

**SANTA BARBARA COUNTY  
BOARD AGENDA LETTER**



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

**Agenda Number:**  
**Prepared on:** 11/13/03  
**Department Name:** CAO  
**Department No.:** 0120  
**Agenda Date:** 11/25/03  
**Placement:** Administrative  
**Estimate Time:**  
**Continued Item:** NO  
**If Yes, date from:**

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**TO:** Board of Supervisors

**FROM:** Michael F. Brown  
County Administrator

**STAFF CONTACT:** Jason Stilwell, Project Manager  
568-3413

**SUBJECT:** Exchange of Property Taxes for the Mahoney Ranch Reorganization, an Annexation to the City of Santa Maria

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**Recommendation(s):**

That the Board of Supervisors:

Adopt the attached resolution providing for the negotiated exchange of property tax revenue pertaining to the Mahoney Ranch reorganization, an annexation to the City of Santa Maria, and authorizing the Chair to execute the attached resolution.

**Alignment with Board Strategic Plan:**

This recommendation is primarily aligned with Goal No. 5, Maintain and Enhance the Quality of Life for all Residents.

**Executive Summary and Discussion:**

Pursuant to state law, the City and County must agree on an exchange of property tax revenue prior to the Local Agency Formation Commission (LAFCO) considering the reorganization. The City and County completed a series of negotiations culminating in an agreement in principle between the two entities at the October 14, 2003 hearing of the Board of Supervisors.

On October 14, the Board of Supervisors took action enabling Santa Maria to move forward with their proposed annexation of Mahoney Ranch. The Board 1) approved the detachment of Mahoney Ranch from the Laguna County Sanitation District upon annexation to the City, 2) approved the detachment of Mahoney Ranch from the County Fire District upon annexation to the City, 3) Approved the terms for a negotiated tax exchange agreement for the Mahoney Ranch annexation whereas the City will be allocated 20% and the

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County General Fund will be allocated the remaining portion of approximately 12% of negotiable property taxes (the total negotiable property taxes include County General Fund and Santa Barbara County Fire Protection District allocations), 4) approved terms for a housing credit transfer wherein the City and the County equally share proposed housing allotments on the Mahoney Ranch annexation, and 5) found that the entire agreement is a compromise of a disputed question based on unique circumstances and is not regarded as a precedent or model for future annexations and further directed staff to return the concluded agreement for final ratification on a future administrative agenda.

Attached is a proposed resolution to formalize the Board's action. The Santa Maria City Council is scheduled to consider a complementary resolution at its December 2, 2003 meeting.

Upon annexation, anticipated to begin Fiscal Year 2004-05, the recommended distribution of the allocated percentage of property tax currently assigned to the County General Fund and the Santa Barbara County Fire District will be as follows: (1) the City to receive 20.00000000 percent, and (2) the County General Fund to receive the remaining portion. The five Mahoney Ranch parcels are in three tax rate areas. As such the percentage to the County's General Fund is estimated to be 11.25358815, 12.13478398, and 12.2845339 for the three tax rate areas based on current assessment rates.

**Mandates and Service Levels:**

Upon completion of the annexation all municipal services will be provided by the City of Santa Maria.

**Fiscal and Facilities Impacts:**

A reduction in annual property tax revenues to the County Fire District due to the detachment of the Mahoney Ranch parcel will be approximately \$1,053.

There will be an increase in property tax revenues to the County General Fund in proportion to the development and the subsequent increasing assessed valuation of the Mahoney Ranch parcels.

**Special Instructions:**

Please return signed resolutions to:

1. Barbara Godwin, Office of the Auditor Controller
2. Bob Braitman, LAFCO
3. Tim Ness, City Manager, City of Santa Maria

**Concurrence:**

County Counsel  
Auditor-Controller  
County Fire District

cc: Stephen Shane Stark, County Counsel  
Bob Geis, Auditor-Controller  
John Scherrei, County Fire  
Robert Peirson, City of Santa Barbara  
Bob Braitman, LAFCO

