

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: 10/3/2003
Department Name: County Administrator
Department No.: 012
Agenda Date: 10/14/2003
Placement: Departmental
Estimate Time: 90 minutes
Continued Item: YES
If Yes, date from: 9/9/2003

TO: Board of Supervisors

FROM: Michael F. Brown
County Administrator

STAFF CONTACT: Jason Stilwell
Project Manager, 568-3413

SUBJECT: Mahoney Ranch Annexation, (Fourth Supervisorial District)

Recommendations:

That the Board of Supervisors:

- A. Approve the detachment of Mahoney Ranch from the Laguna Sanitation District upon annexation to the City of Santa Maria;
- B. Approve the detachment of Mahoney Ranch from the County Fire District upon annexation to the City of Santa Maria;
- C. Approve terms for a negotiated tax exchange agreement for the Mahoney Ranch annexation whereas the City of Santa Maria is allocated 20% and the County General Fund is allocated 12% of negotiable property taxes;
- D. Approve terms for a housing credit transfer wherein the City of Santa Maria and the County equally share (50%/50%) proposed housing allotments on the Mahoney Ranch annexation.

Alignment with Board Strategic Plan:

The recommendations are primarily aligned with Goal No. 1: An Efficient Government Able to Respond Effectively to the Needs of the Community.

Executive Summary and Discussion:

Background

The City of Santa Maria proposes annexing 446 acres (Mahoney Ranch) located in the unincorporated area of the County of Santa Barbara within the City's existing Sphere of

Influence and detaching the land from the Santa Barbara County Fire Protection District and the Laguna County Sanitation District. The site is located southeast of Mahoney Road, east of Black Road and west of the Santa Maria Public Airport property.

The property currently supports rangeland and agricultural uses (row crops). The annexation would allow for residential development on 278 acres, commercial development on 7 acres, manufacturing on 3 acres, and open space on the remaining 158 acres. The proposed land uses are consistent with the Mahoney Ranch Specific Plan adopted by the Santa Maria City Council in July 1994. This proposal could increase the ability of the City and County to meet their Regional Housing Needs Allocations as the annexation will provide land for up to an additional 1,098 single-family and 624 multi-family housing units in the City of Santa Maria.

This property was part of a prior annexation proposal. It was originally planned for annexation into the City of Santa Maria in 1993 but the annexation was never completed. The Board of Supervisors, Local Agency Formation Commission (LAFCO), and the City of Santa Maria approved the 1993 proposal and an accompanying tax exchange agreement.

On September 9, 2003, the Board of Supervisors had on its agenda an item to consider this annexation within the context of broader annexation policy issues. The issues include General Plan compliance, the basis for negotiating the exchange of property taxes, housing credit allocations, and the impact changing service areas has on County-dependent special districts. These broader policy issues will set the framework for future annexations, including a number of potentially large annexations into Santa Maria, as well as for LAFCO's sphere of influence and municipal service review updates. The Board continued the item to October 14, 2003 to allow County and Santa Maria officials and staff the opportunity to discuss and further refine the specific issues relating to this individual annexation, and develop a consensus on as many issues as possible.

On September 24, Supervisors Joe Centeno and Joni Gray, County Administrator Mike Brown, and County Administrator's Office staff met with Santa Maria Mayor Larry Lavagnino, City Manager Tim Ness, and Santa Maria staff to discuss the issues surrounding the Mahoney Ranch annexation. The group determined the best way to move forward with this proposed annexation and its uniqueness of having been part of a previously approved annexation is to distinguish it from other annexations and broader policy questions and examine the issues involving this atypical proposal.

There are several issues for the Board to address in determining how best to serve the residents in this future development, how to fund services, and how this development relates to land use policies and regional housing requirements.

Serving Future Residents

When this property is developed in Santa Maria, the City will provide municipal services and the County will provide countywide services similar to other areas within Santa Maria. This annexation request proposes three specific changes in services to future residents. The first is the

annexation into the City of Santa Maria for “municipal” services. The second is disconnection from the Laguna Sanitation District. Third is the disconnection from the Santa Barbara County Fire District. The sanitation and fire services are County-dependent special districts and as such, the Board of Supervisors determines service area policy for them.

LAGUNA COUNTY SANITATION DISTRICT

This annexation proposes a change in the Laguna County Sanitation District service area. There are two options for the Board to consider – keeping the annexed parcel in the District or detaching the parcel from the District. Staff prepared the following summary of issues for each option.

Keeping Mahoney Ranch in the District

The Mahoney Ranch property is currently included in the Laguna County Sanitation District whereby the District has planned on serving the property since 1959. Mahoney Ranch could be annexed and developed in the City of Santa Maria while receiving sanitation service from the Laguna County Sanitation District. Service of the Mahoney Ranch development by the District would provide intended additional revenues from sewer charges as well as additional impact fees for future capital improvements.

Less infrastructure would have to be constructed to have this property served by Laguna than by the City of Santa Maria thus reducing infrastructure costs. Page 2-39 of the 1991 Mahoney Ranch Specific Plan indicates that approximately 2.3 miles of additional wastewater pipe would be required to have Mahoney Ranch served by the City of Santa Maria. A sewer lift station would be required for either the City or the District to serve the site.

Keeping Mahoney Ranch in the District would benefit current Laguna customers. This new development would broaden the user base resulting in the District being able to keep its rates as fair as possible to its customer base.

