

NAPA COUNTY RESOLUTION NO. 26-

**RESOLUTION OF THE NAPA COUNTY BOARD OF SUPERVISORS,
STATE OF CALIFORNIA, REGARDING ADJUSTMENTS IN THE
ALLOCATION OF PROPERTY TAXES ASSOCIATED WITH THE
PROPOSED ANNEXATION OF THE HESS-LAIRD AFFECTED
TERRITORY TO THE CITY OF AMERICAN CANYON AND THE
AMERICAN CANYON FIRE PROTECTION DISTRICT**

WHEREAS, property owners initiated proceedings with the Local Area Formation Commission of Napa County (“LAFCO”) to effect the annexation of the Hess-Laird Affected Territory (“HLAT”) to the City of American Canyon and the American Canyon Fire Protection District (“District”) in March, 2026; and

WHEREAS, the HLAT is comprised of approximately 281 acres currently in the unincorporated County of Napa (“County”), located east of SR-29 and north of Watson Lane, and is comprised of the following APNs and parcels:

1. 057-090-065
2. 057-090-066; and

WHEREAS, Revenue and Taxation Code section 99 requires local agencies whose service area or responsibility will be altered by a jurisdictional change to negotiate the amount of property tax revenues to be exchanged between them that is realized from the property proposed to be annexed; and

WHEREAS, LAFCO cannot approve a proposed annexation until it receives resolutions from the affected local agencies expressing agreement to accept the exchange of property tax revenues; and

WHEREAS, County, City, and District staff have agreed to a proposed exchange of property tax revenues realized from the HLAT in Agreement No. 260379B, which was approved by the Board on May 5, 2026, by the City of American Canyon City Council on April 21, 2026 and by the District Board on April 28, 2026 (“Tax Sharing Agreement”).

NOW, THEREFORE, BE IT RESOLVED by the Napa County Board of Supervisors, that in accordance with the Tax Sharing Agreement with the City of American Canyon and the American Canyon Fire Protection District, the Board of Supervisors agrees to the following exchange of property tax revenues and conditions precedent thereto:

“2. Allocation of Property Taxes.

- a. Beginning on the Annexation Effective Date, the ACFPD shall be allocated one hundred percent (100%) of the County's Structural Fire tax increment as calculated by the Napa County Auditor-Controller ("County Auditor"). This allocation shall not be subject to change based on Section 4.

b. Subject to Section 4, beginning on the Annexation Effective Date, the City shall be allocated Forty-Seven and a half percent (47.5%) of the County's share of the one percent (1%) property tax rate increment from the HLAT as calculated by the County Auditor ("County Tax Increment"); the ACFPD shall be allocated Five percent (5%) of County Tax Increment; and the County shall retain the remaining Forty-Seven and a half percent (47.5%) of the County Tax Increment (i.e. "47.5%/5%/47.5% allocation").

3. Property Tax Revenue. The property taxes revenue subject to this Agreement shall mean "ad valorem real property taxes," as the phrase is used in Section 25.5(b) of Article XIII A of the California Constitution, excluding certain property tax revenue set forth in Revenue and Taxation Code Section 95(c), that is collected from the HLAT.

4. ULL/RHNA Agreement.

a. Concurrently herewith, the City and County shall enter a separate "Urban Limit Line and Regional Housing Needs Allocation Agreement (ULL/RHNA Agreement)" authorizing the City to expand the American Canyon ULL to include properties in the HLAT in exchange for the City's agreement to accept a percentage of the County's RHNA in perpetuity, commencing with the Seventh Housing Element Revision. The ACFPD shall not be a party to the ULL/RHNA Agreement.

b. The parties agree the City share of the County Tax Increment shall increase from that amount shown in Section 2 upon approval of the transfer of the specified portion of the County's RHNA to the City, commencing with the Seventh Housing Element Revision (2031-2039) and continuing for each subsequent Housing Element Revision in perpetuity, in accordance with the ULL/RHNA Agreement. Beginning on the effective date of the Seventh Housing Element Revision that includes the transfer of the specified portion of the County's RHNA to the City in accordance with the ULL/RHNA Agreement, in lieu of the allocation in Section 2b the City shall be allocated Seventy percent (70%) of the County's share of the County Tax Increment; the ACFPD shall be allocated Five percent (5%) of County Tax Increment; and the County shall retain the remaining Twenty-Five percent (25%) of the County Tax Increment. This "70%/25%/5% allocation" shall continue so long as the transfer of the specified portion of the County's RHNA is included in each subsequent Housing Element Revision. If any future Housing Element Revision, does not include the transfer of the County's RHNA to the City by the applicable percentage set forth in the ULL/RHNA Agreement for any reason, including a change in law, the "70%/5%/25% allocation" of County Tax Increment in this Section shall cease and the "47.5%/5%/47.5% allocation" of County Tax Increment shall be implemented in accordance with Section 2b."

BE IT FURTHER RESOLVED, that the Clerk of the Board is directed to forward copies of this resolution to the Napa County Auditor-Controller and to the Executive Officer of LAFCO.

THE FOREGOING RESOLUTION WAS DULY AND REGULARLY ADOPTED by the Napa County Board of Supervisors, State of California, at a special meeting of the Board held on the 12th day of May, 2026, by the following vote:

AYES: SUPERVISORS _____

NOES: SUPERVISORS _____

ABSTAIN: SUPERVISORS _____

ABSENT: SUPERVISORS _____

NAPA COUNTY, a political subdivision of
the State of California

By: _____
AMBER MANFREE, Chair of the
Board of Supervisors

<p>APPROVED AS TO FORM Office of County Counsel</p> <p>By: <u>Sabrina S. Wolfson</u> Deputy County Counsel</p> <p>Date: <u>May 7, 2026</u></p>	<p>APPROVED BY THE NAPA COUNTY BOARD OF SUPERVISORS</p> <p>Date: _____</p> <p>Processed By: _____</p> <p>_____ Deputy Clerk of the Board</p>	<p>ATTEST: NEHA HOSKINS Clerk of the Board of Supervisors</p> <p>By: _____</p>
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