



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: CEO
Department No.: 012
For Agenda Of: January 12, 2021
Placement: Administrative
Estimated Tme: NA
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Mona Miyasato, County Executive Officer
Director(s)
Contact Info: Nancy Anderson, Assistant CEO, 568.3407
SUBJECT: **Property Tax Exchange Agreement for 726 North La Cumbre Reorganization
Annexation with the City of Santa Barbara (LAFCO 19-03)**

County Counsel Concurrence

Auditor-Controller Concurrence

As to form: Yes

As to form: Yes

Recommended Actions:

- a) Adopt a Resolution (Attachment B) providing for a negotiated exchange of property tax revenues pertaining to the 726 North La Cumbre Reorganization (LAFCO #19-03), an annexation to the City of Santa Barbara (City) and detachment from the Santa Barbara County Fire Protection District, Goleta Water District, and County Service Area 32.
- b) Find that the proposed actions are not a project under the California Environmental Quality Act (CEQA) pursuant to Sections 15378(b)(4) and 15378(b)(5) of the CEQA Guidelines, because they are government fiscal, organizational or administrative activities that will not result in direct or indirect physical changes in the environment.

Summary Text:

The County of Santa Barbara (County) received a notification from the Local Agency Formation Commission (LAFCO) that it had received an application from the City of Santa Barbara (City) for the North La Cumbre Reorganization. Currently, the property is bordered by the City. The parcel identified for possible annexation is located at 726 N. La Cumbre Road (District 1), the existing land use is residential and has an assessed value of \$1,110,000. The proposal includes the following actions:

- Annexation to the City of Santa Barbara and
- Detachment from the Santa Barbara County Fire Protection District, Goleta Water District and County Service Area 32.

The County and the City engaged in tax exchange negotiations that ended in an agreement to allocate base property taxes and future increment in the same percent to the City as the existing City TRA 002-014 which is adjacent to the property, or 12.46538121%.

For this annexation, no Regional Housing Needs Allocation (RHNA) credits were negotiated as the RHNA exchange would only involve one or two above-moderate income units and the County does not need above-moderate income units for the current RHNA cycle, etc.

This item is being placed on the agenda of the Board of Supervisors, per Section 99 of the Revenue and Taxation Code. The County must consider approval of a resolution of a negotiated exchange of property tax revenues with the City of Santa Barbara before the proposed annexation can be heard or approved by LAFCO. The annexation request will be heard by LAFCO at a hearing tentatively scheduled for February 4, 2021.

Background:

The LAFCO Proposal Justification Questionnaire for Annexations, Detachments, and Reorganizations states that the City of Santa Barbara (City) is requesting annexation of Assessor Parcel Number (APN) 057-111-003 at 726 North La Cumbre Road. The proposal also includes detaching this parcel from County Service Areas No. 32, the County Fire Protection District, and the Goleta Water District. The City would provide water, sewer as applicable, and other municipal services to these parcels.

On January 17, 2019 the City Planning Commission approved a Tentative Subdivision Map for a three-lot subdivision, contingent upon the approval of the annexation. The application to the City includes a three-lot subdivision with no residential development on the two proposed vacant lots created by the subdivision at this time. The City Council is meeting January 12, 2021 to act on the proposed tax exchange agreement with the County (Attachment B).

Currently, the County General Fund receives 17.04648054% of the \$11,100 in property taxes paid. The Santa Barbara County Fire Protection District, Goleta Water District and County Service Areas 32 receive 19.99%, 0% and 0%; respectively. The matching tax allocation (TRA) paid to the City of Santa Barbara on adjoining properties in the City limits is 12.46%. In negotiations between the City of Santa Barbara and the County, the parties agreed that all of the County Fire Protection District's allocated percentage will be eliminated. The City of Santa Barbara will become the provider of all municipal services and will receive 12.46% of property taxes. With this tax exchange agreement, the County General Fund will receive \$2,728 per year and the City will receive \$1,383. No property tax revenue from these parcels is distributed to County Service Area 32.

Using the current assessed value and property tax amount as an example, the proposed tax exchange agreement would have the following impacts to project-affiliated jurisdictions:

Assessed Value \$1,110,000 FY 2019-20				
Pre-Agreement		Jurisdiction	Post-Agreement	
Tax Allocation %	Revenue		Tax Allocation %	Revenue
17.05%	\$ 1,892	County General Fund	24.57%	\$ 2,728
0.00%	\$ -	CSA 32	0.00%	\$ -
0.00%	\$ -	City of Santa Barbara	12.47%	\$ 1,383
19.99%	\$ 2,219	SB County Fire Protection District	0.00%	\$ -
0.00%	\$ -	Goleta Water District	0.00%	\$ -

¹ Based on Auditor-Controller provided total assessed value of \$1,110,000, property taxes of \$11,000. Balance of property tax is allocated to independent special districts and schools. Due to rounding, Tax Revenues may not equal to posted totals.

Attached is a Board Resolution (Attachment B) which proposes the authorization of the terms, provisions and directions for executing the property tax exchange between the City of Santa Barbara and the County.

Fiscal and Facilities Impacts:

The parcels subject to the reorganization have a total assessed value of approximately \$1,110,000 of which the 1% value is \$11,100. The property tax allocated to the Santa Barbara County Fire Protection District is reallocated to the City in an amount equal to a tax allocation of 12.46538121 percent and to the County General Fund in an amount equal to a tax allocation of 24.573534 percent. The negotiated tax allocation is equal to the matching TRA allocation (002-014) identified by the Auditor-Controller of 12.47%. The rationale behind this methodology is that the City of Santa Barbara would become the provider of municipal services and the County will continue to support other beneficial services; which is consistent with Section 99 of the Revenue and Taxation Code.

Attachments:

- A. LAFCO Submission Packet #19-03 – 726 North La Cumbre Reorganization
- B. A Resolution providing for a negotiated exchange of property tax revenues pertaining to the 726 North La Cumbre Reorganization (LAFCO #19-03), an annexation to the City of Santa Barbara and detachment from the Santa Barbara County Fire Protection District, Goleta Water District, and County Service Area 32

Special Instructions:

Please provide copies of the minute order and signed Attachment B to Nancy Anderson, Assistant County Executive Officer, CEO Office.

Authored by:

Nancy Anderson, Assistant CEO, 568.3407

Property Tax Exchange for the North La Cumbre Reorganization (LAFCO 19-03)

January 12, 2021

Page 4 of 4

CC:

Betsy Schaffer, Auditor-Controller

Mark Hartwig, Fire Chief

Mike Prater, Executive Officer, Local Agency Formation Commission