Detaching Mahoney Ranch from the District

Detaching Mahoney Ranch from the District poses several issues for the Board to consider. First, Santa Maria desires to have Mahoney Ranch detached from the District. Second, Santa Maria would serve Mahoney Ranch with newly constructed infrastructure and the City’s existing wastewater treatment plant. Third, residents in the future development would receive all municipal-type services from the City (fire services are a separate issue to be discussed below). Finally, having Santa Maria provide the development’s wastewater service would also result in lower monthly rates for the residents.

However, detaching Mahoney Ranch from the District would put upward pressure on the rates paid by the District’s users. In addition, the District would use developer impact fees to fund future capital improvements.

Staff Recommendation

Although it makes financial sense for the District to keep this parcel, future residents would benefit with lower rates by having their sanitation service provided by the City of Santa Maria.

Since the District has not invested in infrastructure improvements to directly serve Mahoney Ranch, staff recommends the Board of Supervisors approve the detachment.

COUNTY FIRE PROTECTION DISTRICT

This annexation proposes a change in the Fire District service area. There are two options for the Board to consider – keeping the annexed parcel in the District or detaching the parcel from the District. Staff prepared the following summary of issues for each option.

Keeping Mahoney Ranch in the District

Keeping Mahoney Ranch within the Fire District poses several questions for the Board to Consider. First, Mahoney Ranch is currently within the service area of the County Fire Department. Second, both the County and the City of Santa Maria could respond to calls at the Mahoney Ranch development with approximately equal response times from existing facilities. Third, keeping this development in the Fire District would generate future revenue and reduce property tax erosion to the District. This revenue would be used to fund future services including costs relating to the projected new fire station west of Orcutt that would also serve this site.

Keeping Mahoney Ranch in the Fire District would also result in the future residents of this development having fire services from a different agency than those elsewhere in the City. Additionally, this parcel remaining in the District could reduce property tax revenues to the City since the Fire District typically retains an earmarked portion of property taxes generated from property it serves.

Mahoney Ranch is part of the County Fire Department's service area that includes the adjacent Tanglewood neighborhood. Under the current proposal, the County would continue to provide fire service to the Tanglewood neighborhood requiring the County Fire Department to drive immediately past the future Mahoney Ranch development. From a service perspective it makes sense to have both the Tanglewood and Mahoney developments served by the same fire agency to reduce service duplication and overlap.

Detaching Mahoney Ranch from the District

Detaching Mahoney Ranch from the Fire District also poses several issues for the Board to consider. First, Santa Maria requests this parcel be detached from the County Fire District with fire services to be provided by the City of Santa Maria. This would enable all municipal-type services to be provided by one provider (sanitation services was a separate issue discussed above).

Second, County Fire would no longer receive property tax revenue from Mahoney Ranch taxpayers. Revenue to the County Fire Department would decrease slightly with the removal of this undeveloped property from the Fire District's tax rolls and potential future revenue to the County Fire Department would be lost as the Mahoney Ranch project is developed. Finally, detaching property from the Fire District when annexed to a city that provides fire service is consistent with past policy.

Staff Recommendation

When Mahoney Ranch is developed both the City and County fire departments will be serving the area. Coordinated service boundaries reduce service duplication and overlap. Detaching property slated for annexation has been the ongoing policy of the Board of Supervisors. These two goals can be met if both Tanglewood and Mahoney Ranch are detached from the Fire District and served by the City of Santa Maria when Mahoney Ranch is developed. Staff recommends detaching Mahoney Ranch upon its annexation while working toward the goal of regional fire protection or having the City of Santa Maria serve Tanglewood when the City begins providing fire service to the area.

FLOOD CONTROL DISTRICT

One other service to this future development LAFCO which will require coordination is flood control. Mahoney Ranch is outside any existing drainage infrastructure. Consequently, flood control improvements will be required for this parcel to be served by the Santa Barbara County Flood Control and Water Conservation District. County, Santa Maria, and LAFCO staff met to discuss this issue. This issue will have to be resolved to LAFCO's satisfaction by the City and the developer.

Funding Services

TAX EXCHANGE AGREEMENT

A negotiated tax exchange agreement is required by LAFCO. The County, Santa Maria, and LAFCO approved such an agreement as part of the 1993 annexation. Santa Maria asserts the prior agreement remains in effect. County Counsel found the prior agreement was linked to the prior annexation that was never finalized and therefore the agreement expired. LAFCO asked for both jurisdictions' legal opinions on this issue.

Subsequent to the September 24 meeting between County and City officials and staff, Santa Maria offered to renegotiate the 1993 tax exchange agreement. Their letter is attached (Attachment A). Therefore, the Board has three options for negotiating a tax exchange agreement: 1) develop a new agreement with terms identical to the 1993 agreement, 2) develop a new agreement with terms as proposed by the City of Santa Maria, or 3) develop a new agreement with new terms. A discussion of each option follows.

Develop an Agreement with Terms Identical to those of the 1993 Agreement

The terms of this agreement were that Santa Maria serves Mahoney Ranch with all municipal-type services and receives all property taxes that were to go to the County General Fund and County Fire District (Resolution 93-645 is Attachment B). The Santa Maria City Council adopted a resolution with identical terms (93-164 is Attachment C).

Santa Maria also agreed to contribute an annual payment to the County in recognition that City of Santa Maria residents enjoy the use of County facilities at Waller Park and residents of the unincorporated area use City facilities and pay sales tax within the City limits. The amount negotiated was based on eight annexations occurring of which Mahoney Ranch was one. The total annual payment by Santa Maria was negotiated to be \$90,000 based on all annexations

occurring. The City has been meeting the terms of the agreement and paying an amount slightly less than the \$90,000 per year because the Mahoney Ranch annexation did not occur.

