

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 *L. Hobson*

DATE: November 8, 2011

SUBJECT: Northstar Community Services District Annexation

ACTION REQUESTED

Authorize the Chairman of the Board of Supervisors to sign the property tax sharing agreement with the Northstar Community Services District (NCSD) pursuant to their proposed annexation of assessor's parcel numbers 110-050-050 and 110-050-038. As a result of the annexation, these parcels will be within the NCSD boundaries, and the district will provide water and sewer services.

BACKGROUND

In 2006, Placer County LAFCo approved the annexation of the Northstar Highlands project territory which included a site for a future maintenance facility, future employee housing, and Schaffer's Camp restaurant. Pursuant to the annexation, a property tax sharing agreement was approved by your Board in October, 2006 which transferred a portion of the property tax revenue to NCSD who agreed to provide fire, road maintenance, and snow removal services.

The current NCSD proposed annexation includes two areas of land within their sphere of influence. Both parcels are owned by CNL Income Northstar, LLC, and are subject to a long term lease to Trimont Land Company. Assessor's parcel number 110-050-050 is approximately 69,000 square feet and located 500 feet to the north of the existing Schaffer's Camp restaurant. Assessor's parcel number 110-050-038 is approximately 15,000 square feet and is located 475 feet to the southeast of Northstar-at-Tahoe Big Springs Lodge. These two areas include a mountain lodge with a restaurant which is under construction and an existing cross country ski facility. NCSD will provide sewer and water service to the cross country facility, and sewer service to the mountain lodge. As a community services district, Northstar currently provides a variety of services including: fire, snow removal, road maintenance, water and sewer and limited general government community support.

Pursuant to revenue and Taxation Code Section 99.01 (a), representatives of Northstar CSD and the County have negotiated this property tax sharing agreement. NCSD will receive a total of 4% of the County's current General Fund share (AB8) of the property taxes pre-Educational Revenue Augmentation Fund (ERAF).

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ENVIRONMENTAL IMPACT

The Initial Study and Mitigated Negative Declaration prepared and adopted by the County on July 12, 2011 and the Environmental Impact Report prepared and adopted by the County as the lead agency for the Northstar Highlands project on February 23, 2005, considered all of the direct and indirect environmental effects of this project and there are no environmental effects involved in the proposed action.

FISCAL IMPACT

The County General Fund currently receives 42.33% pre-ERAF of the property tax increment for TRA #091-119. The County General Fund share of the property tax incremental revenue will be reduced to 40.64% pre-ERAF pursuant to the approval of this agreement with Northstar CSD.

Attachments:

- 1) Agreement for Apportionment of Property Tax Revenues Due to Annexation.
- 2) Location Map

**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

A. Property owner Trimont Land Company (dba Northstar at Tahoe) and CNL Income Northstar LLC submitted an application ("Proposal No. 2011-01" 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. All property subject to annexation comprises TRA #091-119

B. On October 19, 2011, the Board of Directors of the District adopted Resolution No. 11-25 conditionally approving the Application. This resolution is incorporated herein as if set forth in full.

C. 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.

D. 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.

E. In accordance with Revenue and Taxation Code Section 99.01 (a) (2) 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.

F. Both the District's and the County's respective service areas and responsibilities will be altered, as defined by Revenue and Taxation Code Section 99.01 (a) (1), should the contemplated annexation occur, and a portion of the Tax Increment is appropriate to maximize the District's ability to finance the delivery of essential governmental services in the Property after annexation.

G. 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 the incremental property tax revenue generated by the Property annexed as set out in this paragraph. All property subject to the

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annexation comprises TRA #091-119. The County currently receives 42.33 % of the 1% property tax pre-Educational Revenue Augmentation Fund (ERAF) for the General Fund. Based on the current tax year the District would receive 4% of the increment generated from the County's current General Fund Share (AB8) of the property taxes in the tax rate area (pre-ERAF). The County's General Fund share will be reduced to 40.64%.

2. This Agreement shall be effective upon approval by LAFCo and tax apportionments will become effective in the tax year following approval of the annexation by 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.