**RESOLUTION NO. \_\_\_\_\_**

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SANTA BARBARA IN THE MATTER OF PROVIDING FOR A NEGOTIATED EXCHANGE OF PROPERTY TAX REVENUES PERTAINING TO THE MAHONEY RANCH REORGANIZATION: AN ANNEXATION TO THE CITY OF SANTA MARIA, DETACHMENT FROM THE SANTA BARBARA COUNTY FIRE PROTECTION DISTRICT AND DETACHMENT FROM THE LAGUNA COUNTY SANITATION DISTRICT

**WHEREAS**, Section 99 of the Revenue and Taxation Code of the State of California provides that no change of jurisdictional boundaries shall become effective until each city and county whose service areas or service responsibilities would be altered by such change agree by resolution to a negotiated exchange of property tax revenue; and

**WHEREAS**, on December 7, 1993, the City of Santa Maria (City) and the County of Santa Barbara (County) respectively adopted Resolutions 93-164 and 93-645 providing for an exchange of property tax revenue for the reorganization that is commonly referred to as the Mahoney Ranch Reorganization.

**WHEREAS**, the Santa Barbara County Association of Governments' Regional Housing Needs Assessment (RHNA) calls for the city and county to negotiate in good faith to achieve an equitable transfer of the RHNA upon annexations.

**WHEREAS**, the City of Santa Maria and the County of Santa Barbara have renegotiated and reached a new, mutually acceptable agreement for exchange of property tax revenue for the proposed reorganization which is commonly referred to as the Mahoney Ranch Reorganization.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors of the County of Santa Barbara rescinds Resolution 93-645 subject to the City of Santa Maria rescinding City Resolution 93-164:

1. Definitions:
  - a. "Reorganization" shall mean the recordation by LAFCO of a certificate of completion and the filing by LAFCO with the State Board of Equalization and the Santa Barbara County Assessor of a statement of boundary change pursuant to Government Code Section 54900 et seq., annexing the area to the City of Santa Maria.
  - b. "Property tax revenue" shall include the base property tax revenue and the property tax increment.
2. The Board of Supervisors of the County of Santa Barbara approves and adopts the following formula for the exchange of property tax revenue from the subject property, contingent on mutual agreement by the City of Santa Maria
  - a. The Auditor-Controller of Santa Barbara County shall allocate to the City 20 percent of the share of the property tax revenue from the Mahoney Ranch Reorganization area that otherwise would be allocated to the Santa Barbara County General Fund and Santa Barbara Fire Protection District for Assessor's Parcel No's 111-020-008, 111-020-015, 111-030-010, 111-130-006 and 111-140-007.
  - b. Payment to City will commence the first full fiscal year for which the change in property tax allocation as specified by this resolution and the corresponding adjustments to affected tax rate allocation system are made. At the time of adoption

of this resolution, that is anticipated to be fiscal year 2004-05 but must commence before 2006-2007.

- c. After allocation to City, the Santa Barbara County General Fund will receive the balance (approximately 12 percent) of the property tax that otherwise would be allocated to the Santa Barbara County General Fund and Santa Barbara Fire Protection District for the Assessor's Parcel Numbers identified in section 2a.
3. The parcels will be detached from the Santa Barbara County Fire Protection District and Laguna County Sanitation District.
  4. The Board of Supervisors of the County of Santa Barbara approves terms for a housing credit transfer wherein the City of Santa Maria and the County of Santa Barbara equally share (50%/50%) proposed housing allotments on this annexation for RHNA allocation calculations.
  5. The Board of Supervisors of Santa Barbara County finds that the entire agreement is a compromise of a disputed question based on unique circumstances and is not regarded as a precedent or model for future annexations and further directed staff to return the concluded agreement for final ratification on a future administrative agenda.

**PASSED AND ADOPTED** at a regular meeting of the Board of Supervisors of the County of Santa Barbara, State of California held on this 25th day of November 2003, by the following vote:

- AYES:
- NOS:
- ABSTAIN:
- ABSENT:

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NAOMI SCHWARTZ, CHAIR  
 Board of Supervisors  
 County of Santa Barbara

ATTEST:  
CLERK OF THE BOARD

By: \_\_\_\_\_  
Deputy Clerk

APPROVED AS TO FORM:  
COUNTY COUNSEL

By: \_\_\_\_\_

APPROVED AS TO FORM:  
AUDITOR-CONTROLLER

By: \_\_\_\_\_