

STAFF REPORT

BOARD MEETING DATE: October 17, 2023

CATEGORY: Regular Calendar 9

SUBJECT: Adopt a resolution which establishes property tax exchange terms related to the annexation of unincorporated territory into the County Service Area 8-Palo Cedro and designates authority to sign any documents related to the implementation of the resolution.

DEPARTMENT: County Administrative Office

SUPERVISORIAL DISTRICT #: District 3

DEPARTMENT CONTACT: Bryce Ritchie, Administrative Analyst, (530) 225-5550

STAFF REPORT APPROVED BY: David J. Rickert, County Executive Officer

<u>Vote Required?</u>	<u>General Fund Impact?</u>
Simple Majority Vote	No Additional General Fund Impact

RECOMMENDATION

Adopt a resolution which establishes property tax exchange terms related to the annexation of unincorporated territory into the County Service Area 8-Palo Cedro (CSA 8) and approves and authorizes the County Executive Officer to sign any documents related to the implementation of the resolution.

DISCUSSION

Raymond E. Axner Jr. (the Applicant) submitted an application on March 11, 2023, to the Shasta Local Agency Formation Commission (Shasta LAFCO) to annex portions of unincorporated territory into CSA 8.

In order for the proposed annexation to move forward before Shasta LAFCO, pursuant to Revenue & Taxation Code section 99, a property tax exchange resolution must be adopted by the Board of Supervisors. Revenue and Taxation Code section 99(b)(5) states: In the event that a jurisdictional change would affect the service area or area of responsibility of one or more special districts, the board of supervisors of the county or counties in which the districts are located shall, on behalf of the districts, negotiate any exchange of property tax revenues. Prior to entering into negotiation on behalf of a district for the exchange of property tax revenue, the board shall consult with the affected district. The consultation shall include, at a minimum, notification to each member and executive officer of the district board of the pending consultation and provision of adequate opportunity to comment on the negotiation.

It is County Counsel's opinion that this statute provides the Shasta County Board of Supervisors with the discretion to determine any property tax exchange among CSA 8 and other special districts as it relates to the proposed reorganization.

On September 13, 2023, staff met with the Applicant to discuss changes proposed by the annexation of additional territory. During discussions with the Applicant, the Applicant stated that the purpose of the application was to provide sewer services to the two parcels as they currently use a septic system. Water services for the parcels will still be provided by the Bella Vista Water District ("Bella Vista Water"). Staff advised the Applicant of the additional costs and steps in order to connect to the existing sewer system.

In that regard, the resolution submitted for the Board's approval provides that 100% of the base year property tax revenue and 100% of the current and future annual property tax increment revenue allocated to Bella Vista Water will remain allocated to Bella Vista Water. Because CSA 8 does not receive any property tax, no other entities' property tax revenues will be impacted. Final approval of the annexation is a decision for Shasta LAFCO.

ALTERNATIVES

The Board could choose not to adopt the resolution or to alter its terms. If the Board declines to adopt a tax sharing resolution, then the proposed reorganization will not be able to proceed, and Shasta LAFCO would not be able to make a decision regarding this application.

OTHER AGENCY INVOLVEMENT

The Assessor-Recorder prepared the report identifying the assess valuations for the affected territory. The Auditor-Controller provided the tax revenue estimates and notified affected districts. County Counsel has reviewed the resolution as to form. The County Administrative Office prepared the resolution and the staff report.

FISCAL IMPACT

There is no General Fund impact with the adoption of the resolution.

ATTACHMENTS:

- 1: Draft Resolution
- 2: LAFCO Application
- 3: LAFCO Notice of Filing