



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: April 5, 2016
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: Tom Alvarez, Budget Director, 568.3400
SUBJECT: Property Tax Exchange Agreement for Santa Barbara Museum of Natural History (SBMNH) Reorganization Annexation with the City of Santa Barbara (LAFCO 15-05)

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

- a) Adopt a Resolution (Attachment B) providing for a negotiated exchange of property tax revenues pertaining to the Santa Barbara Museum of Natural History Reorganization (LAFCO #15-05), an annexation to the City of Santa Barbara (City) and detachment from the Santa Barbara County Fire Protection District, Mission Canyon Lighting District, County Service Area 12 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 Santa Barbara Museum of Natural History (SBMNH) Reorganization. Currently, property owned by the SBMNH is partially within the City borders and partially in the County. The three parcels identified for possible annexation are located at 2559 Puesta del Sol (District 1), and the proposal includes the following actions:

- Annexation to the City of Santa Barbara and
- Detachment from the Santa Barbara County Fire Protection District, Mission Canyon Lighting District, County Service Area 12 and County Service Area 32.

The County and the City engaged in tax exchange negotiations for the allocation of base property taxes and future property tax increment that ended in an agreement that the County General Fund will receive 22.01% of the property tax revenues and the City of Santa Barbara will receive 10.84% of the property tax revenues if the agreement is approved. These percentages equate to \$343 per year (22.01%) for the County and \$169 (10.84%) for the City.

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 has been tentatively scheduled to be heard by LAFCO at the May 5, 2016 hearing.

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 Numbers (APNs) 23-250-39, 23-250-066 and 23-250-068 located at 2559 Puesta del Sol. The proposal also includes detaching these parcels from County Service Areas Nos. 12 and 32, the County Fire Protection District, and the Mission Canyon Lighting District. The City would provide water, sewer as applicable, and other municipal services to these parcels.

The owner of APNs 23-250-39, 23-250-066 and 23-250-068 initiated the proposed annexation as the City of Santa Barbara boundary bisects the Museum owned property. The SBMNH updated its Conditional Use Permit (CUP) in the City of Santa Barbara and requested to annex the above referenced parcels so that all the Museum's property are within one jurisdiction and regulated by the updated CUP. No change to the use of the property is proposed or allowed by the amended CUP.

On January 8, 2015 the Santa Barbara City Planning Commission initiated the annexation and approved a Conditional Use Permit amendment and a Parking Plan amendment for this project. On August 11, 2015, the Santa Barbara City Council approved a General Plan Amendment, Zoning Amendment, and Annexation/Reorganization for the SBMNH Project. The approvals by the City Council are contingent upon annexation of the subject parcels to the City. The City Council is meeting today, April 5, 2016, to act on the proposed tax exchange agreement with the County (Attachment B).

Currently, the County receives 23.14% of the \$1,559 in property taxes paid. The Santa Barbara County Fire Protection District, Mission Canyon Lighting District and County Service Areas 12 and 32 receive 9.53%, 0.19%, 0% and 0%; respectively. The matching tax allocation (TRA) paid to the City of Santa Barbara on adjoining properties in the City limits is 11.96%. In negotiations between the City of Santa Barbara and the County, the parties agreed that all of the County Fire Protection District and the Mission Canyon Lighting District's allocated percentages will be eliminated. The City of Santa Barbara will

become the provider of all municipal services and will receive 10.84% of property taxes. With this tax exchange agreement the County General Fund will receive \$343 per year (22.01%) and the City will receive \$169 (10.84%). No property tax revenue from these parcels is distributed to County Service Area 12 or 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 \$155,904 FY 2015-16				
Pre-Agreement		Jurisdiction	Post-Agreement	
Tax Allocation %	Revenue		Tax Allocation %	Revenue
23.14%	\$ 361.00	County General Fund	22.01%	\$ 343.00
0.00%	\$ -	CSA 12	0.00%	\$ -
0.00%	\$ -	CSA32	0.00%	\$ -
0.00%	\$ -	City of Santa Barbara	10.84%	\$ 169.00
9.53%	\$ 149.00	SB County Fire Protection District	0.00%	\$ -
0.19%	\$ 3.00	Mission Canyon Lighting District	0.00%	\$ -

¹ Based on Auditor-Controller provided total assessed value of \$155,904, property taxes of \$1,559. 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 \$155,904 of which the 1% value is \$1,559. The property tax allocated to the Santa Barbara County Fire Protection District, Mission Canyon Lighting District, and County Service Areas 12 & 32 will be reallocated to the City in an amount equal to a tax allocation of 10.83723739 percent and to the County General Fund in an amount equal to a tax allocation of 22.00973253 percent. The difference between the City matching property tax allocation (TRA: 11.96253611%) and the negotiated tax allocation is 1.13 percent. 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 #15-05 – Santa Barbara Museum of Natural History
- B. A Resolution providing for a negotiated exchange of property tax revenues pertaining to the Santa Barbara Museum of Natural History Reorganization (LAFCO #15-05), an annexation to the City of Santa Barbara and detachment from the Santa Barbara County Fire Protection District, Mission Canyon Lighting District, County Service Area 12 and County Service Area 32

Special Instructions:

Please provide copies of the minute order and signed Attachment B to Richard Morgantini, Fiscal & Policy Analyst, CEO Office.

Authored by:

Tom Alvarez, Budget Director, 568.3400

Richard Morgantini, Fiscal & Policy Analyst, 568.3400

CC:

Theo Fallati, Auditor-Controller

Eric Peterson, Fire Chief

Paul Hood, Executive Officer, Local Agency Formation Commission