This option poses several issues for the Board to weigh. First, developing an agreement with terms identical to those of the 1993 agreement would maintain the spirit of that agreement even if the actual agreement is invalid thus respecting the previously negotiated terms. Second, this option could be implemented quickly without requiring additional analysis thereby enabling the annexation to proceed. Third, such terms are different than those in contemporary agreements; no agreement since the 1993 agreement has allocated 100% of the General Fund revenues. Finally, this option could render moot Santa Maria's contention that the 1993 agreement remains in effect.

Develop an Agreement with Terms as Proposed by the City of Santa Maria

On September 30, Santa Maria submitted a proposal to renegotiate the 1993 agreement. The letter states the City had carefully reviewed its position, service demands, and costs and proposes the County retain 12% of the 32% of property taxes available for negotiation with the City receiving 20%. The 1993 agreement called for all 32% of the property tax to be allocated to the City of Santa Maria.

This option poses several issues for the Board to weigh. First, Santa Maria initiated and supports this proposal and has offered it as an enhancement to the 1993 agreement. Second, these terms could be implemented quickly without requiring significant additional analysis thereby enabling the annexation to proceed. Third, this proposal enables the General Fund to retain more property tax revenue than it would have under the 1993 agreement but less than it does in nearly every other tax exchange agreement. Finally, accepting this proposal would be a consensus agreement between the County and the City that could lead to a positive negotiating framework for future tax exchange agreements.

Develop an Agreement with new Terms

The third option for the Board to consider is developing a new tax exchange agreement with new terms. Two potential paths for doing so are: 1) mirroring contemporary agreements, or 2) analyzing costs for the City and County to serve Mahoney Ranch and dividing property tax revenues based on those costs.

Mirror Contemporary Agreements

Contemporary agreements typically have the County's General Fund retain its full share of property tax revenue to support County functions and have the Fire District's share of the property tax go to the annexing city. These County functions include services to urbanized areas. Such services include health and public assistance, law and justice, specialized fire and law enforcement services and associated support services. Annexation relieves the County from providing municipal-type services but the County continues to have a responsibility to serve residents with certain services whether or not they live within a municipality.

This path poses several issues for the Board to consider. First, it could be implemented rather quickly if agreed to by the City. However, this path would result in Santa Maria retaining fewer

property tax dollars, therefore, Santa Maria would likely resist this path as it is different from the 1993 agreement as well as their recent proposal discussed above. Third, it would provide a consistent basis for property tax exchange agreement negotiations. Finally, if the Board desires to keep Mahoney Ranch within the County Fire District, as discussed above, this path would not necessarily earmark revenue to fund those ongoing fire services.

Cost Analysis

A second path toward developing terms for a new agreement is analyzing service costs and negotiating property tax revenues based on costs for service. This path is similar to that used by the County in negotiating with the newly formed City of Goleta. The analysis would include a cost analysis of the services provided to the future development by both the City of Santa Maria and the County, an analysis of future revenues generated from Mahoney Ranch, and determining an allocation of revenues based on services provided; this allocation of revenues could either be based on actual costs or a ratio of services provided by each entity.

This path also poses several issues for the Board to consider. First, the County has not entered into such an analysis with the City of Santa Maria. As such, this process would require time for the two entities to gather data for such an analysis. Second, this path could delay the annexation schedule. Third, this path would likely lead to definitive results suggesting how best to divide future property tax revenues from a newly annexed property; developing such a methodology could be very helpful considering the other annexations Santa Maria is proposing. Fourth, given the proposed land uses of the Mahoney Ranch development it is likely revenue generated from the development will be insufficient to cover service costs of either entity. Fifth, the tax analysis could be completed by staff from each jurisdiction; as an alternative in the unlikely event staff lacks time or resources to complete the analysis in a timely manner, a third party consultant could be hired as established in the Revenue and Tax Code. Finally, such an analysis could give taxpayers residing in both the City and the County an accurate understanding of the cost of serving this future development.

Staff Recommendation

Although complete service cost analysis leading to an agreement that would equitably share future property tax revenues based on cost of service is preferred because it would provide a basis for negotiation by determining costs of service responsibilities for the agencies involved, given the uniqueness of this annexation and the disputed tax exchange agreement as well as the fruitful discussions between the City and the County, staff recommends accepting the terms outlined by the City of Santa Maria where the City retain 20% and the County retain 12% of the negotiable 32% of property tax revenues.

Land Use Policies and Regional Housing Requirements

The Mahoney Ranch development relates to two broad planning issues – land use policies and regional housing requirements. LAFCO requires the County to compare the proposal to the County General Plan to assess Plan conformity. The Regional Housing Needs Assessment (RHNA) imposes housing allotments on both the County and the City of Santa Maria.

GENERAL PLAN CONFORMITY

The Board is not required to take action in this area. This sub-section is designed to brief the Board on the planning issues relating to the Mahoney Ranch annexation. LAFCO will be required to weigh these and other planning issues at a future LAFCO hearing.

The proposed Mahoney Ranch annexation is within the City of Santa Maria's sphere of influence as approved by LAFCO and abuts its municipal boundaries. The sphere of influence is a plan adopted by LAFCO that defines the probable future boundaries of a municipality. Thus, annexation by a municipality of land located within its sphere of influence is anticipated.

Staff compared the proposed annexation to County General Plan principles and found areas where the proposal did not meet General Plan goals and policies. This is not atypical for a large development as the General Plan has myriad goals and principles. LAFCO has the responsibility of reviewing the issues raised, comparing them with other information presented as part of this case, and deciding which factors are paramount.

