MEMORANDUM
COUNTY EXECUTIVE OFFICE
ADMINISTRATION
County of Placer

TO: Honorable Board of Supervisors
FROM: David Boesch, County Executive Officer
By: James Importante, Senior Management Analyst
DATE: December 6, 2016
SUBJECT: Pacific Forest and Watershed Lands Stewardship Council Tax Neutrality Funding Agreement

ACTION REQUESTED
Adopt a Resolution approving a Funding Agreement with the Pacific Forest and Watershed Lands Stewardship Council, approving the County’s receipt of $47,770 in lieu of property taxes related to the transfer of 16 acres, located near Christian Valley Park, from the Pacific Gas and Electric Company to the Auburn Recreation District.

BACKGROUND
The Pacific Forest and Watershed Lands ("Stewardship Council") is a non-profit organization charged with implementing the Pacific Gas and Electric (PG&E) Land Conservation Commitment, established as part of a 2003 Settlement Agreement and Stipulation with the California Public Utilities Commission (CPUC). The Land Conservation Commitment proposes to permanently protect approximately 140,000 acres of PG&E watershed lands through fee donation of certain watershed lands or the conveyance of conservation easements. Approximately 5,587 acres of land available for donation are located in Placer County.

The Stewardship Council agreed to transfer 16 acres, adjacent to Christian Valley Park, to the Auburn Recreation District (ARD). ARD will grant a conservation easement in perpetuity to the Placer Land Trust (PLT). Because the land will be transferred from a privately-owned utility to a government agency, it will no longer assessed by the State Board of Equalization (SBE is responsible for utility land values), and subject to unitary property taxes. The loss in revenues to all taxing agencies is estimated at $1,910 annually.

The Settlement Agreement requires that any donation will not adversely impact local tax revenue, and the Stipulation requires that an appropriate entity provide property tax revenue, other equivalent revenue source, or a lump sum payment so that the totality of the dispositions in each affected county under the Land Conservation Commitment will be tax neutral for that county. A tax neutrality funding agreement between the County and Stewardship Council ("Funding Agreement") is proposed to offset the loss in property tax revenues with a lump sum payment of $47,770 based on $1,910 at 4% a capitalization rate. The 4% capitalization rate considered multiple long-term inputs, including long term equity and fixed income returns (Dow Jones Industrial Average, S&P 500, U.S. Treasury, CalPERS), weighted average borrowing
costs for counties with PG&E watershed lands, and discount rate assumptions for pension and other post-employment benefits.

The lump sum payment will be distributed to affected taxing agencies within the County. To cover costs of administration, the Stewardship Council agreed to pay the County $3,000. A copy of the proposed Funding Agreement is on file with the Clerk of the Board.

The proposed Funding Agreement is recommended for approval as property tax loss is minimal and the transfer provides benefit to the County. The County's open space and conservation goals could be furthered through this action since the donated land will remain in natural state with a conservation easement granted to PLT. Furthermore, the land was historically held by PG&E for utility operations, and is unlikely to improve or develop. Lastly, no protests have been expressed by adjacent landowners through public input efforts by the Stewardship Council.

FISCAL IMPACT
There is no anticipated impact on the County as a result of this action.

ATTACHMENTS
Resolution
Before the Board of Supervisors  
County of Placer, State of California

In the matter of:

Approve an agreement with the Pacific Forest and Watershed Lands Stewardship Council, approving the County's receipt of $47,770 in lieu of property taxes related to the transfer of 16 acres from the Pacific Gas and Electric Company to the Auburn Recreation District.

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held _________________, by the following vote on roll call:

Ayes:
Noes:
Absent:

Signed and approved by me after its passage.

Chair, Board of Supervisors

Attest:

Clerk of said Board

WHEREAS, the Pacific Forest and Watershed Lands Stewardship Council, a California nonprofit public benefit corporation ("Stewardship Council"), was created to oversee the "Land Conservation Commitment" described in that certain Settlement Agreement among Pacific Gas and Electric Company ("PG&E"), PG&E Corporation, and the California Public Utilities Commission (the "Commission") as modified and approved by the Commission in its Opinion and Order of December 18, 2003 (Decision 03-12-035)
(the "Settlement Agreement"); and that certain Stipulation Resolving Issues Regarding the Land Conservation Commitment dated September 25, 2003 (the "Stipulation"); and

WHEREAS, pursuant to the Settlement Agreement and Stipulation, certain lands owned by PG&E at the time of the Settlement (the "PG&E Watershed Lands") are to be conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants; the preservation of open space; outdoor recreation by the general public; sustainable forestry; agricultural uses; and historic values. The Stewardship Council is charged with developing a Land Conservation Plan ("LCP") for the protection and enhancement of the PG&E Watershed Lands; and

WHEREAS, in connection with the Land Conservation Commitment, PG&E has agreed to make available for donation to the Auburn Recreation District (ARD) approximately 16 acres of PG&E Watershed Lands in Placer County with a conservation easement granted by ARD to the Placer Land Trust; and

WHEREAS, the Settlement Agreement requires that the LCP assess that any donation will not adversely impact local tax revenue, and the Stipulation requires that an appropriate entity provide property tax revenue, other equivalent revenue source, or a lump sum payment so that the totality of the dispositions in each affected county under the Land Conservation Commitment will be tax neutral for that county ("Tax Neutrality Requirement").

WHEREAS, the County of Placer ("County") and the Stewardship Council have prepared a proposed Funding Agreement to implement the Tax Neutrality Requirement ("Funding Agreement").

WHEREAS, by and through the Funding Agreement, the County and the Stewardship Council desire, among other things, to confirm and acknowledge that the Tax Neutrality Requirement has been met by payment of the lump sum of Forty Seven Thousand Seven Hundred and Seventy Dollars ($47,770) ("Funding Allocation") as provided for in the Funding Agreement.

WHEREAS, the County and the Stewardship Council also desire to confirm and acknowledge that the Stewardship Council will make a $3,000 payment to County for the County’s administrative costs to set up the process to allocate payments to special districts consistent with the methodologies described in Division 1 of the California Revenue and Taxation Code.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors, County of Placer, State of California, that the Board of Supervisors hereby approves the Funding Agreement and authorizes the Chairman of the Board to sign the agreement.

BE IT FURTHER RESOLVED, that the County Executive Officer, or designee, is authorized to take such actions and/or execute such documents as may be necessary or appropriate to implement the Funding Agreement.