

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
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February 2, 2005

TO: Sacramento Local Agency Formation Commission
FROM: Peter Brundage, Executive Officer
RE: Property Tax Sharing Agreement Process

RECOMMENDATION

Receive and file this report.

DISCUSSION

Staff was directed to report back on language proposed by the Special District Advisory Committee concerning the property tax sharing agreement process. The Special District Advisory Committee proposed that LAFCo incorporate the following principles and policies:

1. Include special districts early on in the discussions between the city and the county and have LAFCo act proactively by convening a stakeholder group.
2. Ensure the special district can maintain its current level of service to those residents excluded from the proposal territory. This can be accomplished by:
 - a. Ensuring the district has adequate facilities to retain the same level of service after annexation/reorganization as prior to annexation/reorganization.
 - b. Some form of payment to the district that takes into consideration the district's investment in infrastructure and its ability to make up for lost revenue and/ or ongoing costs that result from its loss of the revenue by the potential for revenue from future growth.
3. Consider the impacts to existing communities of interest.

ANALYSIS

LAFCo Responsibility for the Review of Annexation/ Reorganization Proposals

As pointed out by the Special Districts Advisory Committee, the property tax sharing agreement between a city and county does not diminish LAFCo's responsibility from analyzing and evaluating the financial and service delivery impacts to special districts and the community during its review of city annexations/ reorganization proposals. LAFCo currently has many adopted policies which address the principles articulated by the Special District Advisory Committee. These policies were identified in the January 5, 2005 staff report to your Commission (copy attached).

In addition, historically, the Commission has carefully evaluated and reviewed reorganization proposals and their impacts to all affected districts, the city and the county. The Commission is responsible for reviewing service delivery impacts and determining which agency can best provide services to any proposal territory. During Commission deliberation, it must examine the before and after impacts of annexation/ reorganization to the residents within the proposal territory as well as the before and after impacts to those residents in the remaining district, i.e., that territory not proposed for a change of organization.

Also, in the past, the Commission has not approved annexation/ detachment proposals until possible negative impacts to special districts were addressed (Cosumnes River College Reorganization, Fair Oaks/Sunrise Recreation and Park Districts' Reorganization). Moreover, the Commission has the authority to approve, modify or deny any reorganization should it deem that the negative effects outweigh the proposed beneficial effects.

CONCLUSION

Based on your Commission's current policies and practices, I believe the Commission addresses the impacts in annexation/ reorganization proposals that have been raised by the Special District Advisory Committee. Therefore, I propose the adoption of no new language to the policies adopted January 5, 2005, by your Commission.

Legal Counsel has, at my request, prepared an opinion on whether or not LAFCo should assume the responsibility of facilitating the Revenue and Tax Code 99 negotiation process.

PB:Maf
Attachment

(SDAC on Property Tax)