Also, as part of the General Plan consistency review, Planning and Development conducts a cursory review of LAFCO's factors and findings. LAFCO's factors primarily focus on agricultural preservation, containing urban sprawl, and efficiently providing governmental services. County Planning and Development opined that not all of the LAFCO findings necessary to approve the Mahoney Ranch application can be made at this time (see Attachment D).

In summary, there are two major issues. The first is based on existing developable land within the City's limits; it appears the City has an existing 2,017 acres of vacant or underdeveloped land available for development within its boundaries. This land could be developed before there is a need to annex additional land. The second is based on the difficulty in developing Mahoney Ranch due to endangered species habitat. It appears a portion of the land is habitat for the California Tiger Salamander. Planning and Development staff sent a letter (Attachment D) dated August 21, 2003 to LAFCO regarding this matter.

LAFCO will consider these findings and those of other agencies and jurisdictions when the Mahoney Ranch proposal is docketed on a future LAFCO agenda.

REGIONAL HOUSING REQUIREMENTS

State law requires the County and each of the eight incorporated cities in the County to meet future housing needs. The State Department of Housing and Community Development (HCD) provided a minimum baseline housing need. The Santa Barbara County Association of Governments (SBCAG) was charged with allocating these housing units among the eight cities and unincorporated areas. SBCAG in cooperation with local governments and public input allocated the countywide housing need to local jurisdictions and developed the Regional Housing Needs Assessment (RHNA).

SBCAG, in accordance with State law, determined each local jurisdiction's fair share of the regional housing need, and, per State law, divided that need into four income categories of

housing affordability. As a result of this process, the County (unincorporated area) is required to create 6,064 total housing units. They are divided by type and location as depicted in the following table:

	Total Units	Very Low Income	Low Income	Moderate Income	Above Moderate Income
Total (unincorporated)	6,064	1,455	1,031	1,013	2,565
South Coast (unincorporated)	1,182	284	201	130	567
Santa Ynez (unincorporated)	724	174	123	65	362
Lompoc (unincorporated)	1,122	269	191	236	426
Santa Maria (unincorporated)	3,014	723	512	576	1,203
Cuyama (unincorporated)	22	5	4	6	7

The RHNA provides a flexible mechanism for the eight municipalities and the County to meet their housing goals. New housing developments tend to occur within municipalities rather than unincorporated areas. As such, it was understood that the cities and county would work together to meet their housing needs. Interjurisdictional cooperation was built into the RHNA process.

The RHNA has guidelines for redistributing housing units upon property annexation. They state “each of the two participating jurisdictions (city and county) will negotiate in good faith with a goal to achieve an equitable transfer of that portion of the county’s RHNA projected to be met in the annexation area to the annexing jurisdiction by income level. The redistribution of RHNA will be based on the pre-zoning for the annexation project approved by LAFCO at the time of the annexation.”

The Board adopted a housing allocation policy on October 15, 2002 that addresses annexations and housing credits. A letter to SBCAG is included herein (Attachment E). The County’s policy is to have a 50/50 credit for housing units created as a result of annexations with 50% of the credit accruing to the annexing city and 50% accruing to the County. This policy is working in practice. For example, the City of Santa Barbara and the County agreed to a 50/50 allocation on the Mercy Housing Project.

The 50/50 policy is a balance. It balances the County’s ability to receive a 100% credit in the event the County develops housing in unincorporated areas with the beneficial practice of having urbanized development occur within municipal boundaries.

Staff Recommendation

Staff recommends the Board enter into an agreement with the City of Santa Maria that allocates the planned housing at the Mahoney Ranch development equitably between the City and the County with each receiving 50% housing credit.

Mandates and Service Levels:

State law requires the County and the City of Santa Maria to enter into a negotiated exchange of property tax pertaining to the proposed annexation.

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 of approximately \$1,052.98.

An increase in property tax revenues to the County General Fund resulting from annexation and is proportion to the development and the subsequent increasing assessed valuation of the Mahoney Ranch parcel.

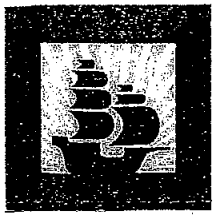
Concurrence:

County Planning and Development
County Flood Control and Water Conservation District
County Fire Department
Laguna County Sanitation District

CC: Tim Ness, Santa Maria City Manager
Bob Braitman, LAFCO
Val Alexeeff, County Planning and Development Director
Phil Demery, County Public Works Department Director
John Scherrei, County Fire Chief

ATTACHMENTS:

- A. City of Santa Maria letter dated September 30, 2003
- B. County's 1993 tax exchange agreement Board letter and Resolution 93-645
- C. City of Santa Maria's 1993 tax exchange agreement Resolution 93-164
- D. Planning and Development's "Reportback" to LAFCO dated August 21, 2003
- E. Board of Supervisor's letter dated October 15, 2002 to SBCAG regarding housing credits



ATTACHMENT A

CITY OF SANTA MARIA
OFFICE OF THE CITY MANAGER

City Manager, Ext. 200
Human Resources, Ext. 203

ROUTE TO:

03 SEP 30 AM 10:01

RETURN INSTRUCTIONS

110 EAST COOK STREET, ROOM #1 • SANTA MARIA, CA 93454-5190 • 805-925-0951 • FAX 805-349-0657 • www.ci.santa-maria.ca.us

September 30, 2003

Mr. Scott Ullery
Deputy County Administrator
County of Santa Barbara
County Administrator's Office
105 East Anapamu Street, Suite 407
Santa Barbara, CA 93101

RE: MAHONEY RANCH ANNEXATION

Thank you for meeting on September 24, 2003 at the offices of Supervisor Centeno and Supervisor Gray to discuss the Mahoney Ranch annexation. At the end of the meeting, Supervisor Centeno asked the City to consider what we might be able to do to continue moving forward on the annexation, as it related to the property tax exchange agreement approved by the City and County in 1993. We still firmly believe that the tax exchange agreement was part of a Master Agreement that is still valid. We are aware that your position is that you believe the agreement has lapsed.

