

Staff Report

TO: Board of Directors

FROM: Greg Jones, Assistant General Manager

DATE: December 14, 2022

SUBJECT: Nevada County LAFCo Resolution of Application for Annexation of Land – Unincorporated Placer County

ADMINISTRATION

RECOMMENDATION:

Adopt Resolution No. 2022-69 (Requesting the Nevada County Local Agency Formation Commission Initiate Proceedings for the Annexation of Unincorporated Area of Placer County to Nevada Irrigation District) and authorize the General Manager or assignee to execute the appropriate documents.

BACKGROUND:

On July 13, 2022, NID adopted Resolution 2022-43 (Requesting the Placer County Agency Formation Commission Initiate Proceedings for the Annexation Unincorporated Area of Placer County to Nevada Irrigation District). The specifics request herein has not changed from the July Resolution of Application to Placer LAFCo, rather the only adjustment is in adjusting the venue to Nevada County LAFCo as the application and processing entity.

Since 2009, Nevada and Placer LAFCo's have agreed to automatically transfer jurisdiction for processing multi-county district annexation proposals to the affected county LAFCo. Normally, LAFCo law provides that the principal county LAFCo is responsible for processing all annexations, unless both LAFCos agree to transfer jurisdiction to the affected county LAFCo. The intent of the automatic transfer agreement was to promote timely and efficient processing and to ensure the concerns of the affected county LAFCo were appropriately addressed. This process has been recently employed for several NID Placer County annexations involving several 'islands' which already receive or may receive water service from the District.

Recently, Placer LAFCo indicated it will no longer process annexation proposals for agencies with sphere plans older than five years. Consequently, Placer LAFCo has directed NID to submit its current annexation applications to Nevada LAFCo. Nevada LAFCo staff will now be coordinating with both NID and Placer LAFCo staff during the annexation process, and the annexation will be considered by Nevada LAFCo.

On January 19, 2007, Nevada County Local Area Formation Commission (LAFCO) adopted Resolution No. 07-05, which adopted the Nevada Irrigation District Sphere of Influence (SOI) Plan 2006 Update. One purpose of the SOI was to comply with the requirement of the Cortese-Knox-Hertzberg Local Government Reorganization Act and identify "islands" within the District's service boundary. The SOI states that lands within the perimeter of the District's Sphere of Influence, but not included in the District's boundaries ("islands"), may be annexed into the District with rights to service if and when water is available.

On February 8, 2017, the NID Board adopted Resolution 2017-05 authorizing the execution of a property tax revenue sharing agreement with Placer County. This Resolution further requires parcels to be "in-District" for service and states, in part, "...parcels requesting District water service require annexation to the District to be eligible to receive water".

The proposed Placer County annexation in question consists of sixty-five (65) unincorporated Placer County Island parcels, totaling +/- 700 acres, where 21 of the parcels are current NID raw water customers. NID has received annexation inquiries from approximately 20% of parcels for one of two reasons: (i) to be able to receive water if available; and (ii) to remove the 25% outside District surcharge for those with existing service.

As indicated in the Plan for Providing Services, no additional NID infrastructure would be required to serve water to the proposed annexation areas. Once annexation is complete, a prospective customer may inquire with NID to establish new service. If approved by NID, the individual property owner would be responsible for installing the necessary infrastructure to convey water from a point of delivery to their respective property.

Staff has prepared the attached Resolution making application for the annexation. As indicated in the Resolution, the territory is within the District's service area, which qualifies the annexation for Categorical Exemption to the provisions of the California Environmental Quality Act under Class 19, Annexation of Existing Facilities and Lots for Exempt Facilities.

Upon the effective date of annexation, some parcels as identified in Exhibit B will be designated in Division 3 while others will be designated in Division 4.

Of note, annexation of land does not guarantee water service to any property.

Additionally, NID's Sphere of Influence was last updated in 2007, and NID's services were comprehensively reviewed in 2015 for the West County Water Municipal Service Review. In 2023, LAFCo staff and NID staff are planning to proceed with the District's next sphere update in coordination with NID's completion of the Plan for Water.

BUDGETARY IMPACT:

The budgetary impact is reflected in two budget categories as defined below:

Annexation Fees & Services:

In July 2022, NID contracted with Nevada City Engineering to assist NID staff in the development of annexation maps and boundary descriptions. Pending approval of the 2023 Annual Budget, the remaining balance of cost for the annexation (fees and consultants) will come from the 2023 budget year expenses. The estimated cost of the annexation, including survey fees, LAFCo fees, and State fees, will be expensed as follows:

	Budget Acct	2023 Budgeted Amount	Est. 2023 Expense	Est. 2023 Budget Remaining after Expense
Annexation Fees (NV. Co.& BOE)	10115-52608	\$10,000	\$12,500	(\$2,500)
Annexation Consulting	10115-52603	\$35,000	\$3,000	\$32,000
2023 Budget Remaining:				\$29,500

Estimated Cost Breakdown:

Nevada LAFCO Fees*	\$10,000
Survey Consultant^	\$ 3,000
BOE Fees	\$ 2,500
Total Cost Estimate	\$15,500
2023 Budget	\$45,000
Net 2023 Budget Remaining	\$29,500

* Nevada County LAFCO cost estimate, actual cost based on time & materials

^ \$3,000 contract remaining, expended \$19,500 in 2022 for maps & descriptions

Reduced Annual Revenue from the Out-of-District Customers:

In 2022, the 21 existing customers included in this annexation proposal were billed a raw water, Out-of-District 25% surcharge in the amount of approximately \$5,700. This annual revenue surcharge will be lost to the District upon annexation of these 21 parcels.

