

COUNTY COUNSEL
LOUIS B. GREEN

CHIEF ASS'T. COUNTY COUNSEL
EDWARD L. KNAPP

PRINCIPAL ASS'T COUNTY COUNSEL
PATRICIA E. BECK

DEPUTY COUNTY COUNSEL
JUDITH M. KERR
REBECCA C. SUDELL
PAULA F. FRANTZ
MICHAEL J. CICOZZI

**EL DORADO COUNTY
OFFICE OF
THE COUNTY COUNSEL**



COUNTY GOVERNMENT
CENTER
330 FAIR LANE
PLACERVILLE, CA
95667
(530) 621-5770
FAX# (530) 621-2937

DEPUTY COUNTY COUNSEL
DAVID A. LIVINGSTON
SCOTT C. STARR
TERI M. MONTEROSSO
LESLEY B. GOMES

August 2, 2011

El Dorado County
Board of Supervisors
330 Fair Lane
Placerville, CA 95667

Re: Approval of a Resolution transferring a portion of the property tax increment in certain Tax Rate Areas (TRAs) to the Cameron Park Community Services District (CPCSD) in recognition of the fact that CPCSD is providing services in those TRAs for which they are not presently receiving a percentage of the property tax increment.

Honorable Supervisors:

Recommendation

Approve the Resolution transferring a portion of the property tax increment in certain TRAs to the CPCSD in recognition of the fact that CPCSD is providing services in those TRAs for which they are not presently receiving any property tax increment.

Reason for Recommendation

Counties have a duty to collect property taxes and then allocate and distribute them to the various taxing entities pursuant to a complex statutory scheme. (Revenue and Taxation Code § 95 et seq.). To determine which local entities are entitled to the tax revenue collected from any given parcel of property, the county assigns each parcel to a certain TRA. A TRA is a specific geographic area all of which is within the jurisdiction of the same combination of local agencies and school entities for the current fiscal year. Property tax revenue from each parcel within a certain TRA is allocated by the county to the local agencies having jurisdiction in the TRA. *City of Dinuba v. County of Tulare* (2007) 41 Cal.4th 859, 866.

A particular local agency such as a special district is entitled to receive the annual tax increment which is defined as the difference between the total amount of property tax revenue and the amount of property tax revenue allocated to the agency in the prior fiscal year. Thus, the

annual tax increment reflects the growth from the previous year's revenue. *San Miguel Consolidated Fire Protection District v. Gray Davis* (1994) 25 Cal.App.4th 134.

On January 16, 2007 CPCSD filed a Petition for Writ of Mandamus; Administrative Mandamus (CCP 1085; 1094.5); Breach of Statutory Duty; Breach of Contract; Negligence; Constructive Trust; Declaratory Relief; Sacramento County Superior Court Case number 07CS00059. CPCSD alleged that since approximately 1992, the County had been improperly computing the allocation of property taxes in certain TRAs. They alleged that as a result of this miscalculation, the CPCSD was due several years of property tax revenue and that the percentage of the property tax increment attributable to CPCSD should be adjusted upward in recognition of the error.

The County denied the allegations of the CPCSD's Petition and strongly believes it properly allocated the property tax revenues within the disputed TRAs. Litigation has been ongoing since 2007. While the County is confident that it would prevail in the litigation, it is also recognized that CPCSD is providing fire protection, recreation and park services in TRAs 100-159, 100-171, 100-191, 100-192, 100-193, 100-209 and 100-202. CPCSD is also providing recreation services in TRAs 054-127, 054-161, 054-166, and 100-194. Presently, CPCSD is receiving no increment of the property tax revenues in these TRAs.

In an attempt to resolve the dispute between the County and CPCSD, the parties entered into negotiations pursuant to Revenue and Taxation Code section 99.02 to see if the parties could reach an agreement on the adjustment of the property tax increments as between the County and CPCSD in the disputed TRAs. After several meetings, an agreement was reached. That agreement is the subject of this board item.

In essence, the County analyzed the percentage of property tax increment it typically received in the TRAs, other than the disputed TRAs, where CPCSD is providing fire protection, recreation and park services. The county undertook the same exercise in the TRAs where CPCSD is providing recreation and park services. By way of example, in TRAs, other than the disputed TRAs, where the CPCSD was providing fire protection, park and recreation services, the County typically receives approximately 28.62% of the property tax increment. The County then compared that increment to the increment the County was receiving in the disputed TRAs where CPCSD provides fire protection, recreation and park services. That percentage of property tax increment is approximately 36.73%. By way of this resolution, the County would agree to transfer the difference, approximately 8.11% of the property tax increment to CPCSD in the disputed TRAs.

In the TRAs where CPCSD provides only park and recreation services, the County typically receives between 28.5% and 29.6% of the property tax increment. Presently in the disputed TRAs the County receives between 31.6% and 33.1% of the property tax increment. Again, this resolution would transfer between 3.144% and 4.037% of the property tax increment to the CPCSD.

The exact calculations and transfer percentages are set forth in Exhibit A to the proposed Resolution.


The transfer of the percentages of property tax increments described above will result in the County receiving a percentage of the property tax increment that it typically receives in TRAs where the CPCSD is providing fire, recreation and park services as well as in those TRAs where CPCSD is providing recreation and park services. In turn, CPCSD will be receiving a percentage of the property tax increment in the disputed TRAs where they have been and will continue to provide services.

In the end, the parties will be able to resolve this longstanding dispute and come to an equitable resolution of the matter.

We would be pleased to answer any questions the Board might have.

Respectfully Submitted,

LOUIS B. GREEN
County Counsel

By: 
Michael J. Ciccozzi
Deputy County Counsel