In recognition of those two positions, and the fact that Supervisor Centeno has asked the City to "sweeten" the matter for the County, for the County's consideration, we would like to offer a proposal to resolve the tax exchange matter. It is important to note that this is "the" final agreement of this sort resulting from the 1993 agreement – the final agreement of eight. This won't happen again; it's a one-time matter. Further, no precedent of any sort is established by any agreement to this one-time proposal.

After carefully reviewing the City's position, service demands and costs, we offer to renegotiate the 1993 master tax agreement and give up 12% of the property tax to the County - that would be 12% of the total 32% available for allocation.

I know that the Board of Supervisors will be considering the Mahoney Ranch item again on October 14, 2003 in Santa Maria. I request that you place this offer before the Board for their consideration. Once again, thank you very much for your assistance in this matter.

Sincerely,


TIM S. NESS
City Manager

c- City Council, Supervisor Centeno, Supervisor Gray, City Attorney, Director of Community Development, Michael Brown/CAO

**SANTA BARBARA COUNTY
AGENDA BOARD LETTER**

ATTACHMENT B

Agenda Number: **7-30**

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



Department: County Administrator
Budget Unit: 4365
Agenda Date: December 7, 1993
Placement: Administrative
Estimated Time:
Continued Item: NO

93 NOV 29 PM 4:57
COUNTY OF SANTA BARBARA
CLERK OF THE
BOARD OF SUPERVISORS
cpe

TO: Board of Supervisors
FROM: Kent M. Taylor **KM**
County Administrator
STAFF CONTACT: Janet Hogan (x3404)
SUBJECT: Annexations to the City of Santa Maria

DEC 07 1993

RECOMMENDATIONS:

C.A. Recommendation: _____

That the Board of Supervisors:

- A. Adopt the attached resolutions relating to property tax exchange between the County of Santa Barbara and the City of Santa Maria pertaining to the Hidden Pines, Sur Del Rio, West Main, Blosser-Southeast, Blosser-Southwest, Mahoney, West Stowell and Entrada Este Annexations;
- B. Execute the attached agreement with the City of Santa Maria to implement the property tax exchange.

EXECUTIVE SUMMARY & DISCUSSION:

The City of Santa Maria has initiated a series of proposed annexations to that city. Pursuant to state law, the city and county must agree on an exchange of property tax revenue before the Local Agency Formation Commission (LAFCO) may consider the annexations. City and county staff have completed negotiations and the agreement is presented for your Board's consideration. The city council will also be considering this agreement at its December 7, 1993 meeting.

In recognition that City of Santa Maria residents enjoy the use of county facilities at Waller Park and that residents of the unincorporated area use city facilities and pay sales tax within the city limits, the following terms have been negotiated with city staff.

1. Basic Exchange

The city receives all property tax revenue from affected tax rate areas that previously went to the County Fire District and the County General Fund.

In exchange, the city makes an annual payment to the county. The payment in the first year would be \$90,000. In subsequent years, a two percent increase would be added to the prior year's amount. Payment is due at time of property tax allocation after December tax payments.

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2. Deflator

In anticipation of potential future property tax shifts by the state, a deflator would be applied to the annual contractual payment. It would be calculated by:

Determining for both the city and the county the percentage of the previous year's current secured property taxes lost through the state budget process, if any;

Netting the county's loss against the city's loss. The resulting percentage, if any, would then be applied as a reduction to the annual payment after the two percent increase from #1 above is added. For example, in FY 95-96, if the City loses 5 percent and County loses 3 percent, the decrease would be 2 percent. Following is a sample calculation prepared in December, 1995.

Payment made in FY 94-95:	\$90,000.00
Plus 2 percent annual increase:	\$1,800.00
Subtotal:	\$91,800.00
Less decrease:	-\$1,836.00
Total payment for FY 95/96:	\$89,964.00

The city could request and the Board of Supervisors could agree to deflate the annual payment to zero in any year due to extraordinary circumstances as identified by either agency.

3. Revision to Terms

Either agency may request that the other meet to review the terms of the agreement and possibly revise them to take into account future changes in local government financing mechanisms.

4. Hagerman Softball Complex Deed

The county will consider the possibility of deeding to the city the property on which the Hagerman Softball Complex is located and surrounding undeveloped land with the understanding, per deed restriction, that the land will continue to be used for recreation purposes or revert to the county. This action will be completed by a separate property transfer agreement to be negotiated with November 30, 1994, as a target date.

5. Joint Meetings Regarding Park and Softball Complex

Either agency may request joint meetings to review capital improvement projects, operational issues or other considerations related to Waller Park and the Hagerman Softball Complex.

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6. Effective Date

The agreement is effective on execution by the parties; however, exchange of tax revenues will not commence until after the annexations occur, probably Fiscal Year 1994-95.

MANDATES & SERVICE LEVELS:

Section 99 of the Revenue and Taxation Code allows for the exchange of property taxes.

FISCAL IMPACT:

The initial loss of property tax revenues from the annexed areas will be more than offset by an annual payment from the city to the county.