Attachments (3):

- Attachment A: Resolution 2022-69 - Making Application for Annexation
 - Exhibit A: Map of Proposed Annexation Areas – Unincorporated Placer County
 - Exhibit B: List of Annexation APN’s by Section & Block
 - Exhibit C: Nevada County LAFCO Application - Plan for Services
- Attachment B: NID Resolution No. 2017-05
- Attachment C: Placer County / NID Tax Sharing Agreement



RESOLUTION NO. 2022-69

OF THE BOARD OF DIRECTORS OF THE NEVADA IRRIGATION DISTRICT

Requesting the Nevada County Local Agency Formation Commission Initiate Proceedings for the Annexation of Unincorporated Area of Placer County

WHEREAS, the Nevada Irrigation District (NID) desires to initiate proceedings with the Nevada County Local Agency Formation Commission (LAFCO) pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code for the annexation of the unincorporated areas of Placer County as defined in Exhibits A and B; and

WHEREAS, the map and geographic description describing and depicting the boundaries of the subject territory, defined in Sections and sub-Section Blocks, is set forth in Exhibits A and B, attached hereto and by this reference incorporated herein; and

WHEREAS, the final metes and bounds description of the proposed annexation may result in minor adjustments to the annexation boundaries. These minor adjustments may proceed forward as if fully contained herein; and,

WHEREAS, this proposal is consistent with the Sphere of Influence of the Nevada Irrigation District, as adopted by the Nevada County Local Agency Formation Commission in 2006; and

WHEREAS, the territory proposed for annexation contains sixty-five (65) individual rural properties comprised of +/- 700 acres, of which twenty-one (21) currently receive raw water service paying Out-of-District rates and forty-four (44) of which currently receive no District water service. Annexation will result in the opportunity for properties to establish treated and/or raw water service if available, existing customers will realize a reduction in irrigation water rates, and will enable the property owners to participate in District elections; and

WHEREAS, this Board hereby adopts the Plan for Providing Services to the affected territory required by Government Code Section 56653 and attached hereto as Exhibit C; and

WHEREAS, this Board certifies that, pursuant to Section 99 (b) of the Tax and Revenue Code, the Master Agreement between the County of Placer and the Nevada Irrigation District for Apportionment of Property Tax Revenues due to Jurisdictional Changes, approved by the Placer County Board Resolution No. 2017-080, and by the Nevada

Irrigation District Resolution No. 2017-05 applies to the proposed subject annexation; and

WHEREAS, the Board of the Nevada Irrigation District, as Lead Agency pursuant to the California Environmental Quality Act (CEQA), has considered the proposed annexation of application of the subject territory and concludes finds the annexation of subject territory already within the District's service area and sphere of influence, and qualifies for is therefore Categorically Exemption pursuant to the provisions of the California Environmental Quality Act under Class 19 Section 15319 Class 19 Exemption, Annexation of Existing Facilities and Lots for Exempt Facilities; and

NOW, THEREFORE BE IT RESOLVED, this Resolution of Application is hereby adopted and approved by the Board of Directors of the Nevada Irrigation District and the Local Agency Formation Commission of Nevada County is hereby requested to take proceedings for the annexation of the territory described in Exhibits A and B, according to the terms and conditions stated above, and in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

BE IT FURTHER RESOLVED, the above Recitals are true and correct and are incorporated as findings of the Board of Directors.

BE IT FURTHER RESOLVED, the General Manager is directed and authorized to take such further action as necessary and reasonable to implement the terms of this Resolution, and to file a Notice of Exemption citing Class 19, Sec. (15319) of the Public Resources Code, and to work with the County of Placer and any other landowners within this exclusion area in an effort to fully annex this exclusion area.

* * * * *

PASSED AND ADOPTED by the Board of Directors of the Nevada Irrigation District at a regular meeting held on the 14th day of December 2022, by the following vote:





AYES:	Directors:
NOES:	Directors:
ABSENT:	Directors:
ABSTAINS:	Directors:

Attest:

President of the Board of Directors

Secretary to the Board of Directors

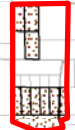
Legend

-  Exclusion Parcels within Placer County
-  Intermittent Water Service within NID Exclusions - 5 Parcels
-  Treated Water Service within NID Exclusions - 1 Parcel
-  Irrigation Water Service within NID Exclusions - 71 Parcels



Note: Red Border denotes a Section, Island annexation properties are contained within

