

TO: JAMES L. APP, CITY MANAGER
FROM: BOB LATA, COMMUNITY DEVELOPMENT DIRECTOR
SUBJECT: PROPERTY TAX NEGOTIATION, ANNEXATION NO. 87 (BEECHWOOD AREA)
DATE: SEPTEMBER 7, 2004

Needs: For the City Council to consider a negotiated exchange of property tax revenue for the Beechwood Annexation (Annexation No. 87). The subject property is approximately 235 acres along the City's easterly boundary, located south of an extension of Meadowlark Road, east of Beechwood Avenue, and north of Creston Road. The PG&E electric transmission lines form the easterly boundary of the subject area. A location map is attached as a part of the County Staff Report.

- Facts:
1. Properties which are subject to a jurisdictional change, i.e., annexation, alter service area responsibilities for the affected jurisdictions.
 2. Changes to a jurisdiction's service area responsibilities may impact operating expense and/or income.
 3. As a prerequisite to any jurisdictional change, Revenue & Taxation Code Section 99 requires the affected jurisdictions to negotiate an exchange of property tax revenue.
 4. The County of San Luis Obispo has negotiated a master property tax exchange formula with some cities in the County.
 5. The City of Paso Robles is not party to the master agreement as the exchange rates were not deemed appropriate to, or sufficient to provide for, property based/related services for newly annexed properties.
 6. The County asserts that their operating costs do not necessarily diminish as a consequence of any particular annexation, therefore continuation of their pre-annexation share of property tax revenue income is required.
 7. A negotiation period between the City and County of San Luis Obispo has been initiated and is scheduled to extend 60 days from August 17, 2004. A copy of the Notice to Commence Negotiations is attached.
 8. The subject property is proposed to be residentially zoned. The terms of the County's proposed agreement are that the City will receive 11.3647 percent of annual tax increment revenues and none of the current tax base.

Analysis
and
Conclusion:

When a property is annexed into the City, the responsibility and costs for provision of property based services shifts to the City. Property taxes should be used to offset the cost to provide those property based services. On average, the City receives 17 percent of each property tax dollar for properties already within its jurisdiction. These revenues partially offset the cost of property based services.

Based on the residential zoning of the subject property, the terms of a proposed agreement are that there will be no shift of the base and that the City would receive about 11 percent of the future property tax increment. Should the City and County fail to reach a property tax agreement, the Local Agency Formation Commission (LAFCO) may not continue annexation proceedings.

Attached is a copy of the County's transmittal and staff memo to the Board.

Policy
Reference:

Revenue & Taxation Code Section 99.

Fiscal
Impact:

The agreement as presented by the County would provide no transfer of property tax base revenues and additionally 11.3647 percent of the future property tax increment.

Options:

- a. Adopt Resolution No. 04-xx accepting Negotiated Exchange of Property Tax Revenue and Annual Tax Increment between the County of San Luis Obispo and the City.
- b. Reject Proposed Exchange Rate and appoint an ad hoc Council committee to address the related issues.
- c. Amend, modify, or reject options above.

Attachment: Resolution Accepting Negotiated Exchange of Property Tax Revenue

h:\bob\lafco\Beechwood\property tax rpt to cc 16 Aug 04

RESOLUTION NO. 04-

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
ACCEPTING NEGOTIATED EXCHANGE OF PROPERTY TAX REVENUE AND
ANNUAL TAX INCREMENT BETWEEN THE COUNTY OF SAN LUIS OBISPO AND
THE CITY OF PASO ROBLES - ANNEXATION NO. 87 (BEECHWOOD AREA)

WHEREAS, in the case of jurisdictional change other than a city incorporation or district formation which will alter the service area or responsibility of a local agency, Revenue and Taxation Code Section 99(a)(1) requires that the amount of property tax revenue to be exchanged, if any, and the amount of annual tax increment to be exchanged among the affected local agencies shall be determined by negotiation; and

WHEREAS, when a city is involved, the negotiations are conducted between the City Council and the Board of Supervisors of the County; and

