



County of Santa Barbara

BOARD OF SUPERVISORS

Minute Order

July 1, 2025

Present: 5 - Supervisor Lee, Supervisor Capps, Supervisor Hartmann, Supervisor Nelson, and Supervisor Lavagnino

COUNTY EXECUTIVE OFFICE

File Reference No. 25-00615

RE: HEARING - Consider recommendations regarding the Richards Ranch Reorganization [Local Agency Formation Commission (LAFCO) File No. 24-08] and Tax Exchange Update, as follows: (EST. TIME: 40 MIN.)

a) Receive and file a report on the status of negotiations on a tax exchange Agreement between the County of Santa Barbara (County) and the City of Santa Maria (City) as required by the proposed Richards Ranch Reorganization - Annexation to the City, LAFCO File No. 24-08;

b) As permitted by Revenue and Taxation Code Sections 99(b)(8) and 99(e)(2), delegate authority to the County Executive Officer to seek and execute an extension agreement, if needed, with the City to allow the parties additional time to engage in the independent fiscal analysis phase with a third-party consultant, and if needed, the mediation and arbitration processes required by Revenue and Taxation Code section 99(e);

c) Direct staff to continue negotiating a tax exchange Agreement for Board consideration and provide staff with further direction as appropriate; and

d) Find that the proposed actions are administrative activities of the County, which will not result in direct or indirect changes to the environment and therefore are not a “project” as defined for the purposes of the California Environmental Quality Act (CEQA) under State CEQA Guidelines Section 15378(b)(5).

COUNTY EXECUTIVE OFFICER’S RECOMMENDATION: POLICY

HEARING TIME: 11:15 AM - 11:52 AM (37 MIN.)



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Received and filed staff presentation and conducted a public hearing.

Hugh Montgomery addressed the Board.

A motion was made by Supervisor Nelson, seconded by Supervisor Lee, that this matter be acted on as follows:

a) Received and filed;

b) Delegated;

c) Directed; and Further directed staff, as follows: (1) Incorporate the eight negotiation principles outlined by Supervisor Nelson in his July 1, 2025 memo to the Board of Supervisors; and (2) Authorize the CEO to seek and approve extension agreements, if needed, with the City covering not only the fiscal analysis phase but all process phases, in order to continue and deepen the ongoing conversations; and

d) Approved.

The motion carried by the following vote:

Ayes: 5 - Supervisor Lee, Supervisor Capps, Supervisor Hartmann, Supervisor Nelson, and Supervisor Lavagnino

Subject: Direction to Staff Regarding Negotiations with City of Santa Maria on Key Site 26 (Richard's Ranch) and Related Annexation Agreements

As the Board considers property tax exchange negotiations between the County of Santa Barbara and the City of Santa Maria regarding Key Site 26, I believe/propose the following priorities and positions should guide staff engagement to ensure fair, balanced, and forward-thinking outcomes. These positions are intended to ensure that annexation discussions are fair, transparent, and aligned with the long-term planning objectives of both jurisdictions. I respectfully request Board direction to staff to pursue negotiations based on these principles.

1. Fire District Retention

Direction: Key Site 26 should remain in the Santa Barbara County Fire Protection District, preserving the existing 17% property tax allocation.

Rationale: Current County resources are closer than City resources, as well as the County provides Advanced Life Support (ALS) in contrast to the City's Basic Life Support (BLS). Station 25, now under development within 400 yards of the project site, represents a substantial County investment intended to serve this area.

2. Development Impact Fees and Community Facilities District (CFD)

Participation

Direction: Development impact fees should match County rates and be paid to the County. All new development should be required to participate in the Orcutt CFD, or the City should provide additional equivalent compensation to County for CFD services.

Rationale: The project will utilize county infrastructure and services, necessitating future improvements and expansions. The OCFD is critical to sustaining public safety, library, parks, and road services not fully funded by other tax revenues.

3. Property Tax Equity and Rebalancing

Position: Evaluate past tax exchange agreements to ensure full reimbursement for County services and impacts.

Rationale: Past agreements have disproportionately benefited the City. With changed conditions, it is appropriate to rebalance allocations to reflect service responsibilities.

4. Water and Sewer Services MOU

Direction: Formalize reciprocal policies governing utility service provision between the County and City.

Rationale: Current informal practices disadvantage County commercial projects

while benefiting City expansions. A mutual MOU will ensure consistency and fairness.

5. Replacement Commercial Planning Support

Direction: Annexation should include support for County efforts and funding to designate and plan new commercial zones.

Rationale: Orcutt's plan was carefully crafted to balance land uses. Lost commercial capacity will need to be replaced, likely requiring the conversion of agricultural land.

6. Deed Restriction Resolution

Direction: Discuss existing deed restrictions that potentially inhibit the proposed project before finalizing any negotiations and look at options to resolve.

Rationale: Restrictions currently in place may prevent the project, as envisioned, from moving forward, necessitating significant modifications.

7. Development Timelines and Reversion Clause

Position: Include a clause reverting the property to the County if no development occurs within a reasonable timeframe.

Rationale: Key Site 25 remains undeveloped since its 2006 annexation. This clause ensures productive land use and prevents indefinite stagnation.

8. RHNA (Regional Housing Needs Allocation) Transfer

Direction: Evaluate transferring RHNA obligations to the City as part of the annexation agreement.

Rationale: This approach better aligns housing planning with jurisdictional responsibilities and resources.