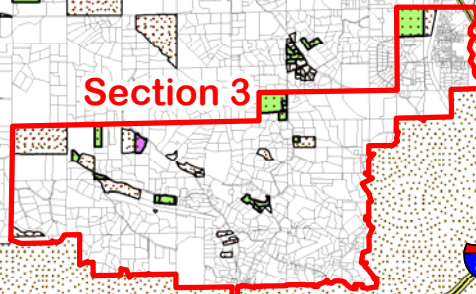
Section 1



Section 2



Section 3



65

49

193

30

Lincoln

Auburn

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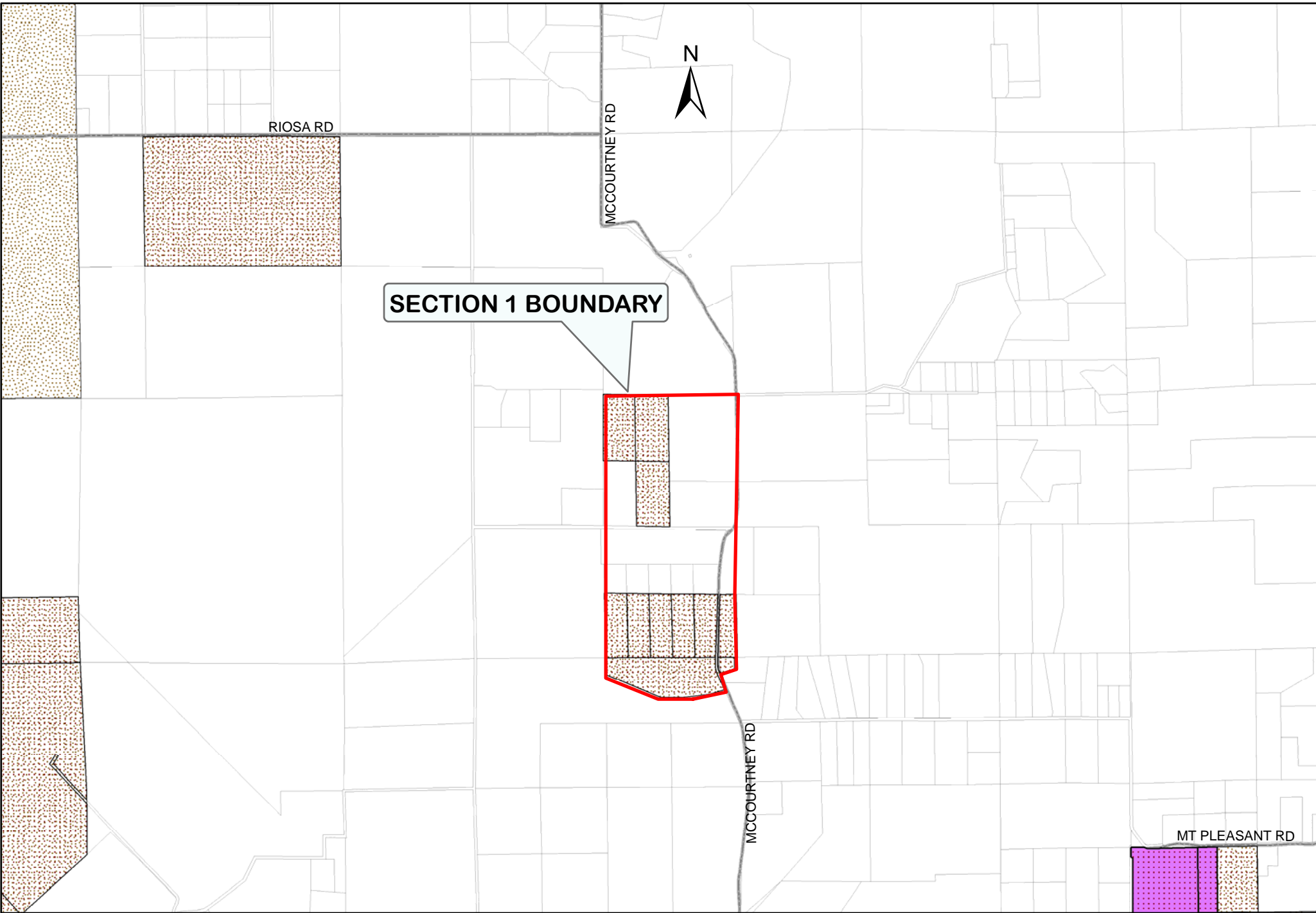
NEVADA IRRIGATION DISTRICT

NEVADA COUNTY -- PLACER COUNTY
GRASS VALLEY, CALIFORNIA

PLACER COUNTY PARCELS SERVED WITHIN NID EXCLUSIONS

Drawn By: L. HAMMER Date: 6/27/2022 Scale: 1" = 1-3/4 mile @ 8.5x11 Sheet: 1 of 4

