

**County of San Joaquin & City of Stockton
Property Tax Allocation Agreement for Murray Ranch Project**

AGREEMENT entered into this _____ day of _____, 2026 (the “Effective Date”) by and between the City of Stockton, hereinafter referred to as “City” and the County of San Joaquin, a political subdivision of the State of California, hereinafter referred to as “County”;

RECITALS:

WHEREAS, Robert Pelowski and Barbara Pelowski, Co-trustees of the Robert And Barbara Pelowski Living Trust dated January 25, 1999, entire undivided one-third (1/3) interest, David H. Murray, Trustee of the David H. Murray Revocable Living Trust, entire undivided one-third (1/3) interest, and Douglas Glen Murray and Jean Martin Murray, Co-trustees of the Douglas Glen Murray And Jean Martin Murray Revocable Family Trust dated October 22, 2013, entire undivided one-third (1/3) interest, collectively, own the property (hereinafter referred to as “Owner”), which consists of two contiguous parcels identified as Assessor’s Parcel Numbers (APNs) 173-030-110 and 173-040-750 totaling 37.4 acres, located in the unincorporated area of the County (the “Property”).

WHEREAS, on December 8, 2023, Tim Lewis Land Group, L.P., a California Limited Partnership (“Tim Lewis”) submitted an application to the City for a residential development project on the Property (the “Application”). The Application requested pre-zoning of the Property to Residential, Low (RL) zoning for the purposes of future residential development of single-family homes and open space (the “Murray Ranch Project”) and annexation of the Property into the City.

WHEREAS, on July 29, 2025, the City Council approved the pre-zoning of the Property (Ordinance No. 2025-07-29-1603).

WHEREAS, on the same day, the City Council authorized the filing of an annexation application with the San Joaquin Local Agency Formation Commission (“LAFCo”) for annexation (Resolution No. 2025-07-29-1603).

WHEREAS, subdivision (d) of Section 56658 of the Government Code provides that the LAFCo shall not issue a certificate of filing for an annexation application if an agreement for the exchange of property tax revenues has not been adopted by and between the County and the City.

WHEREAS, City and County acknowledge that both City and County have increasing service responsibilities with restrained revenue resources. There is no consensus between City and County regarding the analysis of local government funding issues arising from annexations. City and County each have their own distinctive and differing perspectives on costs and revenues generated by annexed areas.

WHEREAS, by executing this Agreement, City and County hereby agree to allocate all property tax revenue derived from the Property in accordance with the terms and conditions set forth herein.

WHEREAS, Article 13A, Section 1 of the Constitution of the State of California limits ad valorem taxes on real property to one percent (1%) of full cash value.

WHEREAS, Chapter 6 of Part 0.5 of Division 1 of the Revenue and Taxation Code (Section 95, *et. seq.*) provides for the allocation of property tax revenues.

WHEREAS, City and County must have an agreement for the allocation of property tax revenues upon annexation.

WHEREAS, this Agreement is for the allocation of property tax revenues upon annexation and is entered into on behalf of the Parties and any special district(s) whose service area or service responsibility would be affected by an annexation, and accordingly, this Agreement is in lieu of the negotiation process set forth in Section 99(b) of the Revenue and Taxation Code.

WHEREAS, the Parties acknowledge this Agreement satisfies all requirements of applicable law, including, but not limited to Section 99(b) of the Revenue and Taxation Code.

NOW, THEREFORE, in consideration of the promises and the following terms and conditions, the parties hereto agree as follows:

1. DEFINITIONS.

The words and phrases in this Agreement shall have meanings as set forth below:

- A. "Annexation Property Tax Base" shall mean the Base Year sum of the ad valorem tax allocated to Detaching Special Districts, as defined herein, and to County within the area being annexed.
- B. "Detachment" shall mean the removal from a special district of any portion of the territory of that special district.
- C. "Detaching Special Districts" shall mean those political subdivisions organized pursuant to the laws of the State of California whose functions within the area being annexed are terminated and/or assumed by City.
- D. "Base Allocation" shall mean the assessed valuation applicable to property and improvements within the area being annexed at the time the application for annexation was submitted to the Local Agency Formation Commission (LAFCo).
- E. "Base Year" shall mean the assessed valuation applicable to the property and improvements within the area being annexed at the time the application for annexation is submitted to the Local Agency Formation Commission (LAFCo).
- F. "Incremental Growth" shall mean the total increase or decrease in the property tax base over the Base Year within the annexed area.

