



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

#5

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: July 15, 2008
Placement: Departmental
Estimated Time: 30 minutes
Continued Item: Yes
If Yes, date from: File No. 08-00511
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Michael F. Brown, County Executive Officer
Director(s)
Contact Info: John Baker, Assistant County Executive Officer, 568-2243
SUBJECT: Orcutt Community Facilities District Options

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: N/A

Other Concurrence:

As to form: N/A

Recommended Actions:

That the Board of Supervisors receive a staff report of the options regarding options for modification of the requirements for participants in the Orcutt Community Facilities District (CFD).

Summary Text:

On July 8, 2008 the Board of Supervisors considered an action to annex a property containing the Evergreen Shopping Center into the Orcutt CFD. Board Members expressed some concerns for applying the special tax called for in the CFD to a business that is adding to an existing shopping center operation. Staff was directed to return to the Board with the process for modifying the current requirements of the CFD. The two methods of altering the requirements of the CFD are summarized as follows:

1. Property owners can petition for and ultimate vote to change or eliminate the types of facilities or services provided by the CFD as long as the CFD is not obligated to pay any outstanding debt (no such obligation exists for this CFD).
2. The Board may initiate changes to the CFD by adopting a Resolution of Consideration that terminates the services financed by the CFD after conducting a public hearing. Once all services are eliminated, the Board can adopt an Ordinance that dissolves the CFD.

Orcutt Community Facilities District Options

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Background:

The Orcutt Community Facilities District was approved by the Board of Supervisors on October 8, 2002 specifically to fund (1) police/sheriff protections services, (2) fire protection services, (3) maintenance of parks, parkways and open space, and (4) flood and storm protections services within the Orcutt Planning Area. The development of the District came about as a result of the Orcutt Community Plan (OCP) which states that new development should bear its fair share of the costs of services.

In addressing this issue, a comparison of the OCP with CFD is appropriate to address the issues that were raised by the applicant and questioned by the Board at the July 8, 2008 meeting. The applicant specifically quoted from the OCP which calls for the County to provide for incentives, reduced or deferred fees, fast track processing and working with Evergreen shopping Center to facilitate development. These references in the OCP address the processing related issues of the development application, not the ongoing costs of services as contained in the CFD.

The District has four categories of assessments for new developed properties: (1) single family units, (2) multi-family units, (3) non-retail/commercial industrial, and (4) retail commercial property. The Evergreen Shopping Center is an existing development that is demolishing approximately 32,000 square feet and replacing it with approximately 52,000 square feet. The special tax that was to be applied as part of the annexation proposed on July 8, 2008 was for the additional development beyond that which currently exists (approximately \$7200 annually).

A modification of the District can be achieved in one of two ways. The members of the District (those property owners who have been annexed to the District) can initiate a petition to change or eliminate the services. This process could include a change in the categories that are to be included for the special taxes, e.g., non-profit developments, existing developments that are undergoing redevelopment of properties.

The steps that must be taken for the District to modify the CFD are as follows:

1. Petition to the County by 25% of the voters of the District to modify the CFD
2. Public hearing by the Board of Supervisors to hear protests from members of the District
3. If protests exceed 50% of the members of the District, an election regarding the proposed changes to the District shall be conducted. If two-thirds (2/3) of the voters approve of the changes, the Board shall adopt a resolution of change in accordance with the requested modifications contained in the petition. County Counsel will address this question of definition of eligible voters in this process.

The second method of bringing about change is for the Board of Supervisors can initiate changes by terminating services after conducting a public hearing and then passing an ordinance that dissolves the CFD. In this specific case, it would be very difficult to eliminate the services that are the subject of the special tax for just developing properties. The services listed above (public safety, park maintenance, flood control) that are funded by the special taxes cannot be discriminately isolated to apply only the properties developed before the formation of the District. The end result will be to spread the costs for increased service level requirements to the remainder of the unincorporated residents of the County.

Authored by:

John Baker, Assistant CEO/Director of Planning & Development