Before the Board of Supervisors in and for the County of Monterey, State of California

Resolution #_________________

Approve a Property Tax Transfer for the proposed)
"Vista Lucia Reorganization" involving phased)
annexation of 771 acres to the City of Gonzales)
and detachments from the Monterey County)
Resource Conservation District and Gonzales)
Rural Fire Protection District)

WHEREAS, in 2014, the City of Gonzales (City) and the County of Monterey (County) entered into a "Memorandum of Agreement (MOA) Regarding Cooperation on Planning, Growth and Development Issues". In general, this MOA addresses issues related to the desired eastward direction of growth for the City, as well as issues related to infill development.

WHEREAS, the City has submitted a resolution of application to the Monterey County Local Agency Formation Commission (LAFCO) for the "Lucia Vista Reorganization" involving annexation of 771 acres to the City and detachments from the Monterey County Resource Conservation District and the Gonzales Rural Fire Protection District (Project).

WHEREAS, the Project will allow for development of 3,498 residential units within the City of Gonzales, along with 96,000 square feet of local serving commercial uses.

WHEREAS, representatives of the City and County have held discussions concerning the Project, and the County has received materials from the City concerning the Project.

WHEREAS, the MOA lists agreements for orderly growth and direction of future development, by specifically referencing the Urban Growth Boundary (UBG) and Sphere of Influence (SOI) shown on the map adopted in the City's General Plan and attached as Exhibit A to the MOA (Sections 1 and 2 of the MOA, specifically Section 2.1.a referring to the map). The proposed Vista Lucia annexation is located on the map attached to the MOA as "Fanoe Ranch," which is within the UBG/SOI. This area, east of the developed portions of the City, is recognized as a future development area in the MOA. As such, the Vista Lucia annexation is consistent with the growth boundaries and direction described in the MOA.

WHEREAS, since adoption of the MOA and prior to proceeding with the proposed annexation, the City has designated infill opportunities and increased density within the developed boundaries of the City, including areas west of Highway 101, in fulfillment of the commitment to encourage infill before annexing farmlands. This was done in the City's adopted 6th Cycle Housing Element by upzoning existing parcels and adding housing overlay opportunities on properties within existing City boundaries.

WHEREAS, other specific planning actions, including phasing of development, agricultural land compatibility and conservation, and traffic mitigation are addressed in the MOA. The City is proposing the adoption of a phased development through approval of specific plans for two neighborhoods: the "Santa Lucia Neighborhood" and the "Gabilan Neighborhood." Each of these neighborhoods/phases are less than 400 acres in size individually (Section 4.1 of the MOA). None of the development will be south of Gloria Road (Section 3). All applicable traffic mitigation fees will be paid and the County Public Works has been consulted on road improvements and jurisdiction within and adjacent to the project and along Associated Lane (Sections 3c and 7). The project will contain a range of densities (between 3 and 15 units/acre), a variety of commercial, residential, open space, and institutional uses. The design of the neighborhoods incorporates agricultural buffers as shown on the maps in the Specific Plans on file with the City (Section 5.2).

WHEREAS, the City has established an Agricultural Land Conservation Program; however, the developer has pursued direct mitigation for agricultural impacts rather than payment of a mitigation fee. The City attached a memorandum to its LAFCO annexation proposal dated February 17, 2026, which describes the developer's efforts to contact and secure easements as direct mitigation on lands adjacent to the City's SOI. As proposed, the developer intends to purchase easements on prime farmland located approximately 9 miles from the City limits. This effort is consistent with the intent of the agricultural mitigation commitments in the MOA (Section 6).

WHEREAS, the Monterey County Board of Supervisors finds that the Vista Lucia Reorganization is consistent with the specific planning, phasing, compatibility, and mitigation policies described in the MOA.

WHEREAS, the Revenue and Taxation Code Section 99 (Assembly Bill 8, Chapter 282) Statutes 1979, as amended by Senate Bill 180 (Chapter 801) provides for the Monterey County Board of Supervisors to determine an appropriate tax transfer for all jurisdictional changes of organization occurring within Monterey County and for the city council of any affected City to concur on the transfer prior to the proposal being considered by LAFCO.

WHEREAS, pursuant to Revenue and Taxation Code Section 99(b) (6), the Executive Officer of LAFCO shall not issue a Certificate of Filing (Government Code Section 56828) for a change of organization until an exchange of property tax revenue is negotiated.

WHEREAS, the Monterey County Board of Supervisors adopted as policy a set of formulas to be used for all jurisdictional changes of organization on April 29, 1980 (Resolution #80-249).

