



County of Monterey

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

Board Report

File #: 17-1028, Version: 1

Approve a Property Tax Transfer for the proposed “Miravale II (b) Reorganization” involving Sphere of Influence amendment, annexation of 45 acres to the City of Soledad and detachments from the Monterey County Resource Conservation District and Mission Soledad Rural Fire Protection District. (ADDED VIA ADDENDUM)

RECOMMENDATION:

It is recommended that the Board of Supervisors approve a Property Tax Transfer for the proposed “Miravale II (b) Reorganization” involving a Sphere of Influence amendment, annexation of 45 acres to the City of Soledad and detachments from the Monterey County Resource Conservation District and Mission Soledad Rural Fire Protection District.

SUMMARY:

The Local Agency Formation Commission of Monterey County (LAFCO) is in receipt of a reorganization proposal involving a Sphere of Influence amendment, annexation of 45 acres to the City of Soledad and detachments from the Monterey County Resource Conservation District and the Mission Soledad Rural Fire Protection District. The proposal cannot be approved by LAFCO until a property tax transfer has been approved by the City and County.

DISCUSSION:

The overall Miravale II annexation dates back to 2004. At that time, a total of 92 acres was annexed to the City of Soledad through the LAFCO process. A property tax transfer agreement between the County and the City was approved by the Board of Supervisors on July 13, 2004. (See attached) The annexation did not include the 45 acres known as Miravale II (b), in part due to potential drainage and maintenance issues related to the Bryant Canyon drainage ditch. These issues have been resolved to the satisfaction of the Monterey County Water Resources Agency. The developer and the City of Soledad have filed an application with LAFCO for annexation of area II (b) which, if approved, will complete the Miravale annexation to the City of Soledad.

Regarding the proposed property tax transfer, the Board of Supervisors has previously adopted a pro forma “fair share” master tax transfer resolution; the documents and calculations have been circulated to the County Auditor and Assessor Offices for input regarding any changes or modifications that might be appropriate since the Board’s action in 2004. The currently proposed resolution provides that the County and affected agencies would transfer a percentage of their “tax base revenue” based on the pro rata share of the City’s equivalent tax rate to the combined City/County equivalent tax rates. The formula has been revised to reflect the County’s loss of property tax revenue that was imposed by the State during fiscal year 1993-94. Non-affected jurisdictions would retain their percentage share of property taxes collected within an affected tax code area. Of the total amount of property taxes available for distribution, the City of Soledad would receive 51.38% and the County would receive 48.62%. In addition, the City would receive the entire amount of property tax attributed to the Mission Soledad Rural Fire Protection District.

OTHER AGENCY INVOLVEMENT:

The attached resolution was previously approved as to form by County Counsel. The proposed resolution and calculations have been reviewed and approved by the County Auditor-Controller and County Assessor for form

and calculations.

FINANCING:

The reorganization proposal territory is within Tax Rate Area 126-011. This Tax Rate Area has the following property tax increment distribution: 27.94% - Monterey County; 0.84% - affected districts; 71.22% - non-affected districts; 100% - total. Due to property tax revenue reductions imposed by the State on the County of Monterey, the percentage share of existing County property tax available for distribution has been reduced by 40 percent from 27.94% to 16.76%. As recommended, the County would receive 8.15% and the City would receive 8.61% of the amount available for distribution. In addition, the City would receive the entire 0.84% previously allocated to the Mission Soledad Rural Fire Protection District, for a total allocation of 9.45%. After adding back in the 40% reduction, the County would receive 19.33% of the total property tax collected within the affected area if the reorganization is approved. These calculations have been reviewed and updated for any changes appropriate since the Board's 2004 action. Due to the fact that the subject property is undeveloped, there is minimal financial impact to the County resulting from base property tax transfer. Any growth in property tax increment will be allocated between the County and City of Soledad, pursuant to the property tax sharing agreement.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This recommendation supports the Board of Supervisors Strategic Initiatives related to economic development, administration, infrastructure and public safety.

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:

Resolution

Attachment A: 2004 Resolution

Attachment B: Annexation Area Map