



Legislation Text

File #: 09-0549, **Version:** 1

Chief Administrative Office recommending adoption of Resolution accepting the exchange of property tax increments for the annexation of two parcels (APNs 121-280-03 and 121-280-05) into the El Dorado Irrigation District, Local Agency Formation Commission (LAFCO Project No. 2009-01).

Resolution 084-2009

Background: The Clarksville Annexation to the El Dorado Irrigation District (EID), Local Agency Formation Commission (LAFCO) Project No. 2009-01 will annex two parcels, APN 121-280-03 (9.52 acres) and APN 121-280-05 (1.8 acres) into EID. The annexation triggers the requirement under the law to redistribute property tax increments applicable to the property being annexed.

Reason for Recommendation: In accordance with Revenue and Taxation Code Sections 99 and 99.01, negotiations have been completed regarding the redistribution of the property tax increments applicable to these parcels. EID will accept by resolution a 2.6667% share of the property tax increment.

Under past practice, local agencies impacted by annexations have informally agreed to minimum percentages required for annexation of the share tax levy in the existing tax rate area. It is the Chief Administrative Office's understanding that these minimum percentages are as follows for agencies affected by the Clarksville annexation:

El Dorado Irrigation District:	2.6667%
El Dorado Hills CSD:	10%
El Dorado Hills Fire:	17%

With recent annexations involving EID, in order to generate their minimum of 2.6667%, all other affected agencies have surrendered a proportional share of the existing tax levy. This methodology applied to the Clarksville annexation would have resulted in a 9.7795% share for the El Dorado Hills CSD which is 0.2205% below the minimum amount the CSD requires for annexation. The same methodology would also result in an 18.7284% share for El Dorado Hills Fire, which is 1.7284% above their minimum.

During discussions with each agency regarding this methodology, a representative from the El Dorado Hills CSD indicated that it would be unacceptable to fall below their 10% minimum traditional threshold. In addition, a representative from El Dorado Hills Fire indicated that the agency did not want to surrender any share of the tax levy to EID as a result of annexation. Both the CSD and Fire cited concerns about the downturned economy and suggested that as an enterprise district, EID has the ability to recoup its costs through rates charged for service.

The Resolution under consideration today ensures a 2.6667% share to EID and also ensures that both the El Dorado Hills CSD and El Dorado Hills CSD are at or above the minimum percentages each agency has historically specified it will accept for annexation. In order to achieve these thresholds each share of the current tax levy was proportionately reduced (including the County

General Fund share and all shares controlled by the County), and additional 0.2205% was directed to the El Dorado Hills CSD from El Dorado Hills Fire's share. This results in a net share of the tax levy of 18.5079% for El Dorado Hills Fire, which is still 1.0285% above their traditional minimum of 17%.

Fiscal Impact/Change to Net County Cost: The County General Fund is relinquishing 1.1765% (approximately \$312) in property tax increment which may be offset in the future by a gain in the overall property tax revenue if the property is developed as planned. Per the application filed with LAFCO, the purpose of the annexation is for the development of approximately 10 commercial buildings and parcels totaling approximately 98,992 square feet of office and medical use.

Action to be taken following Board approval: Board Clerk to send adopted resolution to affected agencies and LAFCO so the Commission can proceed with processing the application for annexation.

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Concurrences: