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

FROM: Executive Office

SUBMITTAL DATE:
September 16, 2013

SUBJECT: Adoption Of Resolution No. 2013-246, a Resolution of the Board of Supervisors of the County of Riverside Rescinding Resolution No. 81-83 a Master Property Tax Transfer Agreement Between the City of Corona and the County of Riverside.

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Resolution No. 2013-246, Rescinding Resolution No. 81-83 a Master Property Tax Transfer Agreement Between the City of Corona and the County of Riverside; and
2. Direct the Clerk of the Board to provide the Resolution along with the Minute Order to the Local Area Formation Commission (LAFCO)

BACKGROUND:

Summary

LAFCO holds a public hearing to consider the City of Corona's proposed annexation of Temescal Valley on Sept. 26. The city proposed that LAFCO transfer property taxes under the terms of the 1981 master property tax agreement.

Continued on next page


 Tina Grande
 Principal Management Analyst

FORM APPROVED COUNTY COUNSEL
 BY: 
 DALE A. GARDNER
 DATE: 9/17/13
 Departmental Concurrence

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ N/A	N/A	N/A	N/A	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ N/A	N/A	N/A	N/A	

SOURCE OF FUNDS: N/A	Budget Adjustment: N/A
	For Fiscal Year: N/A

C.E.O. RECOMMENDATION: **APPROVE**
 BY: 
 George A. Johnson
 County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

- Positions Added
- Change Order
- A-30
- 4/5 Vote

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: Adoption Of Resolution No. 2013-246, a Resolution of the Board of Supervisors of the County of Riverside Rescinding Resolution No. 81-83 a Master Property Tax Transfer Agreement Between the City of Corona and the County of Riverside

DATE: September 16, 2013

PAGE: 2 of 2

BACKGROUND:

Summary (continued)

The Board of Supervisors opposed the proposal on July 30, 2013, implicitly excluding Temescal Valley from the master tax agreement. Today's action will explicitly rescind the master tax agreement with Corona.

Revenue and Taxation Code §99(d) allows for the county and any local agency or agencies to enter into a Master Property Tax Agreement, which specifies the amount of property tax to be exchanged when an annexation occurs. Without a Master Property Tax Agreement, the county and the local agency meet and negotiate on each annexation proposal. The County of Riverside has master property tax agreements with all cities in Riverside County except for Canyon Lake, Palm Desert (rescinded), Rancho Mirage, Riverside, and the four newest cities.

The County of Riverside entered into a Master Property Tax Agreement with the City of Corona (Resolution No. 81-83). This Master Property Tax agreement states that it applies to any annexations after July 1, 1981. The county has the ability to unilaterally rescind the agreement. On July 30, 2013 (Item 3-12), the Board of Supervisors declared its opposition to the proposal and directed the Executive Office to begin negotiations with the City of Corona thereby rescinding the Master Property Tax Agreement. The city chose not to withdraw the annexation proposal, and county staff reached no agreement with city staff regarding the significant negative impacts of the proposal. The Board's action today will affirm the rescission of the agreement by passing Resolution No. 2013-246. The county's position with LAFCO is that without the master property tax agreement in force, LAFCO lacks authority to approve the transfer of property taxes to the city without further negotiation between the county and city.

Most of the property tax agreements were entered into between 1981 and 1995, with the majority entered into in the 1980s. The county's financial situation and responsibilities have changed since the creation of these agreements and the budgetary impact of some annexations is much more substantial than originally anticipated. Currently, the Executive Office is reviewing all master property tax agreements for potential renegotiation or rescission.

Impact on Citizens and Businesses

The Board's action today will have no immediate impact on citizens or businesses; however, any future negotiations will be conducted by the county to ensure that the county's ability to continue to provide services to both incorporated and unincorporated areas is minimally impacted. This should be done on a case-by-case basis.

SUPPLEMENTAL:

Additional Fiscal Information

If the proposed annexation of the Temescal Valley by the City of Corona were to occur based on the rescinded Master Property Tax agreement, the proposal would have a negative \$2.7 million annual impact on the county general and library funds (FY 13-14 dollars) in addition to \$2.9 million in future growth-related annual impacts. Staff will be presenting the county's perspective to LAFCO on September 26, 2013.

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3 RESOLUTION NO. 2013-246

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5 A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE
6 RESCINDING RESOLUTION NO. 81-83 A MASTER PROPERTY TAX TRANSFER AGREEMENT
7 BETWEEN THE CITY OF CORONA AND THE COUNTY

8 WHEREAS, the County Board of Supervisors adopted Resolution 81-83 on March 3, 1981
9 to provide for a Master Property Tax Transfer Agreement (the "Agreement") between the City of Corona
10 (the "City") and the County reflecting a negotiated exchange of property tax revenues to become effective
11 for areas annexed to the City beginning in July 1, 1981;

12 WHEREAS, the Agreement is over thirty years old and predates the property tax limitations
13 imposed by Proposition 218 and property tax diversions resulting from Proposition 98;

14 WHEREAS, the Agreement predates changes in the City's sphere of influence;

15 WHEREAS, the Agreement no longer represents a fair negotiated exchange of property tax
16 revenues between the City and the County for current annexations to the City; and
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18 WHEREAS, the Board of Supervisors impliedly repealed resolution 81-83 on July 30, 2013
19 when the Board ordered the Executive Office to negotiate a property tax exchange between the City and the
20 County relative to the proposed LAFCO 2013-05-1- Reorganization to include Annexation 114 to the City
21 of Corona (Temescal Valley), concurrent detachment from the Riverside County Waste Resources
22 Management District and detachment from County Service Area 134.
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24 NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of
25 Riverside assembled in regular session on September 24, 2013 that:
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FORM APPROVED COUNTY COUNSEL
BY: DALEA GARDNER 9/17/13 DATE

1 SECTION 1. Recitals True and Correct. The Board of Supervisors hereby finds that the foregoing
2 recitals are true and correct.

3 SECTION 2. Resolution and Agreement Rescinded. The Board of Supervisors rescinds Resolution
4 No. 81-83 providing for the Agreement between the City and the County relating to annexations to the
5 City. The Agreement is hereby rescinded.

6 SECTION 3. Negotiation of Property Tax Exchange. The County Executive Officer or his designee
7 shall negotiate a fair and proper exchange of property tax revenues between the City and County for
8 proposed annexations to the City.

9 SECTION 4. Official Actions. The officers of the County are hereby authorized and directed, for
10 and in the name and on behalf of the County, to do any and all things and take any and all actions, which
11 they, or any of them, may deem necessary or advisable in order to consummate the purpose of this
12 resolution.
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14 SECTION 5. Effective Date. This resolution shall take effect from and after the date of its passage
15 and adoption.
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