



COUNTY OF HUMBOLDT

For the meeting of: 8/10/2021

File #: 21-1000

To: Board of Supervisors
From: County Administrative Office
Agenda Section: Consent

SUBJECT:

Supplemental Budget for Rio Dell Annexation Tax Exchange Sharing Agreement (4/5 Vote Required)

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve a supplemental budget request in the amount of Forty-Three Thousand Five Hundred Forty-Three Dollars and Fifty-Four Cents (\$43,543.54) related to the Rio Dell Annexation Tax Exchange Sharing Agreement. (4/5 vote required).

SOURCE OF FUNDING:

General Fund (1100)

DISCUSSION:

On April 9, 2019, the Humboldt County Board of Supervisors adopted a group of strategies and expectations to enable local fire districts to utilize property tax sharing agreements with the County of Humboldt in support of annexation and a commitment to deliver services to areas outside current district boundaries. The first agreement of this type was approved by the Board in December 2019 with the Rio Dell Fire Protection District (“RDFPD”). In July 2020, the Board adopted Resolution No. 20-64 and authorized a secured property tax revenue exchange with RDFPD, establishing terms under which tax sharing would occur and directed the Auditor-Controller to administer the exchange of revenues between the County of Humboldt and all applicable entities.

Through the above agreement, the County of Humboldt established a payment structure of Forty-Three Thousand Five Hundred Forty-Three Dollars and Fifty-Four Cents (\$43,543.54) in base property tax revenue for RDFPD related to the annexation. This amount is equal to seventy-five percent (75%) of RDFPD’s average tax allocation factor, multiplied by one percent (1%) property tax revenue for the current year within the planned annexation area, with additional calculations for each fiscal year thereafter. Approval of the annexation from the State Board of Equalization (“BOE”) became effective at the start of fiscal year 2021-2022. However, this left a gap in effective dates between the county’s agreement with RDFPD and the annexation approval from the BOE.

Accordingly, staff recommends that the Board approve the attached supplemental budget which will

allow for the transfer of funds to RDFPD in accordance with the tax-sharing agreement approved by the Board on July 28, 2020. This action bridges the gap in timeline established by the County of Humboldt's agreement and the BOE annexation effective dates.

FINANCIAL IMPACT:

Approval of this supplemental budget would result in a one-time payment of Forty-Three Thousand Five Hundred Forty-Three Dollars and Fifty-Four Cents (\$43,543.54), paid out of the General Fund (1100-199). Due to an increased property tax revenue in fiscal year 2020-2021, there is sufficient fund balance available to allocate for this purpose.

STRATEGIC FRAMEWORK:

The recommended actions support the Board of Supervisors' Strategic Framework by creating opportunities for improved safety and health and by providing community-appropriate levels of services.

OTHER AGENCY INVOLVEMENT:

None

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board discretion.

ATTACHMENTS:

1. Resolution No. 20-64
2. Secured Property Tax Revenue Exchange Agreement
3. Supplemental Budget - Secured Property Tax Revenue Exchange Rio Dell

PREVIOUS ACTION/REFERRAL:

Board Order No.: I-1; C-11; C-12

Meeting of: 4/19/2019; 12/16/2019; 7/28/2020

File No.: 19-501; 19-1744; 20-932