

**Sierra County
Board of Supervisors'
Agenda Transmittal &
Record of Proceedings**

MEETING DATE: November 6, 2018	TYPE OF AGENDA ITEM: <input type="checkbox"/> Regular <input checked="" type="checkbox"/> Timed <input type="checkbox"/> Consent
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DEPARTMENT: Planning Dept.
APPROVING PARTY: Tim H. Beals
PHONE NUMBER: 530-289-3251

AGENDA ITEM: 10:00 a.m. Resolution approving a tax exchange between the County of Sierra and the Eastern Plumas Health Care District for the annexation of Sierra Valley Hospital District.

SUPPORTIVE DOCUMENTS ATTACHED: Memo Resolution Agreement Other

BACKGROUND INFORMATION: Sierra Valley Hospital District presented a request to Sierra LAFCo for an annexation into Plumas Health Care District and dissolution of the SVHD. The tax exchange is a important step in this process.

FUNDING SOURCE: N/A
GENERAL FUND IMPACT: No General Fund Impact
OTHER FUND:
AMOUNT: \$ N/A

ARE ADDITIONAL PERSONNEL REQUIRED?

 Yes, -- --
 No

IS THIS ITEM ALLOCATED IN THE BUDGET? Yes No

IS A BUDGET TRANSFER REQUIRED? Yes No

SPACE BELOW FOR CLERK'S USE

<p>BOARD ACTION:</p> <input type="checkbox"/> Approved <input type="checkbox"/> Approved as amended <input type="checkbox"/> Adopted <input type="checkbox"/> Adopted as amended <input type="checkbox"/> Denied <input type="checkbox"/> Other <input type="checkbox"/> No Action Taken	<input type="checkbox"/> Set public hearing For: _____ <input type="checkbox"/> Direction to: _____ <input type="checkbox"/> Referred to: _____ <input type="checkbox"/> Continued to: _____ <input type="checkbox"/> Authorization given to: _____	Resolution 2018- _____ Agreement 2018- _____ Ordinance _____ Vote: Ayes: Noes: Abstain: Absent: <input type="checkbox"/> By Consensus
	<p>COMMENTS:</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>	

CLERK TO THE BOARD _____ DATE _____

Agenda Item: Timed for starting at 10:00am-AB 8 Resolutions for the property tax negotiations that are required for the two proceedings pending before LAFCo.

First and at 10:00 am the Sierra Valley Hospital District dissolution combined with Eastern Plumas Health Care District annexation of a majority of property within the Sierra Valley Hospital District boundary. Second at 10:15 or so, the Sierra County Fire Protection District #1 annexation of lands in eastern Sierra County, excluding the City of Loyalton.

Background: Attached are resolutions for both of the LAFCo proceedings identified above that represent the recommendation of the Board Committee appointed to negotiate the AB 8-property tax shifts resulting from the proceedings. This committee is comprised of Supervisors Huebner and Roen with support from staff members County Auditor-Treasurer Tax-Collector Van Maddox, County Assessor Laura Marshall, and myself. The committee met in Sierraville on October 23, 2018 and conducted discussions and negotiations with representatives from Eastern Plumas Health Care District and representatives from the Sierra Valley Hospital District. Likewise, the committee met with representatives of the Sierra County Fire Protection District #1 and representatives from the Loyalton City Council and Loyalton Fire Department were also present. The committee from the County also met again on Monday, October 29 to review and consider the final numbers representing the shift of property taxes to the fire district.

Once the resolutions are adopted, LAFCo can proceed with the certificate of filing and then proceed to conduct the required hearings and complete the process. Recall that the Hospital District proposal is being handled by Plumas County LAFCo and the fire district annexation is being processed by the Sierra County LAFCo.

The explanation of the resolutions is complicated and I will not try to recap the subtle and not-so-subtle issues involved in this proceeding. I have included an email from the County Auditor dated October 28, 2018 to the negotiating committee which attempts to explain the impacts from the negotiations reflected in the two resolutions attached. I am hopeful that the County Auditor-Treasurer-Tax Collector and County Assessor will be present for the November 6 Board of Supervisors meeting when consideration of these matters will occur. They can best respond to questions and provide greater detail. I will also be present for this discussion and will introduce it accordingly.