2. PROPERTY TAX ALLOCATION.

Upon Annexation, including any approved detachment (Eastside Rural County Fire Protection District must detach for this agreement), City and County shall share in the Base Allocation thereof pursuant to the ratio of 10% CITY and 90% COUNTY and Incremental Growth thereof pursuant to a ratio of 40% CITY and 60% COUNTY.

2.1. Property Tax Allocation Agreement. Notwithstanding any other existing Property Tax Sharing Agreements between the Parties, City and County agree that this Agreement shall apply to determine the allocation between the parties of property tax and revenue generated from the area being annexed in lieu of the negotiation process set forth in California Revenue and Taxation Code Section 99(e).

3. APPLICATION OF AGREEMENT.

A. Term. The provisions of this Agreement shall apply to the Murray Ranch Annexation from the effective date of this Agreement.

B. Effective date. The effective date of property tax allocation for the Annexation shall be determined in accordance with Government Code Section 54902 and any succeeding statutory provisions. Currently, statements of boundary change must be filed with the State Board of Equalization on or before December 1 of the year immediately preceding the year in which property taxes are to be shared.

C. Future property taxes. The provisions of this Agreement would also apply to any property exempt from ad valorem taxes that subsequently became taxable within the area to be annexed.

4. JOINT REVIEW.

City and County may jointly review County property tax records from time to time or as requested by City to verify accurate distribution under the Agreement.

5. REGIONAL COOPERATION.

In consideration of the unique and mutual funding difficulties of both City and County, City and County will jointly develop and seek to implement changes in their activities that will improve the cost effectiveness of service delivery by both City and County, including but not limited to consolidation of services between governmental agencies and inter-agency contracting for services.

6. COUNTY CAPITAL FACILITIES FUNDING.

City recognizes the importance of regional services and facilities provided by the County for all residents of the entire County. City shall contribute to County's funding for regional facilities in accordance with the City's Resolution 05-0165 adopting the County facilities

fee ordinance and implementing the County Capital Facilities Fee (CFF) Program.
URBAN DEVELOPMENT COOPERATION.

A rational pattern of urban land uses is a common goal of City and County, as expressed in their respective General Plans. The efficient construction of urban infrastructure and the delivery of municipal services require cooperation between County and City within areas designated for urban development, specifically City's Sphere of Influence.

- A. County General Plan Policy. County affirms the policies expressed in its General Plan that support concentration of additional major urban development within urban centers.
- B. Urban Planning and Development Cooperation. The preparation of land use and infrastructure plans within City's Sphere of Influence, consistent with statutory guidelines, is encouraged. County shall refer all land use applications requiring discretionary approval within City's Sphere of Influence to City for review and comment.
- C. Capital Facilities Funding and Cooperation. City and County will cooperate in the development of infrastructure plans within City's Sphere of Influence.

7. COMMUNITY SERVICE FACILITIES

- A. Siting of Community Facilities. City and County recognize the importance of community services provided by County and other providers and also the importance of these services being convenient to residents of County making use of these services. Accordingly, as a part of the land use planning and rezoning for proposed municipal annexations, City will cooperate with County to identify community service needs of the local community.
- B. City may elect to adopt or add to existing development impact fees in lieu of providing community service facility sites. Such fees may be administered within City or may be included as a component of the above-mentioned County Capital Facilities Fee.

8. TERMINATION.

This Agreement may be terminated, by any party hereto, upon six (6) months' written notice which termination shall terminate the agreement for each and every party. Said termination shall not affect the Annexation for which the LAFCo Executive Officer has issued a certificate of filing prior to the end of the six (6)-month termination period.

