

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Administrative Office	(2) MEETING DATE August 22, 2006	(3) CONTACT/PHONE Dan Buckshi, (805) 781-5011		
(4) SUBJECT Submittal of a resolution accepting the exchange of property tax revenue and annual tax increment for the detachment of property from the City of Arroyo Grande (Milne Property)				
(5) SUMMARY OF REQUEST This request relates to the detachment of 3,696 square feet from the City of Arroyo Grande. The property is located at 379 Corbett Canyon Road, Arroyo Grande, CA 93420, which is North of Corbett Canyon Road and West of Royal Oak Rd (see attached map). The reason for the request to detach the property from the City of Arroyo Grande is to change the City/County boundary because it currently runs through a portion of the property. The request is to change the City/County boundary in order to follow the lot line (the majority of the property is within the County boundary, hence the request to move the small, remaining portion of the property into the County boundary).				
(6) RECOMMENDED ACTION The Board approve the resolution accepting the exchange of property tax revenue and annual tax increment for the detachment of property from the City of Arroyo Grande (Milne Property).				
(7) FUNDING SOURCE(S) N/A	(8) CURRENT YEAR COST N/A	(9) ANNUAL COST N/A	(10) BUDGETED? <input type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> N/A	
(11) OTHER AGENCY/ADVISORY GROUP INVOLVEMENT (LIST): The Local Agency Formation Commission has the authority to oversee annexation of property. This property is proposed to be detached from the City of Arroyo Grande, therefore, as one of the affected agencies; the City of Arroyo Grande participated in the tax exchange negotiations. The Auditor's Office provided the financial analysis.				
(12) WILL REQUEST REQUIRE ADDITIONAL STAFF? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, How Many? _____ <input type="checkbox"/> Permanent _____ <input type="checkbox"/> Limited Term _____ <input type="checkbox"/> Contract _____ <input type="checkbox"/> Temporary Help _____				
(13) SUPERVISOR DISTRICT(S) <input type="checkbox"/> 1st, <input type="checkbox"/> 2nd, <input type="checkbox"/> 3rd, <input checked="" type="checkbox"/> 4th, <input type="checkbox"/> 5th, <input type="checkbox"/> All		(14) LOCATION MAP <input checked="" type="checkbox"/> Attached <input type="checkbox"/> N/A		(15) Maddy Act Appointments Signed-off by Clerk of the Board <input checked="" type="checkbox"/> N/A
(16) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Presentation <input type="checkbox"/> Board Business (Time Est. _____)		(17) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions (Orig + 4 copies) <input type="checkbox"/> Contracts (Orig + 4 copies) <input type="checkbox"/> Ordinances (Orig + 4 copies) <input type="checkbox"/> N/A		
(18) NEED EXTRA EXECUTED COPIES? <input type="checkbox"/> Number: _____ <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A		(19) BUDGET ADJUSTMENT REQUIRED? <input type="checkbox"/> Submitted <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A		
(20) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) _____		(21) W-9 <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes		(22) Agenda Item History <input checked="" type="checkbox"/> N/A Date: 8-8-2006
(23) ADMINISTRATIVE OFFICE REVIEW: The Administrative Office prepared this item.				

8-22-06

B-1

County of San Luis Obispo

COUNTY GOVERNMENT CENTER, RM. 370 • SAN LUIS OBISPO, CALIFORNIA 93408 • (805) 781-5011



DAVID EDGE
COUNTY ADMINISTRATOR

TO: BOARD OF SUPERVISORS

FROM: DAN BUCKSHI, ADMINISTRATIVE ANALYST

DATE: August 22, 2006

SUBJECT: Submittal of a resolution accepting the exchange of property tax revenue and annual tax increment for the detachment of property from the City of Arroyo Grande to the County (Milne Property).

Recommendation

The Board approve the resolution accepting the exchange of property tax revenue and annual tax increment for the detachment of property from the City of Arroyo Grande (Milne Property).

Discussion

This request relates to the detachment of 3,696 square feet from the City of Arroyo Grande. The property is located at 379 Corbett Canyon Road, Arroyo Grande, CA 93420, which is North of Corbett Canyon Road and West of Royal Oak Rd (see attached map). The reason for the request to detach the property from the City of Arroyo Grande is to change the City/County boundary because it currently runs through a portion of the property. The request is to change the City/County boundary in order to follow the lot line (the majority of the property is within the County boundary, hence the request to move the small, remaining portion of the property into the County boundary).

Jurisdictional changes such as this can change service area responsibilities and/or impact operating expenses and revenues. The law requires affected jurisdictions (in this case, the County and the City of Arroyo Grande) to negotiate an exchange of property tax revenue prior to the Local Agency Formation Commission's (LAFCO) approval of the proposed change. This resolution is being presented for adoption within the 60-day timeframe, which commenced on August 8, 2006. The County Administrative Office and City of Arroyo Grande staff negotiated on behalf of their respective agencies.

B-1
2

Other Agency Involvement/Impact

The Local Agency Formation Commission has the authority to oversee annexation of property. This property is proposed to be detached from the City of Arroyo Grande, therefore, as one of the affected agencies; the City of Arroyo Grande participated in the tax exchange negotiations. The Auditor's Office provided the financial analysis.