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SECTION 1 BOUNDARY



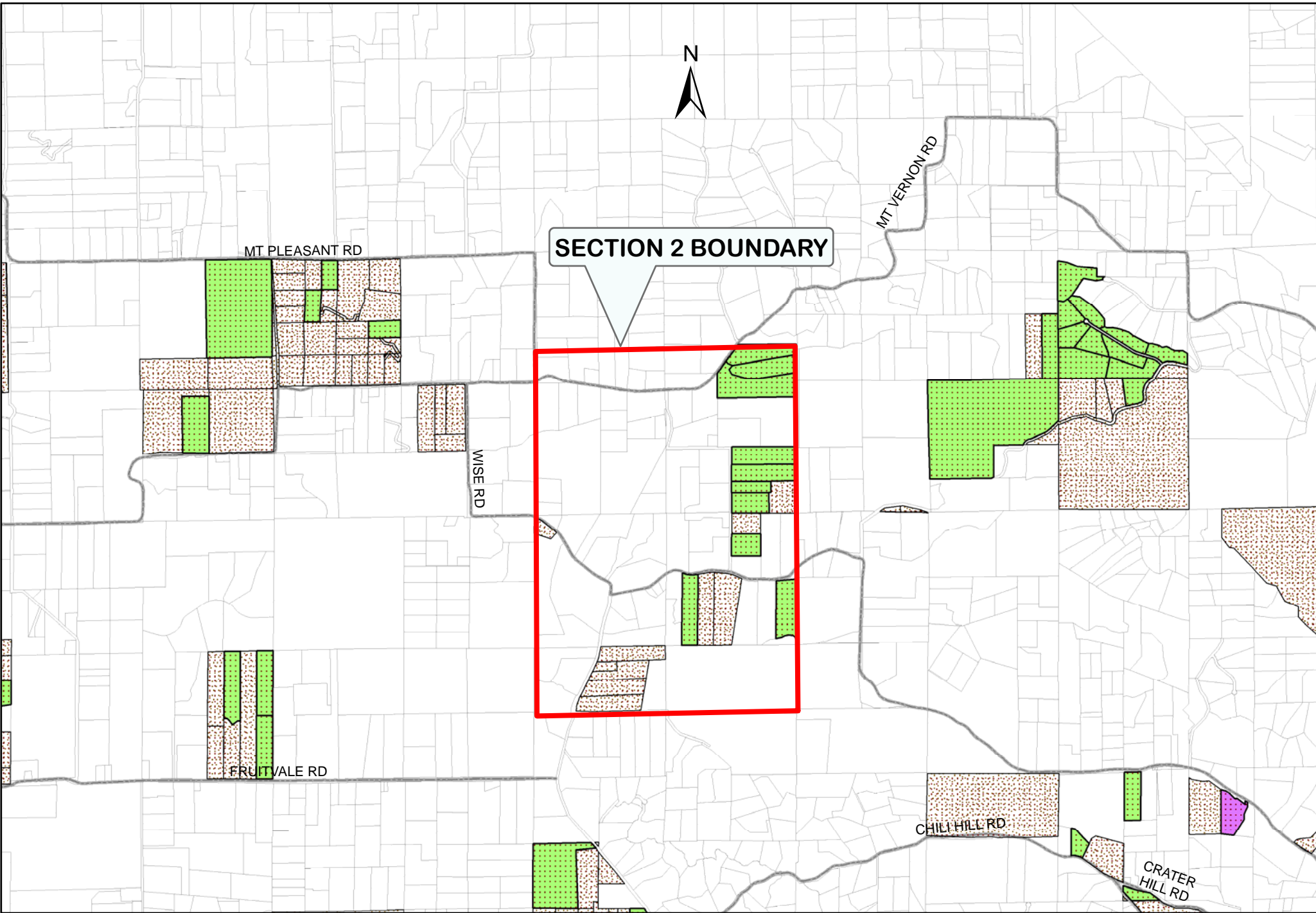
NEVADA IRRIGATION DISTRICT

NEVADA COUNTY -- PLACER COUNTY
GRASS VALLEY, CALIFORNIA

SECTION 1 PLACER COUNTY PARCELS SERVED WITHIN NID EXCLUSIONS

Drawn By: L. HAMMER Date: 6/27/2022 Scale: 1" = 2500' @ 8.5 x 11 Sheet: 2 of 4

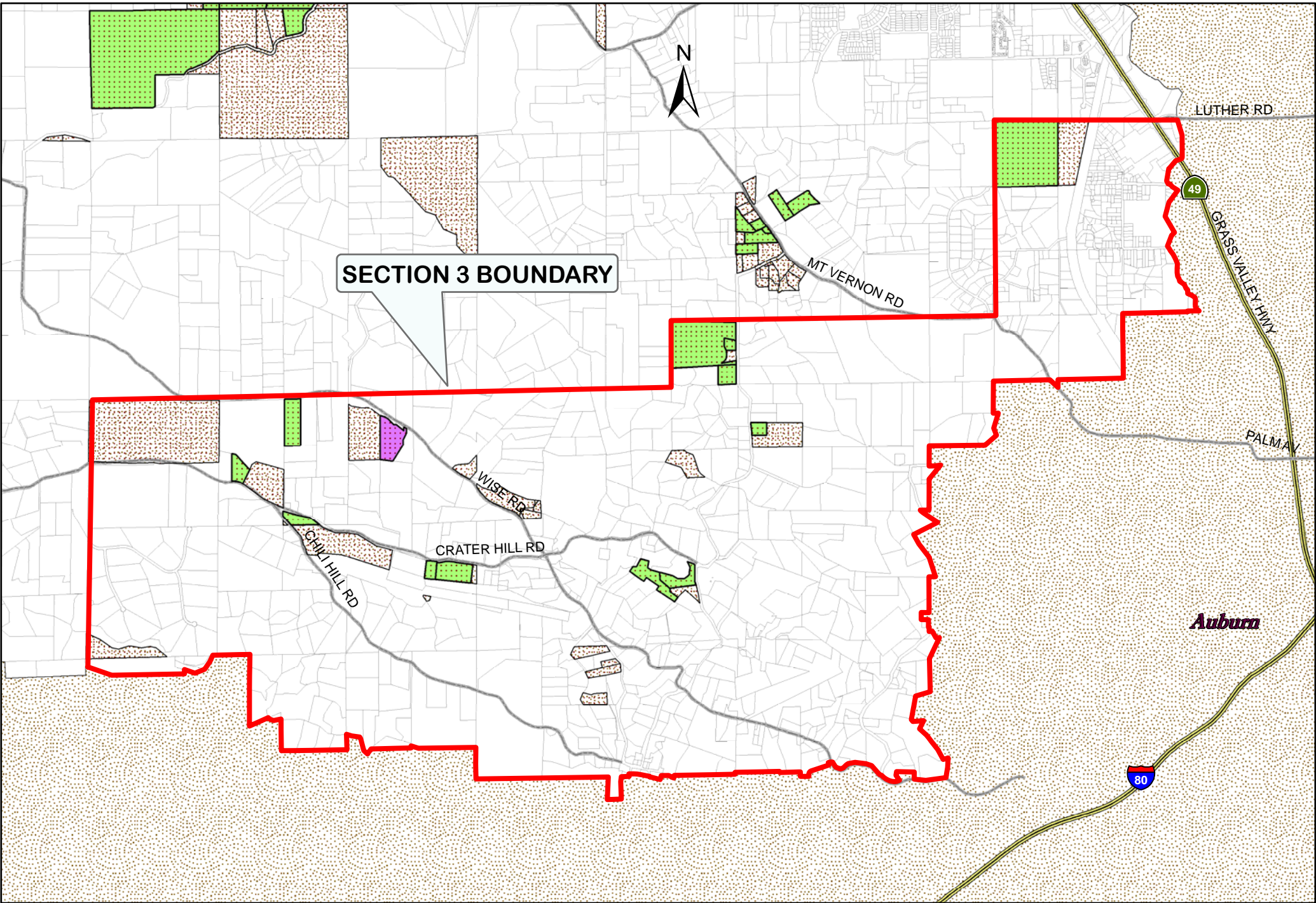
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NEVADA IRRIGATION DISTRICT
 NEVADA COUNTY -- PLACER COUNTY
 GRASS VALLEY, CALIFORNIA

SECTION 2
PLACER COUNTY PARCELS SERVED WITHIN NID EXCLUSIONS
 Drawn By: L. HAMMER Date: 6/27/2022 Scale: 1" = 2500' @ 8.5 x 11 Sheet: 3 of 4

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SECTION 3 BOUNDARY



NEVADA IRRIGATION DISTRICT

NEVADA COUNTY -- PLACER COUNTY
GRASS VALLEY, CALIFORNIA

SECTION 3 PLACER COUNTY PARCELS SERVED WITHIN NID EXCLUSIONS

Drawn By: L. HAMMER

Date: 6/17/2022

Scale: 1" = 2500' @ 8.5 x 11

Sheet: 4 of 4

Section & Block Assessment List

	APN_D	NID Customer?	Approx. Acres	Updated Division	
Section 1	Block A	P020-143-012-000	20	Division 3	
		P020-143-013-000	20	Division 3	
		P020-143-015-000	20	Division 3	
	Block X	P020-142-027		20	Division 4
		P020-142-028		20	Division 4
		P020-142-029		20	Division 4
		P020-142-030		20	Division 4
		P020-142-031		20	Division 4
		P020-142-008		11.7	Division 4
		P020-163-014		40	Division 4

Section 2	Block B	P031-040-039-000		11	Division 3
		P031-040-040-000		15.7	Division 3
	Block C	P031-040-041-000		11	Division 3
		P031-040-036-000	Yes	11	Division 3
	Block D	P031-040-050-000	Yes	6	Division 3
		P031-040-049-000		5.8	Division 3
		P026-260-035-000	Yes	7.4	Division 3
		P026-260-036-000		7.9	Division 3
		P026-260-032-000	Yes	4.2	Division 3
		P026-260-050-000	Yes	10.1	Division 3
		P026-260-049-000	Yes	10.1	Division 3
	Block E	P026-250-079-000	Yes	17.3	Division 3
		P026-250-078-000		10	Division 3
		P026-250-077-000	Yes	9.7	Division 3
	Block F	P031-040-017-000		2.6	Division 3
		P031-050-011		9.5	Division 3
	Block Y	P031-050-041		2	Division 3
		P031-050-040		7.5	Division 3
P031-050-039			9.4	Division 3	
P031-050-013			9.5	Division 3	