WHEREAS, the current distribution of property taxes within tax rate area 076-001 is as follows:

27.72%	-	Monterey County's Share
01.5%	-	Affected District's Share
70.78%	-	Non-affected District's Share
100.00%	-	Total

WHEREAS, the Revenue and Taxation Code Section 99 (Senate Bill 180, Chapter 801) requires that non-affected local agencies percentage share will remain constant.

WHEREAS, the County and the City wish to agree to a fair share distribution of remaining property tax revenues.

WHEREAS, the County has realized a 40% reduction and the City has realized a 12% reduction in property tax revenue imposed by the State under Senate Bill 617, Chapter 699, Statutes 1992.

WHEREAS, each year thereafter both the County and the City continue to shift revenues to the Education Revenue Augmentation Fund (ERAF).

NOW, THEREFORE, BE IT RESOLVED that the Monterey County Board of Supervisors does hereby agree to the following formulas for property tax base and increment distribution within Tax Rate Area 076-001 after change of organization/reorganization.

A. DISTRIBUTION OF PROPERTY TAX BASE:

Property tax base is the property tax revenue that is available prior to change of organization/reorganization.

Prior to Change or Organization/Reorganization:

(City of Gonzales, Tax Rate Area 007-005)

			Current Ratio
City of Gonzales	-	15.25%	52.15%
Monterey County	-	13.99%	47.85%

Based on existing Tax Rate Area 076-001, Monterey County's share of property tax reduced by 40% is equal to 16.64%. The total property tax available for distribution in the proposal area is equal to 16.64%.

After Change of Organization/Reorganization:

(New Tax Rate Area – To Be Assigned)

16.64% - Property Tax Available for Distribution

1. City of Gonzales' Share of Total Property Taxes Collected:

	16.64%	-	Property Tax Available for Distribution
X	52.15%	-	City of Gonzales' Current Ratio
=	8.68%		
+	01.5%	-	Fire District Share
=	10.18%		

2. Monterey County's Share of Total Property Taxes Collected:

	16.64%	-	Property Tax Available for Distribution
X	47.85%	-	Monterey County's Current Ratio
=	7.96%		
plus			
	11.08%	-	The Adjustment for State Tax Shift
=	19.04%		

Formula for property tax base allocation to the City of Gonzales from tax rate area 076-001 after change of organization/reorganization.

City of Gonzales' Property Tax Revenue =
Total Property Taxes Collected X 10.18% X
Full Months Remaining in Tax Year Divided by 12.

B. DISTRIBUTION OF PROPERTY TAX INCREMENT:

Property tax increment is the increase in property tax revenue above the base resulting from the increase in assessed value of property after the change in organization/reorganization.

The formula recognizes that all future growth will be subject to a shift to ERAF in the amount of 40% for the County and 12% for the City. After the shift, the County and the City will be in the same relative position as before dividing the remainder.

Prior to Change of Organization/Reorganization:

(City of Gonzales, Tax Rate Area 007-005)

	Current Rate	÷	ERAF Adjustment	=	Resulting Rate	Resulting Ratio
City of Gonzales	15.25%		88%		17.33%	42.65%
Monterey County	13.98%		60.0%		23.30%	57.35%

Based on existing Tax Rate Area 126-011, Monterey County's share of property tax is 27.72%. The total property available for distribution in the proposal area is 27.72%. The new Resulting Ratio calculated above are applied to the increment.

After Change of Organization/Reorganization

(New Tax Rate Area to be Assigned)

27.72% = Property Tax Available for Distribution

1. City of Gonzales' Share of Property Tax Increment:

	27.72%	-	Property Tax Available for Distribution
X	42.65%	-	City of Gonzales' New Resulting Ratio
=	11.82%	-	
+	01.5%	-	Fire District Share
=	13.32%		

2. Monterey County's Share of Property Tax Increment:

	27.72%	-	Property Tax Available for Distribution
X	57.35%	-	Monterey County's New Resulting Ratio
=	15.90%		

Formula for property tax increment to the City of Gonzales from Tax Rate Area 076-001 after change of organization/reorganization:

City of Gonzales' Property Tax Increment =
Total Property Tax Increment Collected X 13.32% X
Full Months Remaining in Tax Year Divided by 12.

PASSED AND ADOPTED this ________day of ________________, 2026, by the following vote, to-wit:

AYES:

NOES:

ABSENT:

I, Valerie Ralph, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof at page ______of Minute Book ___________, on ____________________________.

Dated:

VALERIE RALPH, Clerk of the Board of Supervisors, County of Monterey, State of California

By____

Deputy