

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

979



FROM: Executive Office

SUBMITTAL DATE:
June 16, 2005

SUBJECT: Redhawk Annexation Agreement No. 2 (Revenue Reimbursement) and Redhawk Annexation Agreement No. 3 (Property Tax In-Lieu of Vehicle License Fees)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve Redhawk Annexation Agreement No. 2 (Revenue Reimbursement);
2. Approve Annexation Agreement No. 3 (Property Tax In-Lieu of Vehicle License Fees);
3. Approve the transfer of the balance of \$173,618 in Quimby Park fees collected in the Redhawk area of CSA 143 to the City of Temecula;
4. Approve the transfer of the balance of \$700,000 in special tax collected in the Redhawk area of CSA 143 to the City of Temecula;
5. Authorize the Chairman to execute copies of the Agreements; and,
6. Direct the Clerk of the Board to distribute the signed Agreements.

Departmental Concurrence

BACKGROUND: Effective June 30, 2005, the Redhawk community will be annexed to the City of Temecula. On June 14, 2005, the Temecula City Council approved Redhawk Annexation Agreement No. 2 (Revenue Reimbursement) and Annexation Agreement No. 3 (Property Tax In-Lieu of Vehicle License Fees) to address certain issues related to the Redhawk annexation.

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Alex G. Gann

Alex Gann
Senior Management Analyst

FINANCIAL DATA	Current F.Y. Total Cost:	\$173,618	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ N/A	Budget Adjustment:	No
	Annual Net County Cost:	\$ N/A	For Fiscal Year:	FY 05-06

SOURCE OF FUNDS: Quimby Fees	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: Approve

County Executive Office Signature

Ronnda King

Dept't Recomm.: Consent Policy
Per Exec. Ofc.: Consent Policy

Prev. Agn. Ref.: | **District:** 3 | **Agenda Number:**

**ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD**

3.5

Redhawk Annexation Agreements

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The Reimbursement Agreement allows for: (1) FY 05-06 revenues that may be misdirected to the County for the Redhawk area to be reimbursed to the City, and (2) Quimby fees (\$173,618) that have been collected by the County from development within the Redhawk area for park and recreational purposes to be transferred to the City.

The City of Temecula and County of Riverside Auditor-Controller's Office are working cooperatively to determine the application of State Revenue and Taxation Code Section 97.70, which affects the property tax in-lieu of vehicle license fees for the annexed area. The City estimates that the property tax in-lieu of vehicle license fees for the Redhawk annexation is \$509,000 for FY 05-06 and will grow annually by the growth factor in the Citywide assessed valuation. The City and Riverside County Auditor-Controller have requested, but have not yet received, a formal opinion from the State Controller's Office. The County's Auditor-Controller has not issued a final determination regarding the City's position.

The Property Tax In-Lieu of Vehicle License Fees Agreement provides that in the event the Auditor-Controller determines "that the City is eligible for VLF funds and that decision is determined to be wrong, the City will reimburse any funds previously distributed." The City has indicated that this revenue will be set aside as a reservation of fund balance for a one year period or until such time that the State Controller's Office rules on the City's position. If the State Controller agrees with the City's position, this Agreement will no longer be required.