WHEREAS, Revenue and Taxation Code Section 99(b)(6) requires that each local agency, upon completion of negotiations, adopt resolutions whereby said local agencies agree to accept the negotiated exchange of property tax revenues, if any, and annual tax increment and requires that each local agency transmit a copy of each such resolution to the Executive Officer of the Local Agency Formation Commission; and

WHEREAS, no later than the date on which the certificate of completion of the jurisdictional change is recorded with the County Recorder, the Executive Officer shall notify the County Auditor of the exchange of property tax revenues by transmitting a copy of said resolutions to him and the County Auditor shall thereafter make the appropriate adjustments as required by law; and

WHEREAS, the negotiations have taken place concerning the transfer of property tax revenues and annual tax increment between the County of San Luis Obispo and the City of Paso Robles pursuant to Section 99(a)(1) for the jurisdictional change designated as Annexation No. 87 to the City of Paso Robles (Beechwood Area); and

WHEREAS, the negotiating party, to wit: Dan Buckshi, Administrative Analyst, County of San Luis Obispo, on behalf of the County, and James L. App, City Manager, on behalf of the City of Paso Robles, have negotiated the exchange of property tax revenue and annual tax increment between such entities as hereinafter set forth; and

WHEREAS, it is in the public interest that such negotiated exchange of property tax revenues and annual tax increment be consummated.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the City Council of the City of El Paso de Robles, State of California, as follows:

1. That the recitals set forth above are true, correct and valid.
2. That the City of Paso Robles agrees to accept the following negotiated exchange of base property tax revenues and annual tax increment: No base and 11.3647 percent of the incremental property tax revenue shall be transferred from the County of San Luis Obispo to the City of Paso Robles.
3. Upon receipt of a certified copy of this resolution and a copy of the recorded certificate of completion, the County Auditor shall make the appropriate adjustments to property tax revenues and annual tax increments as set forth above.

4. That the City Clerk is authorized and directed to transmit a certified copy of the resolution to the Executive Officer of the San Luis Obispo Local Agency Formation Commission who shall then distribute copies in the manner prescribed by law.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 7th day of September 2004 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk

RLA

RECEIVED
AUG 12 2004
Community Development

LAFCO
1042 Pacific Street, Suite A
San Luis Obispo, CA 93401

Tel: 805-781-5795 Fax: 805-788-2072 dchurch@slolafco.com

MEMORANDUM

TO: DAN BUCKSHI, COUNTY ADMINISTRATIVE OFFICE
NIKKI SCHMIDT, COUNTY ADMINISTRATIVE OFFICE

FROM: DAVID CHURCH, AICP, ANALYST

DATE: August 11, 2004

SUBJECT: Annexation No. 87 to the City of Paso Robles (Beechwood)

LAFCO FILE NO: 5-R-04

The County Auditor has provided LAFCO with the property tax revenue estimates for the current fiscal year and what proportion of the tax revenue is attributed to the taxing agencies within the subject territory.

Also included for your information is the following information:

- The Application
- A map of the site

cc: Bob Lata, City of Paso Robles

**LOCAL AGENCY FORMATION COMMISSION
NOTICE TO COMMENCE NEGOTIATION
FOR TRANSFER OF PROPERTY TAX REVENUE**

Proposed Jurisdictional Change: Annexation No. 87 to the City of Paso Robles (Beechwood)

LAFCO File No: 5-R-04

Purpose of proposal: The eventual annexation of this parcel is for residential uses.

Negotiating Agencies:

City of Paso Robles
County of San Luis Obispo

Agenda Date for
Start of Negotiations:

August 10, 2004

Subject Property:

<u>Tax Code Area</u>	<u>Parcel Nos.</u>	<u>Valuation</u>
104-001	020-301-003	109,666
104-001	020-301-002	272,086
104-001	020-301-006	171,650
104-001	020-301-005	500,000
104-001	020-301-022	-0-
104-001	020-301-018	160,957
104-001	020-301-036	62,545
104-001	020-301-037	214,920
104-001	020-301-038	412,313
104-001	020-301-050	135,065
104-001	020-301-051	40,508
104-001	020-301-052	269,542
104-001	020-301-053	633,044
Total:		\$2,982,296

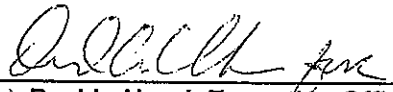
Estimated property tax revenue generated within subject property: in fiscal year.

