

MEMORANDUM
OFFICE OF THE
COUNTY EXECUTIVE
COUNTY OF PLACER

TO: Honorable Board of Supervisors
FROM: Thomas M. Miller, County Executive Officer
By Leslie Hobson, Senior Management Analyst
DATE: October 24, 2006
SUBJECT: Northstar CSD Annexation of Northstar Highlands

ACTION REQUESTED

Consider and approve a resolution authorizing the Chairman of the Board of Supervisors to sign the property tax sharing agreement with the Northstar Community Services District (CSD) pursuant to the annexation of the Northstar Highlands project territory. As a result of the annexation, this territory is now within the Northstar CSD, and the district will provide fire, road maintenance, and snow removal services.

BACKGROUND

The Northstar Highlands project consists of three parcels of land: (1) Parcel #110-080-053 which consists of 47.3 acres and is the site for future employee housing with up to 174 units, (2) Parcel #110-050-025 which consists of 12.2 acres and is the site for a future maintenance facility, and (3) Parcel #110-050-023 which consists of 48,470 square feet and is the site for Schaffer's Camp, a mountain restaurant. This previously undeveloped land is in the sphere of influence of the Northstar CSD for some or all of the following services: fire, road maintenance, and snow removal.

In order for the annexation to be considered by LAFCO, both jurisdictions must approve a resolution authorizing the agreement for sharing property taxes generated in the annexation area. In addition, pursuant to Resolution No. 80-142, passed by the Placer County Board of Supervisors on March 18, 1980, the property tax allocated for the service follows the transfer of service. Representatives of Northstar CSD and the County have negotiated this property tax sharing agreement that provides funding both for the services provided by Northstar CSD and the countywide services that will continue following annexation. The Northstar CSD Board considered and approved the agreement on October 18, 2006.

The CSD will receive a total of 11.62% Post ERAF of the incremental County General Fund allocation and including all of the Fire Control Fund allocation. The County General Fund will retain 22.0% of the County General Fund allocation Post ERAF. The Fire Control Fund currently receives 2.19% of the total property tax revenue Post-ERAF. The property tax transfers are summarized below.

Summary of Property Tax Allocation	Post-ERAF	Pre-ERAF
Northstar CSD (including the Fire Control Fund)	11.62%	11.41%
County General Fund	22.00%	32.77%
Total	33.62%	44.18%

CEQA DETERMINATION

This action is exempt from the California Environmental Quality Act (CEQA) because it is a change in organization that does not change the geographical area in which previously existing powers are exercised. (CEQA Guidelines Section 15320)

FISCAL IMPACT

The County General Fund currently receives 33.01% of the total property tax revenue Post ERAF for TRA #091-119. The County General Fund incremental share of the property tax revenue will be reduced to 22% pursuant to the approval of this agreement with Northstar CSD. The Fire Control Fund currently receives 2.19% of the total property tax revenue Post ERAF for TRA #091-119. All the incremental property tax revenue for the Fire Control Fund will be transferred to the Northstar CSD.

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**Before the Board of Supervisors
County of Placer, State of California**

Approving the Incremental Property Tax Sharing
Agreement between the County of Placer and the
Northstar Community Services District for the
Northstar Highlands Annexation

Resol. No: _____

Ord. No: _____

First Reading: _____

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.

Chairman, Board of Supervisors

Attest:
Clerk of said Board

Whereas, in May 2006, Trimont Land Company and the Northstar Mountain Properties petitioned Placer County Local Agency Formation Commission to annex the project identified as the Northstar Highlands into Northstar Community Services District for some or all of sewer, water, fire, road maintenance, and snow removal services; and

Whereas, the Project is located on approximately 61 acres, which area is shown and described in Exhibit A, attached hereto and incorporated herein by reference (the "Territory"), which Territory was within the unincorporated area of Placer County; and

Whereas, the County will retain countywide service responsibilities and transfer fire, road maintenance, and snow removal services to Northstar Community Services District; and

Whereas, the Placer Local Agency Formation Commission (LAFCO) requires a resolution authorizing the agreement between the County and Northstar Community Services District as to the sharing of taxes generated in the annexation area, prior to consideration by LAFCO; and

Whereas, the County and the Northstar Community Services District have negotiated a property tax agreement between the District and the County as to the support services to be provided by each jurisdiction upon annexation and the sharing of property taxes generated in the annexation area, prior to consideration of the annexation by LAFCO

Now Therefore Be It Resolved, the Placer County Board of Supervisors hereby approves the attached property tax sharing agreement pertaining to the annexation of the Northstar Highlands project to the Northstar Community Services District and authorizes the Chairman to sign these documents on behalf of the County.

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BOARD OF DIRECTORS
NORTHSTAR COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 06-25
RESOLUTION APPROVING AGREEMENT FOR APPORTIONMENT OF
PROPERTY TAX REVENUES DUE TO ANNEXATION

AS A BASIS AND PREMISE for this Resolution, the Board of Directors ("Board") of Northstar Community Services District (the "District") finds as follows:

1. Property owner Trimont Land Company (dba Northstar at Tahoe) and Northstar Mountain Properties submitted an application ("Proposal No. 2006-03" or "Application") to the Placer County Local Agency Formation Commission ("LAFCo") proposing to annex that certain unincorporated area ("Property") into the boundaries of the District.

