



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: RES 22-076, **Version:** 1

Adopt resolution clarifying the intent of Board of Supervisors resolution 2015-12 approving a property tax transfer agreement between the County of Monterey and the South Monterey County Fire Protection District for the “South Monterey County Annexations” to the Fire District

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Adopt resolution clarifying the intent of Board of Supervisors resolution 2015-12 approving a property tax transfer agreement between the County of Monterey and the South Monterey County Fire Protection District for the “South Monterey County Annexations” to the Fire District

SUMMARY/DISCUSSION:

In 2014, the South County Fire Protection District submitted an application to LAFCO of Monterey County to annex a significant amount of territory in South Monterey County. These were areas without structural fire protection or emergency medical response. The annexation application initially included a large amount of territory in the southeast portion of the County which included an area then being planned for a major solar energy collection facility. At that time, the Fire District and the County engaged in discussions regarding a “property tax transfer”, required for LAFCO consideration of the annexation. Pursuant to adopted Board of Supervisors policy, fire district annexations receive a share of property tax “increment” or growth. Because the future revenue generation potential of the solar collection project was not known at the time, and in order to avoid a revenue windfall to the District, the original tax transfer resolution prepared by County staff included the provision that:

“this property tax transfer does not include any portion of the property tax revenue generated from energy production sources. In the event that property tax generated from energy production source tax revenue increases over 150% from the level in effect at the time of approval of this resolution, the distribution of property tax increment that is the subject of this resolution shall be subject to further negotiation by the parties.”

The revised annexation application subsequently approved by LAFCO was for a smaller area that did not include the solar collection facility but did include the oil extraction facilities in the San Ardo area and adjacent to/easterly of Hwy 101. The District verified that it does provide fire and emergency response in that area.

Through discussions with the District, County staff has learned that the County property tax transfer resolution adopted by the Board of Supervisors on Dec 8, 2015 inadvertently included language referenced above regarding exclusion of “energy production source tax revenue”. That language was intended to be applied to the original, larger annexation which included the proposed solar collection facility.

It is staff’s position that, because fire and emergency response service is provided by the District to the oil extraction area located within the current District boundary, it is appropriate for the South County Fire Protection District to receive revenue from the oil production areas within the District.

The resolution attached to this Board report will clarify the record of the County's intent with regard to the property tax transfer for the 2015 LAFCO approved annexation of territory to the County Fire Protection District.

OTHER AGENCY INVOLVEMENT:

This matter was coordinated with the South County Fire Protection District, LAFCO of Monterey County, the Monterey County Assessor's Office and the Monterey County Auditor-Controller.

FINANCING:

This action is a correction/clarification of previous Board of Supervisors action in 2015 and, as such, does not impact the General Fund.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Providing adequate fire protection and emergency service response is a key priority of the Board of Supervisors

Mark a check to the related Board of Supervisors Strategic Initiatives

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

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Attachments:

Board of Supervisors resolution