Section 3	Block G	P031-470-020-000		9.8	Division 4
	Block H	P031-031-006-000		80	Division 4
	Block I	P031-081-002-000	Yes	3.3	Division 4
		P031-081-003-000		11.6	Division 4
	Block J	P031-083-002-000	Yes	2.86	Division 4
		031-092-048-000		5.7	Division 4
		031-092-049-000		6.1	Division 4
		P031-092-050-000		10.2	Division 4
	Block K	P031-092-004-000	Yes	2	Division 4
		P031-092-005-000	Yes	6.5	Division 4
		P038-170-037-000		1.3	Division 4
	Block L	P031-081-005-000	Yes	7.4	Division 4
	Block M	P031-081-035-000		16.5	Division 4
		P031-081-034-000	Yes	7.8	Division 4
	Block N	P038-272-006-000		2.7	Division 4
	Block O	P038-160-014-000		7.2	Division 4
		P038-170-070-000		1.9	Division 4
		P038-160-009-000		0.8	Division 4
		P038-160-013-000		0.1	Division 4
	Block P	P040-280-064-000		2.7	Division 4
	Block Q	P040-280-023-000		2.7	Division 4
		P040-280-020-000		1	Division 4
	Block R	P040-280-022-000		3.2	Division 4
	Block S	P038-201-058-000	Yes	6.1	Division 4
		P038-201-057-000	Yes	4.8	Division 4
		P038-201-056-000		2.1	Division 4
	Block T	P038-272-043-000		5.4	Division 4
	Block U	P038-211-021-000		10.2	Division 4
		P038-211-025-000	Yes	1.6	Division 4
	Block V	P038-260-018-000	Yes	3.67	Division 4
		P038-260-033-000	Yes	25.9	Division 4
		P038-260-007-000		1.22	Division 4
		P038-260-006-000	Yes	1.35	Division 4
	Block W	P038-010-006-000	Yes	40.4	Division 4
P038-010-007-000			15.1	Division 4	

Approx. Acres: 700.6

PLAN FOR PROVIDING SERVICES
IN CONNECTION WITH THE
Annexation of Sixty-Five (65) Parcels in the Unincorporated Area of
Placer County, Placer Co.

Nevada Irrigation District will provide services to the subject territory as outlined below:

1. **Enumerate and describe the services to be extended to the affected territory.**

Upon completion of annexation, the properties in question will be eligible to receive treated and/or raw water service for private use from the Nevada Irrigation District (NID or District), if available. Annexation will not require any infrastructure upgrades by NID as irrigation canals are located within close proximity to many of the proposed annexation island parcels. If / when an annexed parcel requests water service from NID and it is granted by NID, a meter box would be installed at the closest location to the applicant, and the applicant would then be responsible for the installation of a private service lateral to their property.

Twenty One (21) of the proposed annexation island parcels are already NID “Out-of-District” customers. These parcels will continue to receive raw water service from NID.

2. **Specify the level and range of those services.**

NID will provide treated and/or raw water service for purchase, if available, for the purpose of irrigation on the lands to be annexed.

3. **Indicate when those services can feasibly be extended to the affected territory.**

No additional NID infrastructure will be necessary to provide services to the parcels other than the installation of a meter outlet. All other plumbing to convey water to these newly annexed parcels will privately owned, operated, and maintained. The timeframe for service is solely at the discretion of the individual property owner and their desire to apply for water service.

4. **Indicate any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed.**

The only installation NID will require is a meter box to regulate the flow of purchased water.

5. **Provide information about how each of those services will be financed.**

Water service to the annexed parcels requires no new infrastructure installations by NID. Service lines conveying water from NID facilities to the annexed parcels will be privately owned, installed and maintained by each property owner. Funds for the installation will be born on each property owner performing the installation.



RESOLUTION No. 2017-05

OF THE BOARD OF DIRECTORS OF THE NEVADA IRRIGATION DISTRICT

AUTHORIZING THE GENERAL MANAGER TO EXECUTE A PROPERTY TAX REVENUE SHARING AGREEMENT WITH THE COUNTY OF PLACER

WHEREAS, the Nevada Irrigation District (District) expanded service into Placer County (County) in 1926 by a majority vote of landowners; and

WHEREAS, following the 1926 vote a number of parcels elected to abstain from inclusion thereby creating islands of exclusionary lands within the District’s service area within the County; and

WHEREAS, a moratorium on water deliveries to parcels outside District boundaries was established in 2005 by the Board of Directors; and

WHEREAS, the County and private parcel owners located within the exclusionary lands have expressed a renewed interest in receiving District services; and

WHEREAS, parcels requesting District water service require annexation to the District to be eligible to receive water; and

WHEREAS, the Local Agency Formation Commission (LAFCO) requires a resolution authorizing the exchange of tax revenues between the County and the District for taxes generated in the annexation area, prior to consideration of the annexations; and

WHEREAS, the District and the County have negotiated a “Master Agreement for Apportionment of Property Tax Revenues Due to Jurisdictional Changes” (Tax Agreement) to support funding for potential future infrastructure in and services to the unincorporated areas of the County that are located within District boundaries; and

WHEREAS, the Tax Agreement is exempt from environmental review under the California Environmental Quality Act (CEQA) in that the activity does not constitute approval of a project under CEQA because execution of the Tax Agreement does not have the potential to cause a significant effect on the environment. The District will conduct separate environmental review, as required, under CEQA for any potential future infrastructure improvements or requests for annexation to the District.

NOW, THEREFORE BE IT RESOLVED, by the Board of Directors of the Nevada Irrigation District:

1. The Board of Directors approves the attached Tax Agreement.
2. The General Manager is authorized and directed to execute the Tax Agreement
3. This resolution shall become effective upon execution of the Tax Agreement by the District's General Manager and the County of Placer.

