



Legislation Text

File #: 17-1374, **Version:** 1

Supervisor Hidahl recommending the Board consider the the following:

- 1) Make a finding that there is a public benefit in disbursing \$500,000.00 to the El Dorado Hills County Water District (El Dorado Hills Fire District); and
- 2) Order the Auditor-Controller to disburse \$500,000.00 that is budgeted to the El Dorado Hills County Water District (El Dorado Hills Fire District). (Est. Time: 10 Min.)

DISCUSSION / BACKGROUND

On June 10, 2014, the Board of Supervisors of the County of El Dorado adopted Resolution No. 064-2014, which supported the dissolution of the Latrobe Fire Protection District (LAFCO Project Number 2014-03) and the annexation of the Latrobe Fire Protection District's dissolved territory and sphere of influence territory by the El Dorado Hills County Water District (LAFCO Project Number 2014-04) and redistributed property tax base and annual property tax increment as a result of negotiations related to the dissolution and annexation.

In addition to the transfer of the property tax base from Latrobe and the increase of the annual increment to 17% for the consolidated district, the Board, in a separate action, also resolved to transfer a portion base property tax revenues from the County General Fund, the County Accumulative Capital Outlay Fund, the County Road District Tax Fund, and County Service Area #7 to the District. The transfer of the base property tax revenue requires very specific steps as set forth in the Revenue and Taxation Code. Among those steps is that each affected local agency must publish notice of the hearing to "consider the effect of the proposed transfer on fees, charges, assessments, taxes, or other revenues" prior to final approval of the transfer. It does not appear that notice of the June 10, 2014 meeting met this publication requirement or that the matter was agendized as a public hearing. Likewise, it does not appear that El Dorado Hills Fire Fire published notice of their hearing approving the base property tax revenue transfer.

It was later determined that the action transferring the County's base property tax revenue to El Dorado Hills Fire was not valid due to the failure to meet the public hearing requirements set forth above. Additionally, in order to make a transfer of the property tax base, specific findings, supported by facts in the record, must be made.

In order to be consistent with the intent of Resolution No. 064-2014 regarding the transfer of the base property tax revenue, on December 15, 2015, the Board authorized a transfer from General Fund Contingency in the amount of \$513,302 to make payment to the District equivalent to the amount of revenues that would have been transferred in fiscal years 2014-15 and 2015-16 if the original action had been valid. The Board also directed staff to return with a resolution amending Resolution 064-2014 to effect the base property tax transfer. On April 19, 2016, the Board of Supervisors adopted

the Resolution approving the transfers of base property taxes. The resolution included the necessary findings, as required by Revenue and Taxation Code Section 99.02.

The \$256,651 gross transfer amount was to be reduced by all required payments to the ERAF, so that revenues to school entities will not be affected by the transfer. The District was to receive net revenues of approximately \$183,860 in FY 2016-17.

A necessary step to complete the based property tax transfer process is for the recipient district to adopt its own resolution. The El Dorado Hills Fire District chose to not adopt its resolution due to a disagreement regarding the net revenue to be transferred. Therefore, no funds could be transferred for FY 2016-17 or for FY 2017-18.

As part of the FY 2017-18 budget adoption process, the Board set aside \$500,000 in the event an agreement was reached for the transfer of funds. The recommended action is to transfer the \$500,000 to the Fire District, in recognition of the intent of previous Board actions and agreements. This process was used for the transfer that was authorized on December 15, 2015, for monies from FY 2014-15 and FY 2015-16.