SPECIAL INSTRUCTIONS:

Please transmit adopted resolutions and a copy of the agreement to LAFCO and the City of Santa Maria. ** Certified Mail*

Concurrences:

Auditor-Controller
County Counsel
Director of Parks, Mike Pahos
Fire Chief, Jim Thomas
Tim Ness, City of Santa Maria

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222 958 680 *CLERK OF BOARD*

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PS Form 3800, June 1991

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA

IN THE MATTER OF PROVIDING FOR A)
NEGOTIATED EXCHANGE OF PROPERTY)
TAX REVENUES BETWEEN THE CITY)
OF SANTA MARIA AND THE COUNTY OF)
SANTA BARBARA PERTAINING TO)
ANNEXATION NO. 88)
(MAHONEY))
_____)

RESOLUTION NO. 93-645

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

WHEREAS, the City of Santa Maria (CITY) and the County of Santa Barbara (COUNTY) have negotiated and reached a mutually acceptable agreement on an exchange of property tax revenue for the proposed annexation LAFCO Case #93-8 (Annexation 88), commonly referred to as Mahoney Annexation;

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of the County of Santa Barbara approves the following formula for the exchange of property tax revenue from the subject parcels for the 1993-94 fiscal year and each fiscal year thereafter;

1. No property tax revenues attributable to the subject parcels shall be allocated or paid to CITY for the 1993-94 fiscal

year even though the parties expect the annexations will be effective during that fiscal year.

2. For the 1994-95 fiscal year or the first full fiscal year following annexation, whichever is later, and each fiscal year thereafter, COUNTY shall allocate and pay to CITY 100% of property tax revenues from the annexed property. "Property tax revenues" include the base property tax revenue and the property tax increment.

3. The 100% shall be comprised of the property tax revenue which would, in the absence of this agreement, be allocated from the annexed property to the County Fire District and the County General Fund.

4. If annexation proceedings are not completed in sufficient time for the annexation to be effective for tax assessment purposes, pursuant to Sections 54902 and 54902.1 of the Government Code, in the fiscal year succeeding the effective date of the annexation, the 100% shall be payable from the funds of the County Fire District and the County General Fund until the annexation is effective pursuant to those Sections, after which the 100% shall be allocated directly to CITY.

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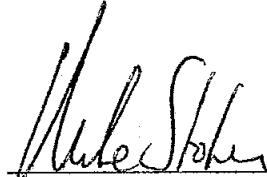
PASSED, APPROVED AND ADOPTED by the Board of Supervisors of
the County of Santa Barbara, State of California, this 7th
day of December, 1993.

AYES: Supervisors Schwartz, Rogers, Chamberlin, Staffel, Stoker

NOES: None

ABSTAIN: None

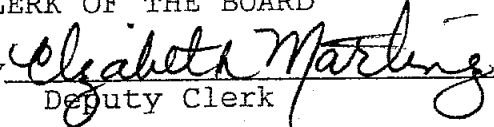
ABSENT: None



Chair, Board of Supervisors

ATTEST:


ZANDRA CHOLMONDELEY
CLERK OF THE BOARD

By 

Deputy Clerk

APPROVED AS TO FORM:


STEPHEN SHANE STARK
ACTING COUNTY COUNSEL

By 

Deputy County Counsel

APPROVED AS TO ACCOUNTING FORM:

ROBERT W. GEIS, C.P.A.
AUDITOR-CONTROLLER

By 

160 - Hidden Pines
 161 - W. Main
 162 - Blosser SE
 163 - Blosser SW

RESOLUTION NO. 93-164 - Mahoney only

165 - 167 - others

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA PROVIDING FOR A NEGOTIATED EXCHANGE OF PROPERTY TAX REVENUES BETWEEN THE CITY OF SANTA MARIA AND THE COUNTY OF SANTA BARBARA PERTAINING TO ANNEXATION NO. 88

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

WHEREAS, the City of Santa Maria (CITY) and the County of Santa Barbara (COUNTY) have negotiated and reached a mutually acceptable agreement on an exchange of property tax revenue for the proposed annexation LAFCO Case #93-8 (Annexation 88), commonly referred to as Mahoney Annexation;

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Santa Maria to approve the following formula for the exchange of property tax revenue from the subject parcels for the 1993-94 fiscal year and each fiscal year thereafter;

1. No property tax revenues attributable to the subject parcels shall be allocated or paid to CITY for the 1993-94 fiscal year even though the parties expect the annexations will be effective during that fiscal year.
2. For the 1994-95 fiscal year or the first full fiscal year following annexation, whichever is later, and each fiscal year thereafter, COUNTY shall allocate and pay to CITY 100 percent of property tax revenues from the annexed property. "Property tax revenues" include the base property tax revenue and the property tax increment.
3. The 100 percent shall be comprised of the property tax revenue which would, in the absence of this agreement, be allocated from the annexed property to the County Fire District and the County General Fund.
4. If annexation proceedings are not completed in sufficient time for the annexation to be effective for tax assessment purposes, pursuant to Sections 54902 and 54902.1 of the Government Code, in the fiscal year succeeding the effective date of the annexation, the 100 percent shall be payable from the funds of the County Fire District and the County General Fund until the annexation is effective pursuant to those sections, after which the 100 percent shall be allocated directly to CITY.

PASSED AND ADOPTED at a regular meeting of the City Council held on the 7th day of December, 1993.

CITY OF SANTA MARIA, CALIFORNIA

/s/ THOMAS B. URBANSKE

Mayor Pro tem

ATTEST:

JANET KALLAND
City Clerk

By /s/ GWENDOLYN BLACKWELL
Deputy

APPROVED AS TO FORM:

BY: *[Signature]*
CITY ATTORNEY

CONTENTS:

BY: *[Signature]*
DEPARTMENT HEAD

BY: *[Signature]*
CITY ADMINISTRATOR

STATE OF CALIFORNIA
COUNTY OF SANTA BARBARA
CITY OF SANTA MARIA } ss.