9. GOVERNING LAW AND ATTORNEYS' FEES.

This Agreement shall be construed and enforced in accordance with the laws of the State of California. Should any legal action be brought by either party because of any default under this Agreement or to enforce any provision of this Agreement, or to obtain a declaration of rights hereunder, the prevailing party shall be entitled to reasonable

attorneys' fees, court costs, and such other costs as may be fixed by the Court. The standard of review for determining whether a default has occurred under this Agreement shall be the standard generally applicable to contractual obligations in California.

10. NOTICES.

Any notice or communication required hereunder among City and County must be in writing, and may be given either personally, by email (with original forwarded by regular U.S. Mail), or by overnight delivery. The notice or communication shall be deemed to have been given and received when it is delivered to the Party to whom it is addressed. If the notice or communication is sent by email, notice shall be deemed to have been given and received upon receipt of the entire email, including all relevant attachments and provided original is forwarded by regular U.S. Mail), by the receiving Party. However, emails received after 5:00 p.m. on a normal business day or on a Saturday, Sunday, or holiday shall be deemed to have been given and received on the next normal business day. If given by courier, the notice or communication shall be deemed to have been given and received on the date delivered as shown on a receipt issued by the courier. Such notices or communications shall be given to the parties at their addresses set forth below:

To City (City Manager):

Johnny Ford
City Hall
425 N. El Dorado St.
Stockton, California 96202
Email: johnny.ford@stocktonca.gov

With Copies To (City Attorney):

Taryn Jones, Acting
City Hall
425 N. El Dorado St.
Stockton, California 95202
Email: taryn.jones@stocktonca.gov

To County (County Administrator):

Sandy Regalo
County Administration Building
44 N. San Joaquin St., Ste. 640
Stockton, California 95202-2931
Email: sregalo@sjgov.org

With Copies To (County Counsel):

Edward J. Kiernan
County Administration Building
44 N. San Joaquin St., Ste. 679
Stockton, California 95202-2931 Email:
ekiernan@sjgov.org

A Party may change the telephone or email contact information provided at any time by giving the other Party ten (10) days' written notice.

11. SEVERABILITY.

If any provision of this Agreement is held invalid, void, or unenforceable but the remainder of this Agreement can be enforced without failure of material consideration to any party, then this Agreement shall not be affected and it shall remain in full force and effect, unless amended by mutual consent of the parties. Notwithstanding this severability clause, each

subsection of Section 2 is material and substantial, and the failure of said subsection is the failure of material consideration, causing the agreement to be void from the date that the subsection is held invalid.

12. FURTHER ASSURANCES.

Each party shall execute and deliver to the other party or parties all such other further instruments and documents and take all such further actions as may be reasonably necessary to carry out this Agreement and to provide and secure to the other party or parties the full and complete enjoyment of its rights and privileges hereunder.

13. CONSTRUCTION.

All parties have been represented by counsel in the preparation of this Agreement and no presumption or rule that ambiguity shall be construed against a drafting party shall apply to interpretation or enforcement hereof. Captions on sections and subsections are provided for convenience only and shall not be deemed to limit, amend, or affect the meaning of the provision to which they pertain.

14. OTHER MISCELLANEOUS TERMS.

The singular includes the plural; the masculine gender includes the feminine, “shall” is mandatory; “may” is permissive.

15. TIME.

Time is of the essence of each and every provision hereof.

16. COUNTERPART.

This agreement may be executed in counterpart agreements, binding each executing party as if said parties executed the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

RECOMMENDED FOR APPROVAL:

CITY OF STOCKTON

COUNTY OF SAN JOAQUIN

Johnny Ford
City Manager

Sandy Regalo
County Administrator

Chair, Board of Supervisors

Approved as to Form

Approved as to Form

Taryn Jones
Acting City Attorney

Edward J. Kiernan
County Counsel

ATTEST: Katherine Roland
City Clerk

ATTEST: Rachel DeBord
Clerk of the Board of Supervisors

Jess Miller, Board President
Eastside Fire District