PASSED AND ADOPTED by the Board of Directors of the Nevada Irrigation District at a regular meeting held on the 8th day of February 2017, by the following vote:

AYES:	Directors: Weber, Drew, Miller, Morebeck, Wilcox
NOES:	None
ABSTAINING:	None
ABSENT:	None



President

ATTEST:



Board Secretary

MASTER AGREEMENT FOR
APPORTIONMENT OF PROPERTY TAX
REVENUES DUE TO JURISDICTIONAL CHANGES

COUNTY OF PLACER &
NEVADA IRRIGATION DISTRICT

THIS AGREEMENT is made and entered into the 24th day of April 2017, by and between the COUNTY OF PLACER, a political subdivision of the State of California (hereinafter referred to as "County") and NEVADA IRRIGATION DISTRICT, a special district (hereinafter referred to as "NID")(hereinafter sometimes collectively referred to as "Parties").

RECITALS

A. NID has certain areas within its jurisdiction in Placer County identified as exclusion zones as depicted in Exhibit A where NID provides limited service. NID wishes to apply to the Local Agency Formation Commission ("LAFCO") to annex areas within exclusion zones in the unincorporated Placer County.

B. Both Parties agree that this Agreement does not apply to exclusion zones located within the City of Lincoln city limits, areas within the City of Lincoln Sphere of Influence, areas located within the boundaries of the Bickford Ranch Specific Plan, and areas within the Auburn Valley Country Club community and as depicted in Exhibit B.

C. Section 99 of the Revenue and Taxation Code provides that no jurisdictional change pending before the LAFCO shall become effective until each local agency whose service areas or service responsibilities would be altered by such jurisdictional change agrees by resolution to accept the negotiated exchange of property tax revenues.

D. This Master Tax Sharing Agreement governs allocations and distributions of available property tax revenues in the annexation areas upon annexation and consistent with the terms of existing law.

E. The County is in support of this Agreement and NID's annexation of the exclusion zones to better serve customers in areas that are largely rural, agricultural and / or within commercially designated areas in unincorporated Placer County.

AGREEMENT

NOW, THEREFORE, the parties do agree as follows:

1. Recitals. The Parties incorporate by reference the recitals.
2. Scope. This Agreement shall apply only to annexations involving NID and the County in the exclusion zones, which do not include those areas identified in Recital B above. The parties understand that NID shall only submit an application to LAFCO for annexation of parcel groupings within the exclusion zones upon request of one or more of the affected parcel(s) property owner(s). NID agrees to include a legal description of the affected parcel(s) with each annexation application. NID acknowledges and agrees that the County has the right to comment on each such application.
3. Definitions.
 - a) "Base Year Tax Revenues". In the event of annexation, "Base Year Tax Revenues" shall be the portion of the 1% property tax authorized by Article 13A, section 1 of the California Constitution, accruing to the County General Fund, excluding any property tax revenues allocated to the Library Fund or Fire Control Fund, and less the

Superior Debt amount, based on the AB-8 gross levy prior to adjustments and revenue transfer relative to the Education Revenue Augmentation Fund (ERAF) in the applicable fiscal year the Annexation Area(s) is annexed.

b) "ERAF Factor". The "ERAF Factor" is the percentage required by California Revenue and Taxation Code sections 97, et seq., to be multiplied by an affected agency's AB-8 gross levy in order to determine the amount of funds to be transferred to the schools for ERAF.

c) "Tax Increment" means the amount of 1% ad valorem property tax revenues accruing to the County, excluding any allocation to the Library Fund or Fire Control Fund and less the Superior Debt, in excess of Base Year Revenues accruing to each agency (by TRA) in the annexation area (s) and resulting from the increase in assessed valuation from one year to the next. For the purposes of this Agreement, Tax Increments shall be cumulative. The original Base Year (when annexation occurs) shall remain the Base Year for future calculations of the cumulative increments to be apportioned among the County and NID. "TRA" means tax rate area.

d) "Superior Debt" means such debt or other enforceable obligations that are from the former Placer County Redevelopment Agency bonded indebtedness or other obligations that have been disclosed and defined as enforceable obligations pursuant section 34167(d) of the California Health and Safety Code that encumber areas within the exclusion zones and have a superior lien position on tax increment revenues accruing from the former redevelopment project areas. For areas within the exclusion zones that are within former redevelopment project areas (Exhibit C), the calculation of Apportionment as detailed below shall be calculated after bonded indebtedness obligations and enforceable obligations have been paid.

4. Apportionment.

a) No part of any agency's Base Year Revenues from annexed territory shall be reapportioned to NID.

b) From and after the first fiscal year following the effective date of each annexation ten percent (10%) of the Tax Increment of the annexed territory thereafter accruing to County prior to the ERAF Factor shall be apportioned to NID less the Superior Debt obligation identified in Paragraph 3.

5. Infrastructure Improvements. In consideration for the apportionment as defined in Section 4.b. above, NID expend a minimum investment of \$500,000 in infrastructure improvements to improve water service flow and pressure standards ("Infrastructure Improvements") to the Placer County Government Center. NID shall also commit to expending the revenues received under the apportionment defined in Section 4.b. above in the unincorporated area of Placer County. Any State permit requirements and/or environmental review required for said Infrastructure Improvements and all costs of construction shall be the sole responsibility and cost of NID. NID agrees and acknowledges that this provision is material consideration for the County to enter into this Agreement. Failure of NID to perform these commitments is grounds for termination of this Agreement.

6. Tax Rate Area. The County will work with the County Auditor to establish a separate Tax Rate Area (TRA) for each annexed area prior to allocation and distribution of property tax under this Agreement and will report to NID the actual amount of the 1% AD VOLREM Property Tax Revenues from the TRA available for allocation and distribution pursuant to this Agreement.

7. Term of Agreement.

a) Initial Term. This Agreement shall become effective as of the last date of execution below and shall remain in effect for an initial three (3) year term (Initial Term).

b) First Renewal of Initial Term. If NID has made substantial progress in performing the obligations in section 5, this Agreement shall be renewed for an additional three (3) year term (Extended Term). For purposes of this Agreement, "substantial progress" shall mean that all permitting and environmental review has been completed by NID.

c) Renewal of Extended Term. If NID has completed construction of Infrastructure Improvements by the end of the Extended Term, this Agreement shall be renewed on that date for a subsequent five (5) year Term (Extended Term Renewal) and automatically thereafter at the end of the Extended Term Renewal for subsequent five (5) year Terms.