Tim Beals

From: Van Maddox
Sent: Sunday, October 28, 2018 7:24 PM
To: Paul Roen; PETER HUEBNER (peter4actions@gmail.com); Tim Beals; Laura Marshall; John Benoit
Subject: Fire Annexation
Attachments: 2 Prop Tax Reso SCFPD #1 DISTRICT.docx; BOS Pt Exch Resolution SCFPD DRAFT.doc

LACF Committee,

I will not be able to be at the meeting Monday. My Grand Son died Friday night and I will be with my daughter.

As for the LAFCO resolutions please see attached. If the committee accepts the resolution as is, the cost to the county with both the Fire Annexation and the Hospital redistricting is \$32k (see explanation below**). The Fire District will receive the \$90,425 as agreed. Sierra Brooks will still get property tax revenues of \$67,175, CSA 5 Property Tax revenues of \$ 10,806, CSA 4 property tax revenues of \$1,961 using current tax revenues.

This is the minimum they would receive in Property tax dollars. Since this will not take effect until next year. I expect the revenue to increase in the future and the above does not take into account Prior year unsecured or supplemental taxes they will receive.

Sierra Brooks will only have Water expenses regular cost. Any tax admin costs or cost overhead will be related only to water once this agreement f goes into effect. It may at time need flood control work, this has happened about every decade. For many years water and flood is all SB has had. Since the \$57,466 of property tax revenues for SB has been pledged to water the remainin^g \$9,709 has no encumbrances and can be saved over time to pay for Flood Control work or anything ells. As said above the \$9,709 will continue to grow each year. Since SB is in a Prop 8 status this could grow quickly.

CSA 5 has Library commitment that has not gone over \$10,156 in the past. CSA 4 has a commitment to one street light that costs less than \$400 a year. Both of these CSAs will have small amounts of fee cash that will grow over time.

The amounts shifted in the resolution reflect several conversation with Tim about the CSAs needs. Since I have been with the County the standing orders from the Boards have been to first charge the CSAs and then the GF, not just in LAFCO swaps but all transactions for services in the Districts. I believe the resolutions reflect that sentiment and still leaves funds enough so the CSAs can meet their commitments.

My concern is if they GF takes on more of the burden in the tax swap it will leave the GF unable to address the employee compensation issues we face. If prop 6 fails then I hope the Board will look at raising the base pay of employees so we can keep existing employees and attract new ones.

I believe the resolutions meet all the concerns of the County and the Districts.

** (GF property tax effect of swap – The resolutions from the Fire District show a swap of \$43,190.79 plus the current year increment this amount is then netted with the Hospital annexation giving the GF \$5,091.71 plus the current year increment going forward. This amount is then run thru the ERAF swap coming to the \$32k stated above. Since the overall swap lowered the current year increase in the ERAF swap it helps the County's net tax affect. If this all sounds like Greek sorry but this is the easiest explanation I can give. In person it would be no simpler.)

BOARD OF SUPERVISORS, COUNTY OF SIERRA, STATE OF CALIFORNIA

RESOLUTION NO. _____

RESOLUTION PERTAINING TO TAX REVENUE EXCHANGE BETWEEN THE COUNTY OF SIERRA AND THE EASTERN PLUMAS HEALTH CARE DISTRICT IN PLUMAS COUNTY FOR THE ANNEXATION OF A PORTION OF THE SIERRA VALLEY HOSPITAL DISTRICT IN SIERRA COUNTY AND CONCURRENT DISSOLUTION OF THE SIERRA VALLEY HOSPITAL DISTRICT IN SIERRA COUNTY

WHEREAS, under the provisions of Proposition 13 adopted in 1978, the distribution of property taxes within each county became the responsibility of the County Board of Supervisors; and

WHEREAS, Proposition 13 failed to make any provision for the redistribution of these taxes, as a result of reorganization of the city and districts within the County; and

WHEREAS, Revenue and Taxation Code Section 99(b) designates the Sierra County Board of Supervisors as the agency responsible for deciding what property tax revenue exchanges should occur in the case of special district annexations and detachments with territory within the County; and

WHEREAS, Section 99 of the Revenue and Taxation Code requires, before the LAFCo Executive Officer issues a certificate of filing for a proposed jurisdictional change, that an exchange of property tax revenue be negotiated between the affected agencies; and

WHEREAS, Plumas LAFCO is the “Principal County” in this proceedings and has been granted exclusive jurisdiction to process this reorganization through an agreement between Sierra and Plumas LAFCo’s and a tax exchange is needed from Sierra County since the reorganization territory is exclusively within Sierra County; and,