I, JANET KALLAND, City Clerk of the City of Santa Maria and ex officio Clerk of the City Council DO HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution No. 93-164 which was duly and regularly introduced and adopted by said City Council at a regular meeting held December 7, 1993 by the following vote:

AYES: Councilmembers Toru Miyoshi, Bob Orach and Mayor Pro tem Thomas B. Urbanske.

NOES: None.

ABSENT: Councilmember Curtis J. Tunnell and Mayor George S. Hobbs.

File: AN-88

JANET KALLAND
City Clerk of the City of Santa Maria
and ex officio Clerk of the City Council

By: *[Signature]*
Deputy

Attachment D – Planning and Development “Reportback” to LAFCO

COUNTY OF SANTA BARBARA

Planning & Development

DATE August 21, 2003
TO: Bob Braitman
Santa Barbara LAFCO
FROM: Jamie Goldstein, Project Manager
Planning & Development
SUBJECT: LAFCO No. 03-5

This is in response to your June 9, 2003 Request for Reportback regarding the above referenced proposal. Based on our review of the application materials:

General Information

The property is unincorporated.

A portion of APN 111-140-007 is within the Orcutt Community Plan and policies from that Community Plan would apply. The remainder of the annexation request is not within a Community Plan, and the Land Use Element Santa Maria/Orcutt Area Area/Community Goals (page 124) apply.

General Plan and Zoning Designations

Some information in the Proposal Questionnaire is / is not accurate. (*e.g., see item 5. C.*)

The County General Plan designates the proposal area as A-II, except parcel 111-030-010, which is General Industry, and a portion of parcel 111-140-007, which is Res 4.6.

The County has zoned the property 100-AL-O, except parcel 111-030-010, which is M-2, and a portion of 111-140-007, which is DR 4.6.

Prime Agricultural Land & Open Space Land

More information is required to determine if the property is Prime Agricultural Land as defined by G.C. § 56064.

The property is not Open Space as defined by G.C. § 65560.

The property is not within a Land Conservation Act (Williamson Act) contract.

The property is not within a Farmland Security Zone.

General Plan Consistency and Other Comments

Thank you for the opportunity to comment on this project. The following comments are made consistent with California Codes 56300, 56301, and 56001 regulating LAFCO.

The annexation request appears to conflict with adopted County General Plan policies and may result in potential impacts to agriculture and biological resources. Because of these impacts, and issues associated with the timing of this project, it appears that some of the LAFCO findings necessary to approve this application can not be made at this time.

LAFCO Factors Favorable to Approval:

1) Proposal would eliminate islands, corridors, or other distortion of existing boundaries.

The project as submitted does not eliminate islands, corridors, or other distortions of existing boundaries.

2) Proposed area is urban in character or urban development is imminent, requiring municipal or urban-type services.

The proposed area is currently primarily in active agricultural production and does not require municipal services.

3) Proposed area can be provided all urban services by agency as shown by agency service plan and proposals would enhance the efficient provision of urban services.

The proposed area is within the Laguna County Sanitation District Service Sphere of Influence (LCSD). It is unclear from the application if LCSD would provide sanitation services to Mahoney Ranch.

4) Proposal is consistent with the adopted spheres of influence and adopted general plans.

The project is consistent with the City of Santa Maria's adopted sphere of influence and General Plan. However, a portion of APN 111-140-007 is within the Orcutt Community Plan (OCP) and the proposal appears to conflict with adopted OCP policies. Specifically:

Orcutt Community Plan

Policy LU-O-6: The Orcutt Urban/Rural Boundary shall separate principally urban land uses and those which are rural and/or agricultural in nature. This boundary shall represent the maximum extent of the Orcutt urban area and the Urban/Rural Boundary shall not be extended until existing inventories of vacant land within the urban area are nearing buildout. Boundary adjustments shall be approved only as part of a major Community Plan update.

Action LU-O-6.1: The Board of Supervisors shall formally petition LAFCO to officially recognize the Orcutt Community Plan boundary as the community's "sphere of influence" and strongly discourage any annexations of this land unless agreed to by the Board of Supervisors.

5) Request is by an agency for annexation of its publicly-owned property, used for public purposes.

The property is not owned by a public agency

Factors Unfavorable to Approval:

1) Proposal would create islands, corridors or peninsulas of city or district area or would otherwise cause or further the distortion of existing boundaries.

The annexation proposal would not create an island, corridor or peninsula.

2) The proposal would result in a premature intrusion of urbanization into a predominantly agricultural or rural area.

While the proposed annexation is within the City of Santa Maria's Sphere of Influence, the City has within its current city limits more than 1,800 acres of property that appears undeveloped or underdeveloped, and an additional 1,000 acres of undeveloped or underdeveloped land in the vicinity of the Santa Maria Airport. The existing city land appears adequate to accommodate the residential and industrial uses planned for this annexation area. As a result, this application appears to result in the premature intrusion of urbanization into agricultural area.

Agricultural Resources: Past annexations by the City of Santa Maria in this area have led to significant residential development on agricultural land. This project would further contribute to this pattern, inconsistent with County Agricultural Element policies listed below. Urbanization of this property may also create an impetus for the adjacent agricultural properties to the east and north to develop. Additionally, the property is classified as "Unique Farmlands" by the California Department of Conservation, Farmland Mapping and Monitoring Program. Our experience suggests that the property meets the definition of "Prime Agricultural Land" as defined by G.C. § 56064 based on the crop value per acre. Prior to any decision on this annexation proposal, LAFCO should make a determination if the property does qualify as "Prime Agricultural Land" per G.C. § 56064.