8. Termination.

a) Failure of NID to satisfy the obligations in section 5 and within the time frames outlined in section 7 is grounds for the County to terminate this Agreement. County agrees to provide NID with three (3) months written notice prior to the date of termination.

b) The termination of the Agreement under this section shall not result in a reapportionment of property tax revenues from territories annexed prior to such termination. In the event of termination pursuant to this section, any monies expended by NID pursuant to Section 5 shall not be subject to reimbursement or claim against the County.

9. Counterpart. This Agreement may be executed in two counterparts, each of which constitutes an original.

10. General Provisions.

a) Modification. This Agreement may only be modified or amended in writing duly authorized and executed by both the NID and the County. Said amendments may require prior approval of the governing boards of NID and the County. The parties agree that amendments to Section 5 shall require prior public hearings by both the NID and the County Board of Supervisors.

b) Entire Agreement. With respect to each annexed area only, this Agreement supersedes any and all previous negotiations, proposals, commitments, writings, and understandings between the NID and the County with respect to the sharing of Property Tax Revenue.

c) Notices. All notices, requests, certifications, or other correspondence provided by the Parties to this Agreement shall be in writing and shall be personally delivered or delivered by first class mail to the respective Parties at the following addresses:

County
Placer County Executive Officer
County of Placer
175 Fulweiler Avenue.
Auburn, CA 95603

NID
General Manager
Nevada Irrigation District
1036 W. Main Street
Grass Valley, CA 95945-5424

Notice by personal delivery shall be effective immediately upon delivery. Notice by mail shall be effective upon receipt or three (3) days after mailing, whichever is earlier.

d) Agreement or Consent. Wherever this Agreement requires a party's agreement or consent, the party shall make its decision to give or withhold such agreement or consent in good faith, and shall not withhold such agreement unreasonably or without good cause.

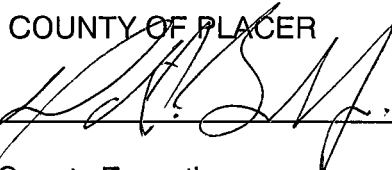
e) Construction of Captions. Captions of the sections of this Agreement are for convenience and reference only. The words in the captions in no way explain, modify, amplify, or interpret this Agreement.

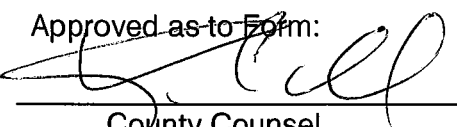
f) Authority to Execute Agreement. NID has authorized the execution of this Agreement by its General Manager through adoption of Resolution No. 2017-05 by its Board. County has authorized the execution of this Agreement by the County Executive through adoption of Resolution No. 2017-080 by the Board of Supervisors.

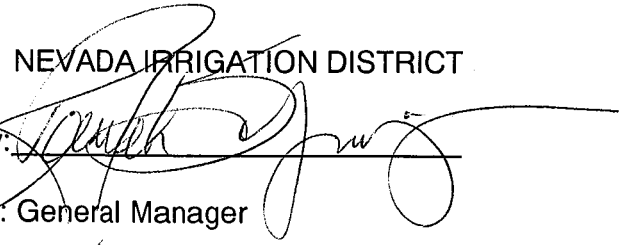
g) Venue. This Agreement is made in the County of Placer in the State of California. Any action to enforce or interpret its terms shall be brought in Placer County Superior Court.

h) Severability. Should any part, term or provision of this Agreement be decided by the courts to be illegal or in conflict with any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining parts, terms or provisions hereof shall not be affected thereby.

IN WITNESS WHEREOF, this Agreement is entered into the date first above written.

COUNTY OF PLACER
By: 
Its: County Executive
Date: 5/5/17
Authorizing Board Resolution: 2017-080

Approved as to Form:

County Counsel
County of Placer

NEVADA IRRIGATION DISTRICT
By: 
Its: General Manager
Date: 4/20/17
Authorizing Board Resolution: 2017-05

