

RESOLUTION NO. 3655

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLEDAD
APPROVING A TAX TRANSFER FORMULA BETWEEN THE
CITY OF SOLEDAD AND MONTEREY COUNTY ASSOCIATED WITH
THE ORCHARD VILLAS SUBDIVISION INVOLVING
ANNEXATION OF 29.95 ACRES TO THE CITY OF SOLEDAD
AND DETACHMENTS FROM THE MONTEREY COUNTY
RESOURCES CONSERVATION DISTRICT AND THE
MISSION-SOLEDAD RURAL FIRE
PROTECTION DISTRICT**

WHEREAS, Assembly Bill 8 (Chapter 282) Statutes 1979, as amended by Senate Bill 180 (Chapter 801) provides for the Monterey County Board of Supervisors to determine an appropriate tax transfer for all jurisdictional changes of organization occurring within Monterey County, and for the City Council of any affected City to concur on the tax transfer prior to the proposed change of organization being considered by the Local Agency Formation Commission (LAFCO); and

WHEREAS, the City has submitted a reorganization proposal to LAFCO for the annexation of 29.95 acres to the City, and detachment from the Monterey County Resource Conservation District and Mission Soledad Rural Fire Protection District, all as associated with the Orchard Villas Subdivision Project; and

WHEREAS, the current distribution of property taxes within tax rate area 126-011 is as follows.

27.94%	-	Monterey County's Share
0.84%	-	Affected Districts' Share
<u>71.22%</u>	-	Non-affected Districts' Share
100.00%		Total, and

WHEREAS, Senate Bill 180 (Chapter 801) requires that the share of tax received by non-affected local agencies will remain constant; and

WHEREAS, the County of Monterey and the City of Soledad wish to agree upon a fair share distribution of remaining tax property revenues involved with the proposed reorganization.

NOW THEREFORE, BE IT HEREBY RESOLVED that the City Council of the City of Soledad hereby agrees to the following formulas for property tax base and increment distribution within the Tax Rate Area 126-011 after change of organization/reorganization for the Orchard Villas Subdivision.

A. DISTRIBUTION OF PROPERTY TAX BASE:

Property tax base is the property tax revenue that is available prior to change of organization/reorganization.

Prior to Change of Organization/Reorganization.

(City of Soledad,
Tax Rate Area 6-000)

			<u>Current Ratio</u>
City of Soledad	-	22.94%	51.38%
Monterey County	-	21.71%	48.62%

Based on existing Tax Rate Area 126-011, Monterey County's share of property tax reduced by 40% is equal to 16.76%. The total property tax available for distribution in the proposal area is equal to 16.76%.

After Change of Organization/Reorganization.

(New Tax Rate Area
- To be Assigned)

16.76% = Property Tax Available for Distribution

1 City of Soledad's Share of Total Property Taxes Collected.

	16.76%	-	Property Tax Available for distribution
X	51.38%	-	City of Soledad's Current Ratio
=	8.61%		
+	0.84%	-	Fire District Share
=	9.45%		

2. Monterey County's Share of Total Property Taxes Collected.

	16.76%	-	Property Tax Available for Distribution
X	48.62%	-	Monterey County's Current Ratio
=	8.15%		

plus

	11.18%	-	The adjustment for State Tax Shift
=	19.33%		

Formula for property tax base allocation to the City of Soledad from tax rate area 126-011 after change of organization/reorganization.

$$\text{City of Soledad's Property Tax Revenue} = \frac{\text{Total Property Taxes Collected} \times 94.5\% \times \text{Full Months Remaining in Tax year}}{12}$$

B. DISTRIBUTION OF PROPERTY TAX INCREMENT:

Property tax increment is the increase in property tax revenue above the base resulting from the increase in assessed value of property after the change in organization/reorganization.

The formula recognizes that all future growth will be subject to a shift to Education Revenue Augmentation Fund (ERAF) in the amount of 40% for the County and 25% for the City. After the shift, the County and the City will be in the same relative position as before dividing the remainder.

Prior to Change of Organization/Reorganization

	Current Rate	÷	ERAF Adjustment	=	Resulting Rate	Resulting Ratio
City of Soledad	22.94%		75%		30.59%	45.8%
Monterey County	21.71%		60%		36.18%	54.2%

Based on existing Tax Rate Area 126-011, Monterey County's share of property tax is 27.94%. The total property tax available for distribution in the proposal area is 27.94%. The new Resulting Ratios calculated above are applied to the increment.

After Change of Organization/Reorganization

(New Tax Rate Area to be Assigned)

$$27.94\% = \text{Property Tax Available for Distribution}$$

1 City of Soledad's Share of Property Tax Increment:

	27.94%	-	Property Tax available for Distribution
	45.80%	-	City of Soledad's New Resulting Ratio
=	12.80%		

+ 0.84% - Fire District Share
= 13.64%

2. Monterey County's Share of Property Tax Increment

27.94% - Property Tax Available for Distribution
X 54.20% - Monterey County's New Resulting Ratio
= 15.14%

Formula for property tax increment to the City of Soledad from Tax Rate Area 126-011 after change of organization/reorganization.

City of Soledad's Property Tax Increment =
Total Property Tax Increment Collected X 13.64% X Full Months Remaining in
Tax year divided by 12.


PASSED AND ADOPTED by the City Council of the City of Soledad at a regular meeting duly held on the 17th of August 2005, by the following vote:

AYES, and in favor thereof, Councilmembers Christopher Bourke, Stefanie De La Rosa, Patricia Stephens, Mayor Pro Tem Juan Saavedra, Mayor Richard Ortiz

NOES, Councilmembers. None

ABSENT, Councilmembers. None

ABSTAIN, Councilmembers. None


RICHARD V. ORTIZ, Mayor

ATTEST


NOELIA F. CHAPA, City Clerk