WHEREAS, a proposal has been filed with the Plumas LAFCo Executive Officer to annex most of the territory within the Sierra Valley Hospital District in Sierra County to the Eastern Plumas Health Care District in Plumas County and to concurrently dissolve the entire Sierra Valley Hospital District.– LAFCo Project 2018-0001; and,

WHEREAS, the Sierra Valley Hospital District currently receives property tax revenue; and,

WHEREAS, negotiations have been held between the County of Sierra, the Sierra Valley Hospital District and the Eastern Plumas Health Care District.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Supervisors of the County of Sierra as follows:

1. Upon finalization of the LAFCo Project 2018-0001, property tax revenues generated from within the subject area shall be governed by this resolution and shall be allocated for the following Tax Rate Areas (TRA): 01-000, 01-001, 01-002, 052-002, 052-013, 052-014, 052-016, 052-017, 052-018, 052-019, 052-020, 052-027, 052-028, 052-029, 052-030, 052-031, 052-032, 052-033, 052-034, 052-035, 052-036, 052-037, 052-039, & 052-040.

Base Property Tax:

The base property tax revenue currently allocated to the Sierra Valley Hospital District shall be allocated to the Eastern Plumas Health Care District within the TRA's as noted in #1 above.

The base property tax revenue currently allocated to the Sierra County General Fund and all local taxing agencies within the TRA's as noted in #1 above shall not be changed as a result of this reorganization excepting the exchange between the Sierra Valley Hospital District to the Eastern Plumas Health Care District.

Those TRA's (TRA's 052-004 and 052-022) within the Sierra Valley Hospital not being annexed to the Eastern Plumas Health Care District shall be allocated to the Sierra County General Fund.

Future Incremental Property Tax:

The future incremental property tax revenue currently allocated within Tax Rate Areas (TRA's): 01-000, 01-001, 01-002, 052-002, 052-013, 052-014, 052-016, 052-017, 052-018, 052-019, 052-020, 052-027, 052-028, 052-029, 052-030, 052-031, 052-032, 052-033, 052-034, 052-035, 052-036, 052-037, 052-039, & 052-040 to the Sierra Valley Hospital District shall be allocated to the Eastern Plumas Health Care District. (See Schedule A attached).

Notwithstanding the paragraph above, the future incremental property tax allocated to the County General Fund and not all local taxing entities shall be changed because of this reorganization.

Future incremental property tax revenue within those TRA's (TRA's 052-004 and 052-022) being within the Sierra Valley Hospital District and not being annexed to the Eastern Plumas Health Care District shall be allocated to the Sierra County General Fund. (See Schedule A attached).

2. This determination is made without prejudice to any future jurisdictional changes and does not establish a precedent for making future determinations pursuant to Section 99 of the revenue and taxation code.

3. The Clerk is directed to file a certified copy of this resolution to the Sierra Local Agency Formation Commission and the Plumas Local Agency Formation Commission, the Plumas County Administrative Office, the Auditor of the Counties of Sierra and Plumas, the Sierra Valley Hospital District, and the Eastern Plumas Health Care District.
4. Upon completion of the LAFCo proceedings, the Sierra County Auditor-Controller is hereby directed to distribute the property tax revenues within the reorganization territory in accordance with this resolution.

BE IT FURTHER RESOLVED the Director of Planning and Building, is hereby authorized to sign any documents pertaining to implementation of this resolution and to act as the Board of Supervisors representative in above related property tax exchange matter.

The foregoing property tax revenue exchange resolution was passed and adopted at a Regular meeting of the Board of Supervisors of the County of Sierra held on the 6th day of November, 2018, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Scott Schlefstein, Chairperson
Board of Supervisors

ATTEST

APPROVED AS TO FORM

Heather Foster, Clerk
Board of Supervisors

David Prentice,
County Counsel

SCHEDULE A

Shifted from Sierra Valley Hospital District
To Eastern Plumas Health Care District

To Sierra County

TRA Rate Per TRA

052-004 0.03033432
052-022 0.03291578

TRA	Rate Per TRA
01-000	0.02936792
01-001	0.02903549
01-002	0.02936792
52-002	0.02559629
52-013	0.0343115
52-014	
52-016	0.0343115
52-017	0.03386833
52-018	0.0282107
52-019	0.03133736
52-020	0.02606284
52-027	0.03431782
52-028	0.03431782
52-029	0.03133736
52-030	0.03133743
52-031	0.03151682
52-032	0.03386833
52-033	0.0343115
52-034	0.03431782
52-035	0.03133736
52-036	
52-037	
52-039	
52-040	0.03133736