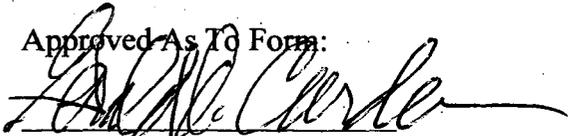
Northstar Community Services District

County of Placer

Date

Robert Weygandt, Chairman
Placer County Board of Supervisors

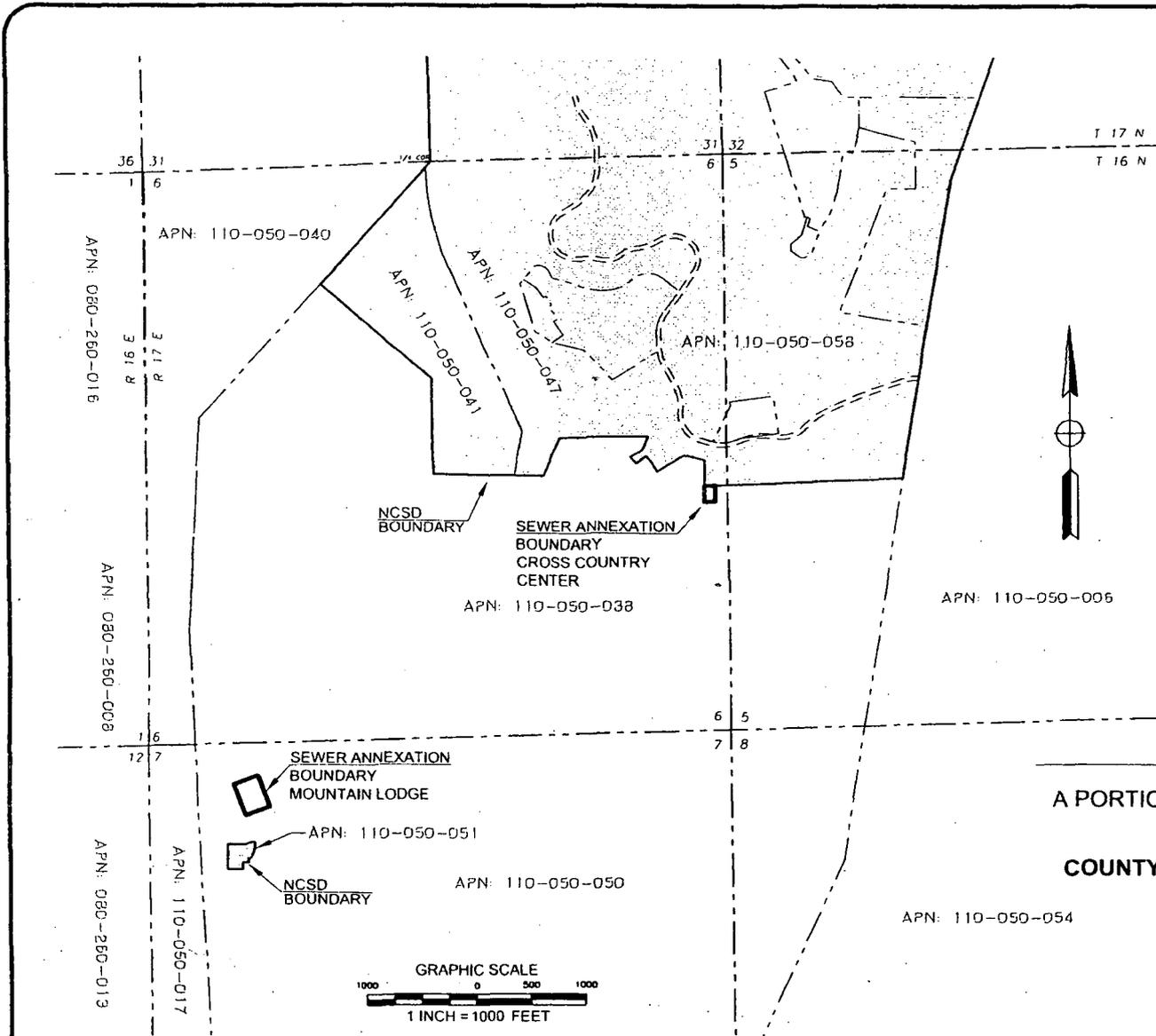
Date

Approved As To Form:


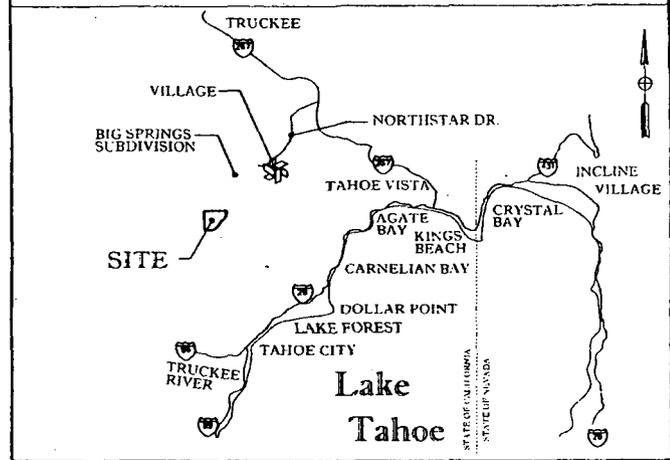
County Counsel

Date

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VICINITY MAP



AREA MAP

A PORTION OF SECTIONS 6 AND 7, TOWNSHIP 16 NORTH,
RANGE 17 EAST, M.D.M.

COUNTY OF PLACER MARCH, 2011 CALIFORNIA

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