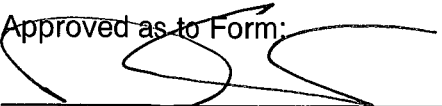
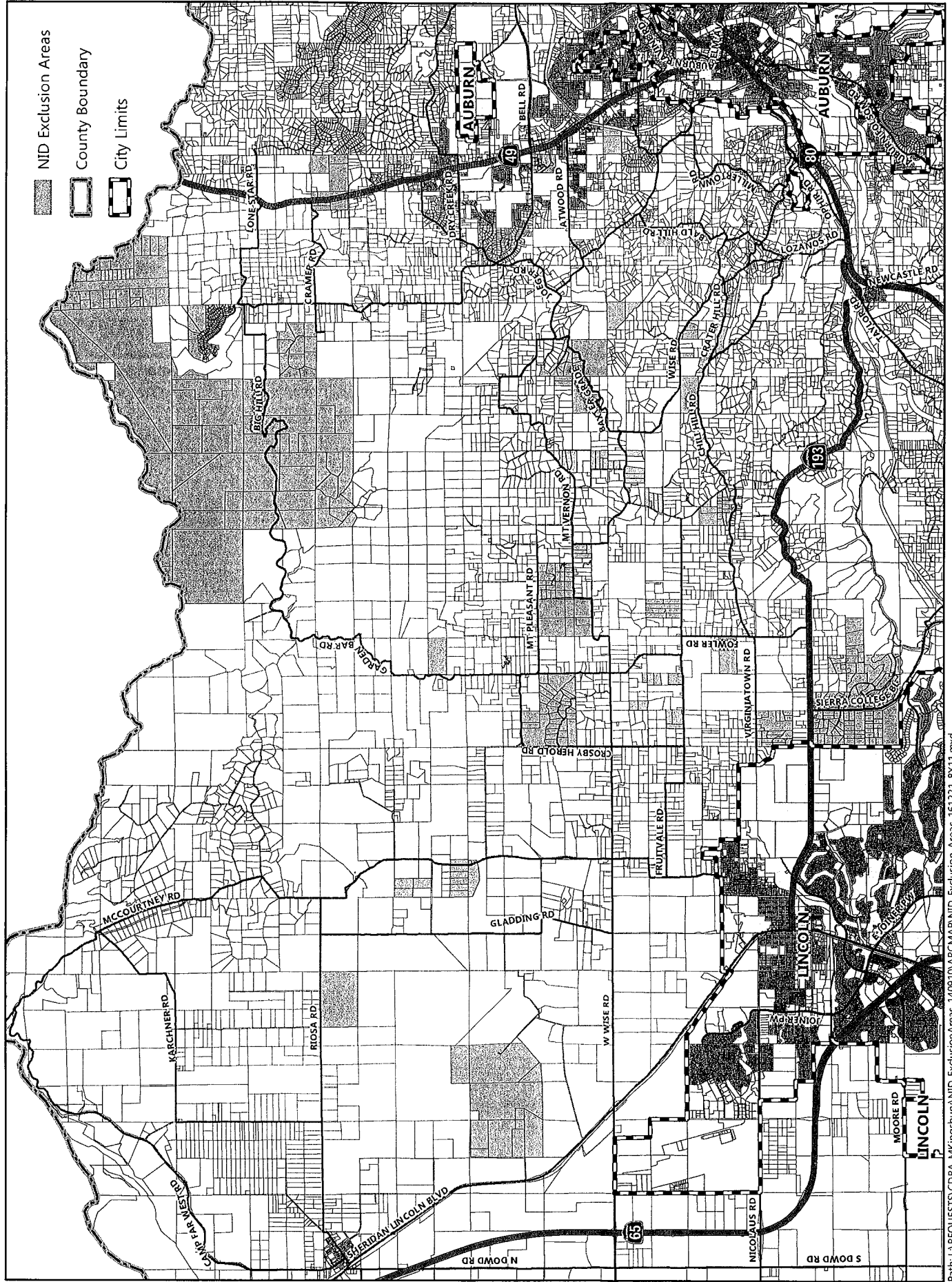
Approved as to Form:

District Counsel

EXHIBIT A

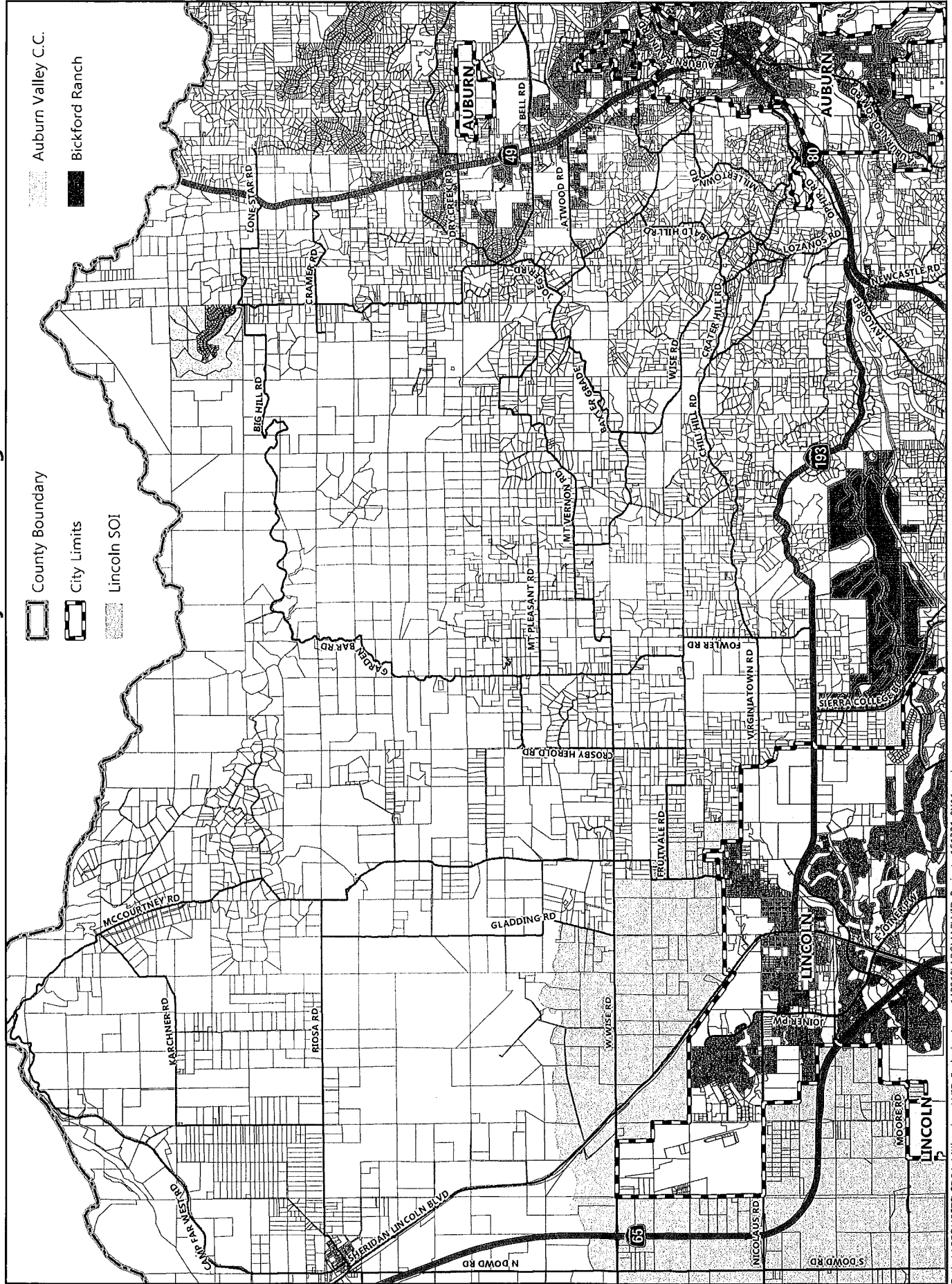
NID Exclusion Areas



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EXHIBIT B Areas Not Subject to This Agreement

North Lincoln Area



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Exhibit C Former Redevelopment Agency Project Areas North Auburn Redevelopment Area

