



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 9/25/2018

Agenda Placement: 10A

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: David Morrison - Director
Planning, Building and Environmental Services

REPORT BY: David Morrison, Director, Planning, Building & Environmental Servi - (707) 253-4805

SUBJECT: Annexation Policy

RECOMMENDATION

Director of Planning, Building and Environmental Services request adoption of a resolution adding a new Part I: Section 12C to the Napa County Policy Manual - Annexation Agreements, effective September 18, 2018, to establish a prudent and responsible fiscal approach to annexation agreements when proposing annexations of unincorporated land to the cities or town.

EXECUTIVE SUMMARY

The attached policy provides direction on negotiating future tax sharing agreements regarding proposed annexations of unincorporated land to the cities or town, to ensure prudent and responsible fiscal actions.

PROCEDURAL REQUIREMENTS

1. Staff Report
2. Public Comment
3. Motion, second, discussion and vote on item

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION**Local Agency Formation Commission (LAFCO) Process**

When an application is made to LAFCO to annex a parcel to a city or town, LAFCO has 30 days to review the application and determine that it is complete for processing, or notify the applicant that the application is not complete. Before the LAFCO Executive Officer can issue a certificate that the application has been filed, the involved entity and county are required to negotiate the allocation of property tax revenues during a 60-day mandatory negotiation period. If an agreement is not reached, State law outlines an alternative negotiation, mediation, and arbitration process that is required by statute.

State law does not require that the City or Town and County reach agreement at the end of this process. If the two parties cannot reach an agreement on the exchange of property tax, an impasse will stall or could terminate the process. Without an agreement, the Executive Officer is prohibited from issuing a certificate of filing which is a precondition to LAFCO's consideration of an application for annexation. The application cannot proceed.

Note that State law requires negotiation only regarding the allocation of existing property taxes. It is silent concerning other types of development related revenues, such as sales tax or transient occupancy tax, or future property tax increases due to expansion of the use.

Example Policies from Other Jurisdictions

Other California Counties have adopted policies making the annexation of unincorporated land contingent upon the adequate provision of future services to the subject property, by either the city and/or the County, as follows:

Yolo County

Policy LU-6.8

Negotiate annexation agreements with each city to ensure revenue neutrality and account for and fully reimburse the County for maintenance and operation of all relevant programs and services.

Santa Clara County

Policy C-GD 8

Proposals to annex lands or expand a city's urban service area boundaries shall be approved only if:

- a. The city, special districts and affected school districts have the ability to provide all needed public services and facilities to the area within five years and without lessening existing levels of service;
- b. The existing supply of land within the city's USA accommodates no more than five years of planned growth;
- c. The area proposed for urban development is contiguous to existing urbanized areas.

Monterey County

Policy LU-2.17

In cooperation with the cities and LAFCO:

- a. Spheres of influence to represent the probable 20-year growth area around each city shall be designated as an Urban Reserve (UR) overlay within this general plan.
- b. Any city annexation request or request for a change in the city's boundaries or sphere of influence may be supported if it is found to be consistent with County General Plan policies, including:
 1. Directing City growth away from the highest quality farmlands.
 2. Providing adequate buffers along developing agricultural-urban interfaces.
 3. Mitigating impacts to County infrastructure.

Requests inconsistent with County General Plan policies may be opposed.

Sacramento County

Policy LU-111.

Annexations should only be advocated which:

- a. Ensure provisions and demonstrate maintenance for adequate municipal services;
- b. Are consistent with state law and LAFCO standards and criteria;
- c. Provide for equitable distribution, based on region-wide analysis, of social services and low income housing needs;
- d. Preserve community identity.

Board Considerations and Staff Recommendation

The following options are provided for the Board's consideration regarding possible action on the proposed policy:

1. Adopt the policy as recommended or with those changes as directed by the Board;
2. Direct staff to revise the proposed policy and return at a future date for consideration; or
3. Direct that no policy be adopted regarding the issue at this time.

Staff recommends adoption of the proposed policy, as it would provide additional clarity of the Board's priorities regarding annexation proposals and would give staff the necessary authority to successfully negotiate future tax-sharing agreements to ensure protection of the County's future fiscal interests.

SUPPORTING DOCUMENTS

A . Attachment A - Draft Resolution and County Policy Manual Amendment

CEO Recommendation: Approve

Reviewed By: Helene Franchi