2. On February 15, 2006, the Board adopted Resolution No. 06-05 conditionally approving the Application.

3. The District's service areas and responsibilities will be increased should the contemplated annexation occur due to the District's anticipated delivery of essential governmental services in the Property after annexation.

4. Section 99 of the Revenue and Taxation Code requires that, before an annexation that would affect special districts may proceed, the County Board of Supervisors must negotiate a property tax exchange on behalf of those affected special districts.

5. In accordance with Revenue and Taxation Code Section 99.01, the property tax revenue subject to negotiation is limited to the property tax revenue from the annual tax increment generated in the Property and attributable to those local agencies that receive an apportionment of the property tax revenue from the Property ("Tax Increment").

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EXHIBIT A

**AGREEMENT FOR APPORTIONMENT OF PROPERTY TAX REVENUES
DUE TO ANNEXATION**

THIS AGREEMENT is entered into by and between the County of Placer ("County"), a political subdivision of the State of California, and the Northstar Community Services District ("District"), a special district located within the County.

RECITALS

1. Property owner Trimont Land Company (dba Northstar at Tahoe) and Northstar Mountain Properties submitted an application ("Proposal No. 2006-03" or "Application") to the Placer County Local Agency Formation Commission ("LAFCo") proposing to annex that certain unincorporated area shown on Exhibit A ("Property") into the boundaries of the District. The Application is incorporated herein as if set forth in full.

2. On February 15, 2006, the Board of Directors of the District adopted Resolution No. 06-05 conditionally approving the Application. This resolution is incorporated herein as if set forth in full.

3. Section 99 of the Revenue and Taxation Code provides that upon the filing of an application for a jurisdictional change, LAFCo's Executive Officer may not issue a Certificate of Filing on the application until the local agencies whose service areas or responsibilities will be altered should the annexation occur reach an agreement as to the amount of property tax revenues to be exchanged among them.

4. To the extent that it is applicable, Revenue and Taxation Code Section 99 provides that when a jurisdictional change such as annexation will affect special districts, the County Board of Supervisors shall negotiate a property tax exchange agreement on behalf of the

special districts that will be affected by the jurisdictional change. Pursuant to Revenue and Taxation Code Section 99.01(a)(3), the District has negotiated for the property tax exchange on its own behalf.

5. In accordance with Revenue and Taxation Code Section 99.01, the property tax revenue exchanged hereunder shall be limited to the "Tax Increment" as defined herein. For purposes of this Agreement, the Tax Increment means (a) the annual incremental tax increase (b) generated in the Property (c) based upon the assessed valuation in each fiscal year after the annexation is completed (d) that is attributable to those local agencies, including the County pursuant to Revenue and Taxation Code Section 95(a), that receive an apportionment of the property tax revenue from the Property.

6. Both the District's and the County's respective service areas and responsibilities will be altered should the contemplated annexation occur, and a portion of the Tax Increment is necessary to maximize the District's ability to finance the delivery of essential governmental services in the Property after annexation.

7. The parties have negotiated this Agreement for the exchange of Tax Increment for the proposed annexation of the Property, whether or not applicable statutes change in the future.

AGREEMENT

NOW, THEREFORE, County and District agree as follows:

1. The parties mutually agree to an exchange of incremental property tax revenue generated in the Property annexed as set out in this paragraph. The County currently receives 44.18% of the 1% ad valorem property tax, which includes 1.86% for the County Fire Fund. Upon completion of the annexation, the District shall receive 11.41% of the 1% ad valorem

property tax from the annual tax increment generated in the annexation area (prior to allocations to the Education Revenue Augmentation Fund). That amount includes 1.86% that had been allocated to the County Fire Fund. The County shall receive 32.77% of the 1% ad valorem property tax attributable to the annual increase in assessed valuation in each fiscal after the annexation. The parties understand that after the allocations for the Education Revenue Augmentation Fund, the District would receive 11.62% of the tax increment revenue and the County would receive 22% of the incremental property tax revenues.

2. This Agreement shall be effective upon approval of the annexation by the LAFCo and shall continue in full force and effect thereafter unless amended by the mutual consent of the County and District.

3. Neither this Agreement nor any part hereof is intended to or shall establish any precedent for any future agreement.

IN WITNESS WHEREOF, the parties have executed this agreement on the date set forth below.

County of Placer, a political subdivision of the State of California

By: _____

Its: _____

Date: _____

Approved as to form

By: _____

County Counsel

Date: _____

Northstar Community Services District

By: Mike Staud

Its: General Manager

Date: 10/19/06

Approved as to form

By: 

District's General Counsel

Date: October 11, 2006

EXHIBIT A

Assessor's Parcel No.: 110-080-053

Location: Located in Section 32 Township 17 North, Range 17 East, M.D.M.

Assessor's Parcel No.: 110-050-025

Location: Located in Section 8 Township 16 North, Range 17 East, M.D.M.

Assessor's Parcel No.: 110-050-023

Location: Located in Section 7 Township 16 North, Range 16 East, M.D.M.

The source of the information in this Exhibit A is the annexation application (Proposal No. 2006-03) filed by Trimont Land Company with the Placer County Local Agency Formation Commission on March 22, 2006.