encumbered, allocated, or constrained in any fashion under this Agreement.

(e) Excess Payment. Excess payments shall include any adjustments where:

(i) The budgeted amounts result in Quarterly Revenue Payments to the County that exceed the allocation actually due to County based on actual receipts of City Transaction and Use Tax Revenue;

(ii) The City is required to return any payment to the State;

(iii) Any other third party lawfully entitled to receive the same; or

(iv) The City is required to return any portion of the City Transaction and Use Tax Revenue from which a Quarterly Revenue Payment has been made or any allocation to the Joint Project Fund.

To correct an excess payment, the City may either reduce the amount payable to the County in a future Quarterly Revenue Payment or request reimbursement of the same. If agreed to by both the City and the County, the County may use the Joint Projects Fund to satisfy an excess payment obligation. If the City requests reimbursement, the County shall pay the same within sixty (60) days of the request, or in the case of the Joint Projects Fund, authorize the transfer of the excess payment amount to the City within thirty (30) days of the request.

4. Restrictions on use of Payments. The County agrees that any payment received under this Agreement shall be used for the purposes of providing general governmental services which primarily benefit the residents of Yuba City, with a priority on public safety, homeless services, roads, and other services, subject to the limitations listed below:

(a) Funds shall not be expended for capital projects located outside of City limits or the City's sphere of influence without the express approval of the City; and

(b) Funds shall not be expended or used for County Fire Department services, including compensation, training, equipment, or facilities. Further, Funds shall not be expended or used for compensation or training for the elected County Board of Supervisors.

(c) The County Administrative Officer shall submit a draft budget to the County Board of Supervisors recommending the use of the funds received under this Agreement in a manner that is consistent with the intent of this Agreement.

(e) Funds shall be expended by the County on only City Needs within 60 months of receipt of the Funds from the City. Any funds not expended within this time shall be promptly provided by the County to the City for allocation into the Joint Projects Fund. If said payment is not made by the County within 30 days after the 60-month period



has run, the City may choose to deduct the amount owing from Local Tax Revenues due to the County under Section 2 and allocate that amount to the Joint Projects Fund.

(f) Notwithstanding the foregoing, funds may be expended on joint projects or other projects mutually agreed upon with the City.

5. Joint Projects Fund. Funds allocated to the Joint Projects Fund shall be subject to all the following:

(a) The County Administrative Officer and the City Manager will develop a recommended list of joint projects for which the Joint Projects Fund may be used.

(b) The proposed joint projects list shall then be submitted to the Citizen's Oversight Committee (as formed pursuant to Section 6) to review for consistency with the purpose of this Agreement. The Citizen Oversight Committee may make recommendations to the County Administrative Officer and City Manager regarding the list; however, should they fail to respond within 45 days of submission of the list, it shall be presumed that the Citizen's Oversight Committee has completed its review without any additional comment and recommends each of the proposed projects on the list.

(c) After consideration of any recommendations of the Citizen Oversight Committee, the County Administrative Officer and City Manager will submit the list of proposed joint projects to their respective Board/Council for consideration.

(d) The Board of Supervisors and the City Council will develop a list of proposed joint projects that are mutually agreeable to both the County and the City. Joint Project Funds will only be expended on projects that are mutually agreeable to both the County and the City.

(e) If City Transaction and Use Tax Revenue is less than the amount the City budgets for a fiscal year, Joint Projects Fund funds may also be used to offset the shortfall.

(f) The City shall administer the Joint Projects Fund and may offset its administrative costs directly from that fund without any further approval from the County. An accounting of administrative costs shall be provided to the County and Citizen Oversight Committee for review on an annual basis.

6. Oversight of payments. The County shall cooperate with the City established Citizen Oversight Committee and timely provide information, documents, reports, and staff support reasonably necessary for the Citizen Oversight Committee to carry out its advisory role. The County shall place any written reports received from the Citizen Oversight Committee on the agenda for the County's Board of Supervisors and shall provide an opportunity for public comment on the report.

7. Modification of Agreement. The parties may modify this Agreement by a written amendment consistent with the requirements of the Government Code and any other applicable law or regulation. Nothing herein shall restrict the County's ability to exercise its power of taxation subject to approval of the electorate. The parties may renegotiate the terms of this Agreement for

any of the following reasons: (i) declaration of a fiscal emergency by either the City or the County; (ii) a declaration of a local emergency, by both the City and the County, related to the provision of services contemplated by this Agreement; (iii) if the City enters into a tax sharing agreement with a specific business or entity located within the City; (iv) if the State Constitution or law amends the Bradley-Burns Act, or there are other laws imposing revenue swaps or the equivalent, that result in the change of the percentage of allocations from sales or use tax revenues for either the County or the City; or (v) as mutually determined by the Parties.

8. Termination.

(a) This Agreement shall terminate concurrently with the earlier of (i) upon failure of the Revenue Measure to receive the appropriate vote of the electorate at the November 5, 2024 election; (ii) the end of the Tax Sharing Period; (iii) upon the effective date (i.e., the date that revenue is first collected) of a revenue measure imposing a sales tax within the City's limits that directly generates revenue for the County; or (iv) the termination by voters of the Revenue Measure under which City Transaction Tax Revenue is collected; provided, however, that any outstanding payment obligations of the City that have not been paid in full as of the date of termination shall survive and be paid by the City to the County at such times such payments would otherwise have been required to be made if this Agreement had not been terminated.

(b) Additionally, if State law is amended as noted in Section 7(iv) resulting in a reduction of the percentage of allocation of sales or use tax to the City while providing for any increase in allocation to the County (including under a State-mandated revenue swap), and if the parties cannot mutually agree as to how to adjust allocations by a corresponding percentage or amount under this Agreement to make the City whole, the City may terminate this Agreement upon twelve (12) months' notice to the County.

(c) Finally, this Agreement may be terminated for cause by the City, which includes any County failure to exclusively use funds for City Needs per Section 4 of this agreement, failure to comply with its obligations under Section 6(b) above, or any other breach of this Agreement. Prior to termination, the City shall first provide notice to the County of its intention to terminate the Agreement for breach, and the County shall have one hundred and eighty (180) days to cure the breach. If the County fails to cure within the one hundred and eighty (180) days, then the City may terminate this Agreement by sending notice of termination to the County. Upon termination under this Section, any Joint Projects Funds not already approved for expenditures will become the property of the City, including any portion of the County Allocation that has not been expended within a 60-month period and which should have been deposited into the Joint Projects Fund.

9. Cooperation. Each party will cooperate with the other party from time to time to provide information, documentation and access to personnel reasonably requested by the other party to support the determinations, calculations, allocations, and payments made pursuant to this Agreement. The parties will fully cooperate with each other in determining computational matters hereunder to carry out the terms and intent of this Agreement. Each payment made by the City

under this Agreement will be accompanied by such detail and such supporting documentation as may be reasonably necessary for the County to verify the amount paid.

10. Disputes. Any dispute arising out of or relating to this Agreement shall be resolved jointly by the County Administrator and City Manager. Should the County Administrator and City Manager be unable to resolve the dispute, either party may pursue its available remedies pursuant to the laws of the State of California. In no event shall the either Party be liable in damages for any breach or violation of this Agreement, it being expressly understood and agreed the any Party's sole legal remedy for breach or violation of this Agreement by the other Party shall be a legal action in mandamus, specific performance, or other injunctive or declaratory relief to enforce the provisions of this Agreement.

11. Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California as to all matters.

12. Indemnification. County shall indemnify, defend, and hold harmless City and its officers, directors, agents, employees, and volunteers, from and against any and all liability, loss, expense (including payment of reasonable and actual attorney's fees), or claims for injury, including death, or damages arising out of the performance of this Agreement, except as to the proportion caused by or resulting from the negligent act or omission of the City, its Council, officers, or agents. This section shall survive the termination or expiration of the Agreement.

13. Assignment. The County may not assign or delegate this Agreement or its rights or obligations under this Agreement without the prior written consent of the City. Any assignment or delegation that violates this provision shall be void.

14. Attorney's Fees and Legal Expenses. If either party is required to commence any proceeding or legal action to enforce or interpret any term or condition of this Agreement, the prevailing party in such proceeding or action shall be entitled to recover from the other party its reasonable attorney's fees and legal expenses. For the purposes of this Agreement, "attorney's fees" and "legal expenses" include, without limitation, paralegals' fees and expenses, attorneys, consultants fees and expenses, expert witness fees and expenses, and all other expenses incurred by the prevailing party's attorneys in the course of the representation of the prevailing party in anticipation of and/or during the course of litigation, whether or not otherwise recoverable as "attorneys' fees" or as "costs" under California law, and the same may be sought and awarded in accordance with California procedure as pertaining to an award of contractual attorneys' fees.

15. Notices. Any notice, demand, request, consent, or approval that either party may or is required to give the other pursuant to this Agreement shall be in writing and shall either be personally delivered or sent by mail, addressed as follows:

**COUNTY:**

County of Sutter  
Attn: County Administrator  
1160 Civic Center Blvd., Suite A  
Yuba City, CA 95993

**CITY:**

City of Yuba City  
Attn: City Manager  
1201 Civic Center Blvd.  
Yuba City, CA 95993

17. Counterparts; Electronic Signatures. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument. Signatures may be given electronically, including by exchange of signed pdfs, with the same force as original signatures.

18. Contingent Upon Revenue Measure. Notwithstanding any other provision of this Agreement, this Agreement is contingent upon, and shall not be of any force or effect unless, voters approve the Revenue Measure in November of 2024.

(Signatures on Next Page)

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of Effective Date.

**COUNTY OF SUTTER**

**CITY OF YUBA CITY**

By: \_\_\_\_\_  
Mat Conant, Chairman

By: \_\_\_\_\_  
Shon Harris, Mayor

ATTEST: \_\_\_\_\_  
Clerk of the Board

ATTEST: \_\_\_\_\_  
City Clerk

APPROVED AS TO FORM

APPROVED AS TO FORM

\_\_\_\_\_  
William J. Vanasek, County Counsel

\_\_\_\_\_  
Shannon L. Chaffin, City Attorney

Exhibit A: Resolution Of The City Of Yuba City Approving A Revenue Sharing Agreement Between County Of Sutter And City Of Yuba City

Exhibit B: Resolution Of The County of Sutter Approving A Revenue Sharing Agreement Between County Of Sutter And City Of Yuba City

## Exhibit A

**Exhibit B**