Financial Considerations

The law requires that affected jurisdictions negotiate an exchange of property tax revenue even in situations where there is not an actual exchange of property tax, as is the case in this instance. The small parcel of land that is proposed to be detached from the City of Arroyo Grande to the County has an assessed value of \$795 (which generates \$7.95 of property tax annually). Because the assessed value is less than \$5,000, it is categorized as a Low Value Exemption. Property taxes on Low Value Exemption properties are not collected because the cost of collecting the tax would exceed the actual tax received. As such, there will not be an exchange of property taxes between the City and the County as a result of this detachment.

Results

A fair and equitable exchange of property tax revenue as a result of the detachment of property.

C: Steve Adams, City of Arroyo Grande
Marsha Stillman, County Auditor-Controller's Office
Paul Hood, LAFCO

B-1
3

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

Proposed Jurisdictional Change: Detachment No. 1 from the City of Arroyo Grande (Milne)

LAFCO File No: 4-R-06

Purpose of proposal: To detach land from the City of Arroyo Grande.

Negotiating Agencies:

City of Arroyo Grande
County of San Luis Obispo

Agenda Date for
Start of Negotiations

8/8/2006

Subject Property:

<u>Tax Code Area</u>	<u>Parcel Nos.</u>	<u>Valuation</u>
001-000	007-791-013	-0-
		Low value exemption

Estimated property tax revenue generated within subject property: \$-0- in fiscal year 2005-2006

GENERAL FUND	29.279740
AIR POLLUTION CONTROL	0.098420
COUNTY LIBRARY	1.912370
ARROYO GRANDE	20.753830
PORT SL HARBOR	1.574320
SLO CO FLOOD CONTROL	0.372010
NACIMIENTO WATER CONS	0.301150
FLOOD CONTROL ZONE 3	0.348710
ARROYO GRANDE CEMETERY	0.177660
LUCIA MAR UNIFIED	35.306320
SLO COMMUNITY COLLEGE	6.200830
CO SCHOOL SERVICE	3.674640
TOTALS	100.0000

Percentage of annual tax increment to be exchanged: 0% (before ERAF)

Negotiation Period: 8/8/2006 through 10/6/2006

Property Tax Exchange effective fiscal year: 2007-2008

By: Paul L. Hood
Paul L. Hood, Executive Officer

Date: 6/5/06

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.

B-1
4

IN THE BOARD OF SUPERVISORS
COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA

_____ day _____, 2006

PRESENT: Supervisors

ABSENT:

RESOLUTION NO. _____

**RESOLUTION ACCEPTING NEGOTIATED EXCHANGE OF
PROPERTY TAX REVENUE AND ANNUAL TAX INCREMENT
BETWEEN THE COUNTY OF SAN LUIS OBISPO AND
THE CITY OF ARROYO GRANDE**

The following resolution is hereby offered and read:

WHEREAS, in the case of a 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, when a special district is involved, the negotiations are conducted by the Board of Supervisors of the County on behalf of the district or districts, unless otherwise requested by said district or districts pursuant to Revenue and Taxation Code Section 99(b)(5); 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 City of Arroyo Grande (City) and the County of San Luis Obispo (County) have previously agreed to a property tax exchange methodology pursuant to Joint Resolution No. 01-96 which provides that in the case of undeveloped property, all of the "base" property tax revenues will be retained by the County, with incremental property tax revenues to be apportioned between the County and City as follows: in the case of land pre-zoned for non-residential uses (such as retail, offices or manufacturing), the County will receive all of the incremental property tax revenues; and in the case of land pre-zoned for residential uses, the County will receive 66% of the incremental property tax revenues it would otherwise have received from the Tax Rate Area, and the City will receive the remaining 34%.

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 Arroyo Grande pursuant to Section 99(a)(1) for the jurisdictional change designated the detachment of property from the City of Arroyo Grande (Milne Property); and

WHEREAS, the negotiating party, to wit: Dan Buckshi, Administrative Analyst, on behalf of the County and Steve Adams, on behalf of the City of Arroyo Grande 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.

B-1 6

NOW, THEREFORE BE IT RESOLVED AND ORDERED by the Board of Supervisors of the County of San Luis Obispo, State of California, as follows:

1. That the recitals set forth above are true, correct and valid.
2. That no annual tax increments shall be transferred from the City of Arroyo Grande to the County of San Luis Obispo in the fiscal year 2007-2008 nor in any fiscal year thereafter (because the property is a Low Value Exemption)
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 County 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.

Upon motion of Supervisor _____, seconded by Supervisor _____, and on the following roll call, to wit:

AYES:

NOES:

ABSENT:

ABSTAINING:

the foregoing resolution is hereby adopted.

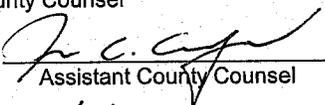
Chairperson of the Board of Supervisors

ATTEST

Clerk of the Board of Supervisors

By: _____
Deputy Clerk

APPROVED AS TO FORM AND LEGAL EFFECT
JAMES B. LINDHOLM, JR.
County Counsel

By: 
Assistant County Counsel

Date: 8/2/06

B-1 7