GENERAL FUND	\$7,435
AIR POLLUTION CONTROL	21
SPECIAL ROADS # 1	166
COUNTY LIBRARY	557
SLO CO FLOOD CONTROL	79
NACIMIENTO WATER CONS	85
PASO ROBLES CEMETERY	275
PASO ROBLES ELEM	0
PASO ROBLES UNIFIED	14,770
SAN LUIS OBISPO COMM COLL	2,153
COUNTY SCHOOL SERVICE	1,276
ERAF	3,005
TOTALS	\$29,823

Percentage of annual tax increment to be exchanged: 11.36470

Negotiation Period: August 10, 2004-October 12, 2004

Property Tax Exchange effective fiscal year: 2005-2006

By: 
Paul L. Hood, Executive Officer

Date: 8-10-04

Note: At close of negotiations, each agency shall immediately transmit to the LAFCO Executive Officer a certified copy of the resolution setting forth the amount of property tax revenue to be transferred. For dependent districts, the Clerk of the Board of Supervisors shall transmit a certified copy of the Board's resolution adopted on behalf of both parties. This will allow LAFCO to commence processing of the jurisdictional change.

LOCAL AGENCY FORMATION COMMISSION

JUSTIFICATION OF PROPOSAL

The California Government Code requires the Commission to review specific factors in its consideration of this proposal. Please complete this form to facilitate our review.

GENERAL INFORMATION

Name of Proposal: Beechwood Annexation

1. This application was initiated by:

X Petition Resolution of Application

2. Does this application include 100% written consent of each property owner in the affected territory? Yes No

3. State reason(s) for requesting the proposed action: Annexation to the City of
Paso Robles for residential and neighborhood commercial uses.

4. State general location of affected territory: Southeast corner of the City
of Paso Robles.

5. Is the affected territory inhabited or uninhabited (less than 12 registered voters)?
Less than 12

6. Do the boundaries of the district or city overlap or conflict with the boundaries of the proposed annexation? No.

If yes, justify the need for overlapping or conflicting boundaries:

7. Do the boundaries of the territory propose split lines of assessment? NO

8. Do the boundaries of the territory proposed create an island or corridor of unincorporated territory or a strip? NO

If yes, justify the necessity for the boundaries as proposed: _____

9. If the proposed boundary follows a street or highway, does it include the entire street or highway? No. It does not include any portion of Meadowlark, Beechwood or Creston Roads.

10. Name the city or district(s) which will be affected by this proposal:

City of Paso Robles

11. Total acreage: + 238 acres

LAND USE AND DEVELOPMENT POTENTIAL

1. Indicate the General Plan designation of the city (if applicable):

Multi-family residential, single family residential, neighborhood commercial

San Luis Obispo County: Ag

2. Describe any special land use concerns expressed in the above plans: None

3. Indicate the existing land use:

Agriculture

4. What is the proposed land use? Residential, varying densities,

neighborhood commercial

5. Has the affected territory been rezoned? N/A No Yes

If yes, what is the rezoning title and densities permitted? _____

6. Describe the specific development potential of the property:

603 residential single-family units, 200 multi-family units and
neighborhood commercial

Please provide the names and addresses of the Applicant's Agent and/or other persons to whom copies of the Agenda, Executive Officer's report and any required notice of hearing is to be furnished.

<u>Name</u>	<u>Address</u>	<u>Phone No.</u>
Larry Werner,	North Coast Engineering, 725 Creston Rd., Suite B, Paso Robles, CA 93446	(805) 239-3127
Tom Erskine,	P.O. Box 510, Paso Robles, CA 93447	(805) 239-9566
John Wilson,	444 Higuera Street, Suite 200, San Luis Obispo, CA 93401	(805) 782-8155
Jay Huebner,	4577 Spanish Oaks Drive, San Luis Obispo, CA 93401	(805) 541-3146

Name and Address of Applicant:

Mike Harrod

925 Oriole Way

Paso Robles, CA 93446

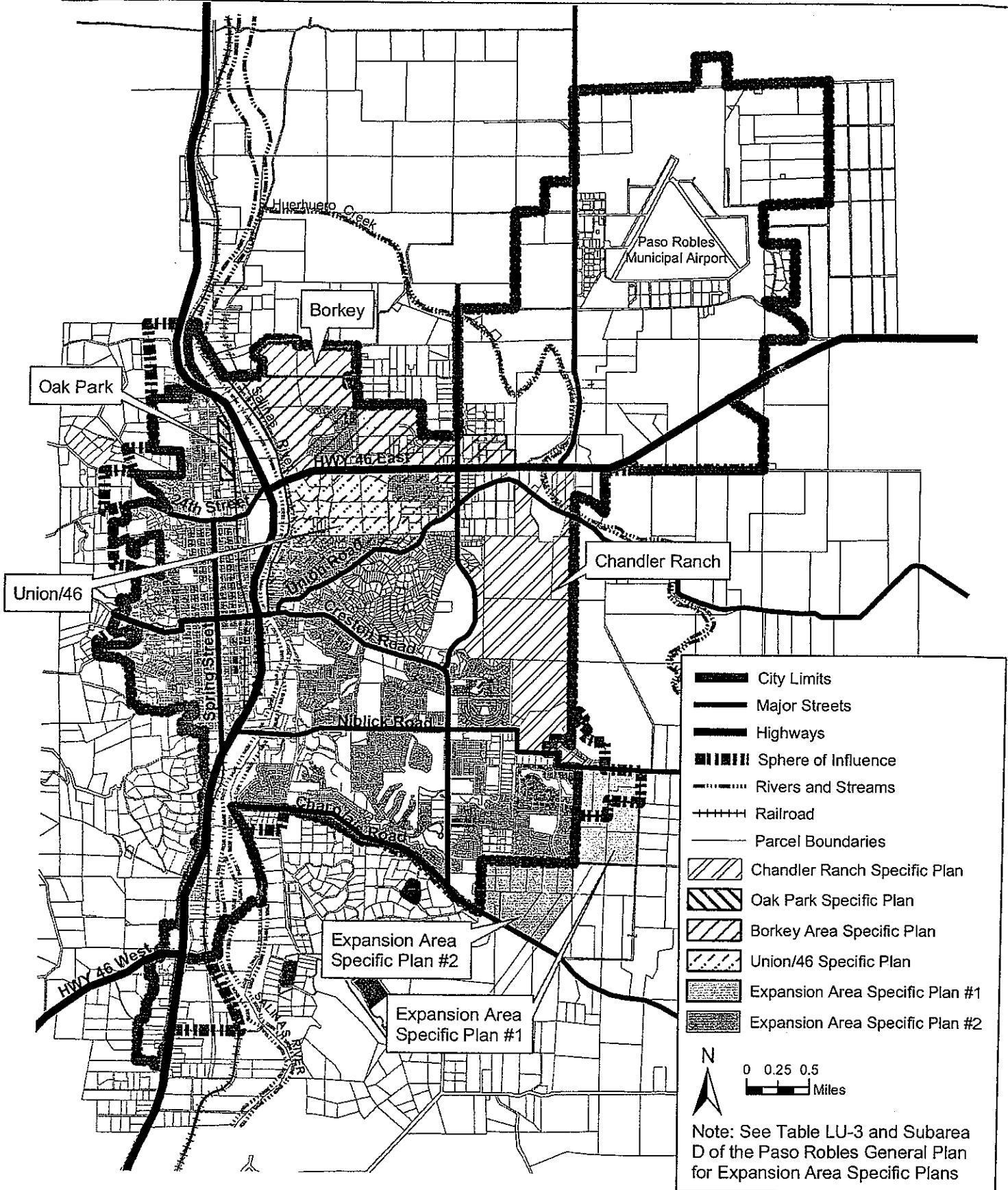
Phone No.:

(805) 239-7474

E-Mail Address:

mikeharrod@msn.com

ENVIRONMENTAL ASSESSMENT FORM

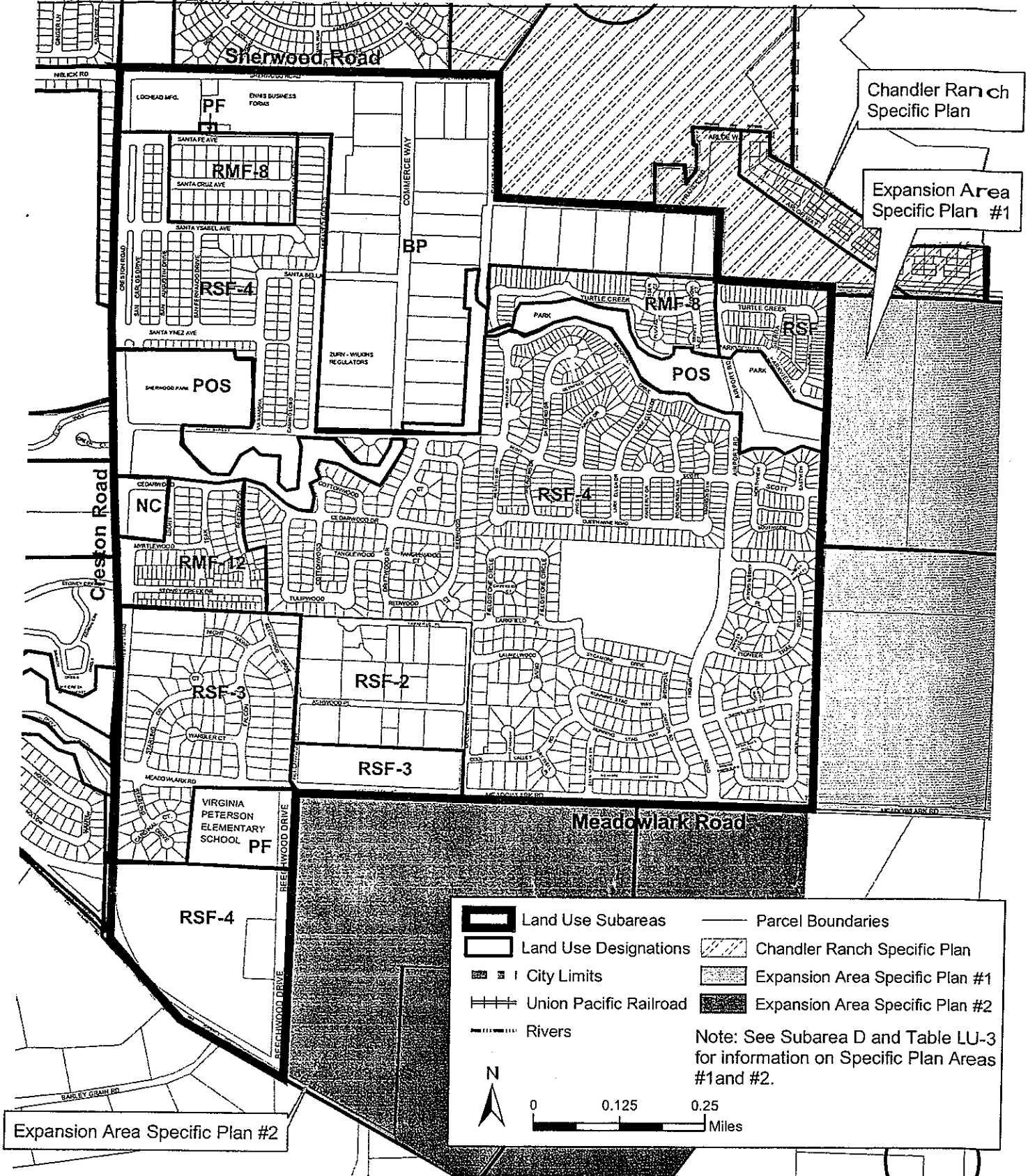


Source: City of El Paso de Robles, 2003.
 Revised January 2004

Specific Plan Overlays

Figure LU-3

Land Use Element



Expansion Area Specific Plan #2

Source: City of El Paso de Robles, 2003.

General Plan Land Use Subarea 9

Figure LU-61