County Agricultural Element

Goal II. Agricultural lands shall be protected from adverse urban influence.

Policy II.C: Santa Barbara County shall discourage the extension by the Local Agency Formation Commission (LAFCO) of urban spheres of influence into productive agricultural lands designated by Agriculture II (A-II) or Commercial Agriculture (AC) under the Comprehensive Plan.

Policy II.D: Conversion of highly productive agricultural lands whether urban or rural, shall be discouraged. The County shall support programs which encourage the retention of highly productive agricultural lands.

Policy III.A: Expansion of urban development into active agricultural areas outside of urban limits is to be discouraged, as long as infill development is available.

- 3) For reasons of topography, distance, natural boundaries, or like considerations, the extension of services would be financially infeasible, or another means of supplying services by acceptable alternatives is preferable.**

It does not appear that topography, distance, natural boundaries will make the extension of services financially infeasible.

- 4) Annexation would encourage a type of development in an area which due to terrain, isolation, or other economic or social reason, such development is not in the public interest.**

Unknown

- 5) The proposal appears to be motivated by inter-agency rivalry, land speculation, or other motives not in the public interest.**

Unknown

- 6) Boundaries of proposed annexation do not include logical service area or are otherwise improperly drawn.**

The annexation request does not appear to conform to adopted commission policies regarding logical extension of service and efficient patterns of urban development. If the proposed annexation is approved by LAFCO, the annexation boundary should be revised to include the Tanglewood Subdivision which is an Existing Developed Rural Neighborhood (EDRN) located directly adjacent to and southwest of Mahoney Ranch. Excluding Tanglewood from the annexation boundary would leave an island of unincorporated urbanized land surrounded by incorporated development, further complicating service issues to the community.

- 7) The proposal is inconsistent with adopted spheres of influence and adopted general plans.**

See comments regarding Unfavorable Standard #5.

Other Comments

Should an annexation application for this site be resubmitted which provides new information and demonstrates that LAFCO can make the required findings to approve the annexation request, the following items should be considered.

Biological Resources: The Proposal Justification Questionnaire indicates use of the Santa Maria Sphere of Influence Amendment and Concurrent Annexation Study EIR to meet CEQA requirements. This 12-year old study does not appear adequate to evaluate the potential biological impacts of this proposal. New information regarding endangered species including Tiger Salamander, Red-Legged Frog, and Western Spadefoot Toad, is available and should be used in a biological impact analysis in a new environmental document.

This proposed project is within 1.2 miles of a known Tiger Salamander breeding pond. Projects to the south and west of the proposed project have been significantly constrained to the presence of endangered species.

Housing: Should Mahoney Ranch be annexed, Planning and Development strongly recommends that this property be developed at higher and more diverse densities than previous projects in the City to more efficiently meet State and regional housing needs and targets.

Prior to completing the annexation, if the annexation is eventually approved, the City of Santa Maria will need to negotiate with Santa Barbara County regarding how new units will be counted toward each jurisdiction's State RHNA allocations. The County's policy is to have a 50/50 credit for housing units created as a result of annexations with 50% of the credit accruing to the annexing city and 50% accruing to the County.

cc: Val Alexeeff, Planning and Development
Dianne Meester, Planning and Development
Lisa Plowman, Planning and Development
Chron
Comp Chron

LOMI SCHWARTZ
First District, Vice-Chair

COURT HOUSE

ATTACHMENT E

GAIL MARSHALL, Chair
Third District Office

SUSAN J. ROSE
Second District

JONI GRAY
Fourth District

TOM URBANSKE
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gmarsh@co.santa-barbara.ca.us

BOARD OF SUPERVISORS
105 East Anapamu Street
Santa Barbara, California 93101
Telephone (805) 568-2190

October 15, 2002

COUNTY OF SANTA BARBARA

Santa Barbara County Association of Governments (SBCAG) Board Members
105 E. Anapamu Street, 4th Floor
Santa Barbara, CA 93101

RE: County of Santa Barbara Board of Supervisors Comments on the Draft RHNP

Dear SBCAG Board Members:

The County Board of Supervisors would like to take this opportunity to thank fellow SBCAG Board members and SBCAG staff for their work in preparing the Draft RHNP.

The County Board of Supervisors has reviewed the Draft RHNP and the SBCAG October 17, 2002 Staff Report on the Draft RHNP and has the following comments. The Board supports that a 50/50 "credit" for housing units created as a result of annexations, with 50% of the credit accruing to the annexing city and 50% accruing to the County, as a matter of policy for annexations. The Board also supports the revised "credit" policy language as outlined in the SBCAG staff report. The Board further supports the direction of SBCAG to apply jobs/housing ratios to the allocation model.

With respect to applying jobs/housing ratios to the allocation model, the Board recommends that SBCAG emphasize the regional nature of the jobs/housing issue. This means evaluating the jobs/housing ratios by Housing Market Areas (HMA) prior to assigning local jurisdictions with additional housing units to improve any imbalance identified. HMAs are intended to be specific geographic areas that generally meet the social and economic requirements of the area and provides its population with facilities such that commuting to another housing market area, is elective. In this way, you achieve a more regional perspective of the problem. Any re-distribution of units would first occur regionally and then sub-regionally; any additional units are allocated to those jurisdictions experiencing jobs/housing imbalances within the respective HMA.

The County Board of Supervisors encourages SBCAG to continue working on these issues on a regional basis. It is the Board's belief that this is the best approach toward addressing the housing needs of Santa Barbara County.

Sincerely,

Gail Marshall, Chair
County Board of Supervisors