



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: Sheriff's Office
Department No.: 032
For Agenda Of: May 22, 2012
Placement: Departmental
Estimated Tme: 30 minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Sheriff Bill Brown
Directors Fire Chief Michael Dyer
District Attorney Joyce Dudley
Chief Probation Officer Beverly Taylor
Public Defender Rai Montes De Oca

Contact Info: Douglas A. Martin, CFO ext. 4293

SUBJECT: **Reallocation of Future Local Public Safety Fund Proposition 172 Revenue**

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence:

As to form: Yes

Recommended Actions:

1. Receive a presentation from the Prop 172 Public Safety & Law Recipients on the proposal to reallocate Future Local Public Safety Fund Proposition 172 ("Prop 172") revenue starting in FY2013-14 in conjunction with the Property Tax Transfer to the Fire District.
2. Adopt the resolution in Attachment 3, re-allocating Prop 172 monies by reducing the Fire Department's share from 9.75% to zero and increasing the other Prop 172 Public Safety & Law Recipients share in a pro-rata fashion over a ten year timeframe.

Summary Text:

During the Board of Supervisors' hearing on May 1, 2012, under the item concerning a tax transfer between the County of Santa Barbara and the Santa Barbara County Fire Protection District, the CEO was directed to return to the Board on May 22nd with a proposal to reallocate Prop 172 revenue in conjunction with the tax transfer.

The Prop 172 Public Safety & Law Recipients, consisting of the Sheriff's Office, the District Attorney, the Probation Department, the Public Defender, as well as the Fire Department, are concerned about the negative effect the tax transfer will have on on-going appropriations. To partially ameliorate the impact of the proposed tax transfer, the Prop 172 Public Safety & Law Recipients proposes a change in the

allocation methodology of the Prop 172 revenue whereby the Fire Department's share of Prop 172 is gradually decreased to zero. The variable is the length of time the reallocation of Prop 172 will be needed and would be determined by the tax transfer option chosen:

- 16% tax rate, 25% of increment - 7 year allocation period
- 16% tax rate, 20% of increment - 9 year allocation period
- 17% tax rate, 25% of increment - 10 year allocation period
- 17% tax rate, 20% of increment - 13 year allocation period

This change will ultimately result in the following allocations of Prop 172 revenue:

	Current Distribution	Proposed Distribution
District Attorney	12.38%	13.72%
Fire Department	9.75%	0.00%
Parks (Ocean Lifeguards)	0.11%	0.12%
Probation	22.46%	24.89%
Public Defender	9.01%	9.98%
Sheriff	46.29%	51.29%

The Prop 172 Public Safety & Law Recipients feel strongly that any shift in the property tax to the Fire Department requires a corresponding shift in the Prop 172 allocation to avoid a disproportionate adverse effect on Public Safety.

If there is a transfer of Prop 172 funds and a subsequent loss of revenue, the Fire Department recommends the option in Attachment 3 at the 17% level with 25% of increment per year over ten years. The current Prop 172 revenue to the Fire Department is \$2.7M annually; 1% of property tax allocation, district wide, is equal to approximately \$2.5M annually.

Background:

In 1993, to cushion the adverse effects of ERAF (educational revenue augmentation funds) transfers, the voters passed Proposition 172, The Local Public Safety Protection and Improvement Act of 1993. This allocated a half cent of sales tax to public safety agencies. Prop 172 is seen as a tool to maintain public safety funding in spite of the ERAF property tax shifts. Government Code 30051, et seq, outlines the collection, allocation and permitted uses of Prop 172 funds.

The County of Santa Barbara authorized the collection of Proposition 172 revenue in 1993. In 1996 the Board of Supervisors allocated the Prop 172 revenue based on a formula agreed to and documented in a Letter of Understanding. That Letter of Understanding was replaced with a new agreement in 2004.

While providing a steady stream of revenue for public safety agencies, Prop 172 revenue is subject to some volatility as it is directly related to taxable sales.

Fiscal and Facilities Impacts:

Budgeted: No

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Fiscal Analysis:

Narrative:

Attachments 1 through 4 outline the fiscal impacts for each member of the Prop 172 Public Safety & Law Recipients for the option presented. In all cases, the growth in Prop 172 revenues is assumed at 5.5% for FY2012-13 and 3.4% for FY2013-14, and 3.5% thereon starting in FY2014-15. Property Tax increments were drawn from Attachments B and C of the Fire Tax Transfer board letter.

Attachments:

- #1 – Resolution, Letter of Understanding, & Fiscal Analysis of Impacts of 7 year Reallocation (16% tax @ 25% increment)*
- #2 – Resolution, Letter of Understanding, & Fiscal Analysis of Impacts of 9 year Reallocation (16% tax @ 20% increment)*
- #3 – Resolution, Letter of Understanding, & Fiscal Analysis of Impacts of 10 year Reallocation (17% tax @ 25% increment)*
- #4 – Resolution, Letter of Understanding, & Fiscal Analysis of Impacts of 13 year Reallocation (17% tax @ 20% increment)*

Authored by:

Douglas A. Martin, CFO, Sheriff's Office ext 4293