



# COUNTY OF HUMBOLDT

## Legislation Details (With Text)

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**File created:** 7/20/2020      **In control:** County Administrative Office  
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**Title:** Secured Property Tax Revenue Exchange Agreement with Rio Dell Fire Protection District  
**Sponsors:** Amy Nilsen  
**Indexes:**  
**Code sections:**

**Attachments:** 1. Staff Report, 2. FY 20-21 Rio Dell Fire Protection District Property Tax Exchange Agreement (7-16-20).pdf, 3. Rio Dell Fire Protection District Property Tax Exchange Resolution (7-7-20).pdf, 4. Property tax revenue estimates for the affected territories.pdf, 5. Resolution 20-64, 6. Executed FY 20-21 Rio Dell Fire Protection District Property Tax Exchange Agreement (7-16-20).pdf, 7. Fully Executed FY 20-21 Rio Dell Fire Protection District Property Tax Exchange Agreement (7-28-20).pdf

Date	Ver.	Action By	Action	Result
7/28/2020	1	Board of Supervisors	approved	Pass

**To:** Board of Supervisors  
**From:** County Administrative Office

**Agenda Section:** Consent

**SUBJECT:**  
Secured Property Tax Revenue Exchange Agreement with Rio Dell Fire Protection District

**RECOMMENDATION(S):**

That the Board of Supervisors:

1. Approve, and authorize the Chair of the Board to execute, the attached secured property tax revenue exchange agreement with Rio Dell Fire Protection District;
2. Adopt the attached resolution authorizing a secured property tax revenue exchange between the County of Humboldt and Rio Dell Fire Protection District; and
3. Direct the Auditor-Controller to administer the exchange of secured property tax revenues between the County of Humboldt and all applicable entities.

**SOURCE OF FUNDING:**

General Fund (1100)

**DISCUSSION:**

On April 9, 2019 (File No. 19-501), 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 which included five (5) standardized Tax Exchange Agreement Offers with associated expectations that fire districts must meet to qualify. On December 16, 2019 (File No. 19-1744), the Board approved an Annexation Tax Exchange Agreement Proposal submitted by the Rio Dell Fire Protection District (“RDFPD”) that exceeded all of the expectations and commitments outlined in Offer No. 1 of the Board adopted strategies and expectations.

On November 19, 2019, RDFPD submitted an application to the Humboldt Local Agency Formation Commission (“LAFCO”) requesting annexation of approximately eleven thousand five hundred (11,500) acres of real property representing RDFPD’s out of district good will fire service response area and the response areas of the Scotia, Redcrest and Shively volunteer fire companies and the Scotia Community Services District. This annexation of real property includes the operational consolidation of the Rio Dell fire department and the Scotia, Redcrest and Shively volunteer fire companies under the umbrella of the RDFPD. Funding to support the continued delivery of fire protection services to the annexed area will come from the application of the recently updated RDFPD fire special assessment, the property tax revenue that is the subject of the attached secured property tax revenue exchange agreement, as well as other revenue enhancements identified in the Tax Exchange Agreement Proposal submitted by RDFPD on December 16, 2019. LAFCO unanimously approved the proposed annexation on May 20, 2020 and held a public meeting on July 1, 2020 to allow property owners and registered voters to submit written protest. Following the completion of the protest proceedings, where insufficient protest was received and upon the fulfillment of standard conditions of approval, LAFCO filed a certificate of completion on July 20, 2020.

Section 99 of the California Revenue and Taxation Code requires a special district, seeking to annex property to its incorporated territory and a county affected by such annexation, to agree upon an exchange of property taxes which are derived from the annexed territory and available to the county and special district following annexation of the property. On February 21, 2020, the Humboldt County Auditor-Controller responded to a request by LAFCO to calculate property tax revenue generated within the territory that is the subject of the jurisdictional change for the current fiscal year, as required by California Revenue and Taxation Code Section 99(b), and determine what proportion of the estimated total property tax revenue would be transferred to RDFPD from the County of Humboldt based on Tax Exchange Agreement Offer No. 1.

According to the Auditor-Controller’s estimate, a total of One Million Three Hundred Ninety-Nine Thousand One-Hundred Eighty-Four Dollars and Ninety-Eight Cents (\$1,399,184.98) will be generated from the area in question and, of that, the County of Humboldt would transfer a total of Forty-Three Thousand Five Hundred Forty-Three Dollars and Fifty-Four Cents (\$43,543.54) in base property tax revenue to RDFPD; 75% of RDFPD’s average tax allocation (3.11%) from within three (3) Tax Rate Areas that are a part of the annexation area. Each fiscal year thereafter, RDFPD would continue to receive the base amount and would receive its full share of the annual tax increment (4.15%), or growth.

**FINANCIAL IMPACT:**

The financial impact would be approximately Forty-Three Thousand Five Hundred Forty-Three Dollars and Fifty-Four Cents (\$43,543.54) for fiscal year 2020-21 and each fiscal year thereafter. In addition, the County of Humboldt would receive approximately Nine Hundred Dollars (\$900.00) less

than its current share of the growth in tax increment in the first year after the annexation. However, General Fund impacts could be offset, to some degree, by the revenue generated by potential future subdivisions, improvements and land sales.

STRATEGIC FRAMEWORK:

The recommended actions support the Board of Supervisors' Strategic Framework by creating opportunities for improved safety and health.

OTHER AGENCY INVOLVEMENT:

Humboldt Local Agency Formation Commission

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board discretion.

ATTACHMENTS:

1. Secured Property Tax Revenue Exchange Agreement with Rio Dell Fire Protection District
2. Resolution Authorizing a Secured Property Tax Revenue Exchange Between the County of Humboldt and the Rio Dell Fire Protection District
3. Property tax revenue estimates for the affected territories

PREVIOUS ACTION/REFERRAL:

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

Meeting of: April 9, 2019; December 16, 2019

File No.: 19-501;19-1744