



**Contra  
Costa  
County**

To: Board of Supervisors  
From: David Twa, County Administrator  
Date: October 18, 2016

Subject: HEARING TO CONSIDER ADOPTION OF RESOLUTION ON PROPERTY TAX TRANSFER TO THE EAST CONTRA COSTA FIRE PROTECTION DISTRICT

### **RECOMMENDATION(S):**

1. OPEN the public hearing on the adoption of Resolution No. 2016/506 determining to transfer to the East Contra Costa Fire Protection District (ECCFPD) that portion of the County's property tax base and increment that was previously allocated to the Byron-Bethany Irrigation District (BBID) from Tax Rate Areas 60043, 60047, 60048, 60050, 60055, and 60056 (Subject Territory) within the Discovery Bay Community Services District (TODB).
2. RECEIVE and CONSIDER all written and oral objections or protests to the property tax transfer, and CLOSE the public hearing.
3. CONSIDER whether to adopt, revise, change, reduce, increase, or modify any portion of the resolution.
4. FIND that:
  - A. County revenues are available for this purpose.
  - B. The transfer will not result in any increase in the ratio between the amount of

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY  
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD  
COMMITTEE

Action of Board On: **10/18/2016** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

#### **VOTE OF SUPERVISORS**

AYE: John Gioia, District I Supervisor  
Candace Andersen, District II Supervisor  
Mary N. Piepho, District III Supervisor  
Karen Mitchoff, District IV Supervisor  
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: October 18, 2016

David Twa, County Administrator and Clerk of the Board of Supervisors

Contact: Julie DiMaggio Enea  
(925) 335-1077

By: June McHuen, Deputy

cc:

revenues of the County that are generated by regulatory licenses, use charges, user fees, or assessments and the amount of County revenues used to finance services provided by the County.

- C. The transfer will not impair the County's ability to provide existing services.
- D. The transfer will not result in a reduction of property tax revenues to school entities.

## RECOMMENDATION(S): (CONT'D)

>

5. APPROVE and ADOPT Resolution No. 2016/506 determining to transfer to the ECCFPD that portion of the County's property tax base and increment that was previously allocated to the BBID from the Subject Territory.
6. APPROVE and AUTHORIZE the County Administrator or designee to execute the Property Tax Exchange Agreement (attached for reference) with the ECCFPD.
7. REQUEST the Auditor-Controller to track separately the amounts that are being transferred to the ECCFPD, in the event that the property tax transfer should someday be terminated.

## FISCAL IMPACT:

No net impact to the County. If approved, Resolution No. 2016/506 will transfer approximately \$732,000 in *ad valorem* property taxes (base tax and increment) annually from the County to the ECCFPD, beginning with fiscal year 2017/18. The property tax base and increment are associated with six tax rate areas (Subject Territory) within the TODB that were recently detached from the BBID (Contra Costa LAFCo Application 16-02). With the exception of two small parcels owned by BBID, the detachment reallocated BBID's property tax base and increment from the Subject Territory to Contra Costa County, and enables the County to pass those revenues through to the ECCFPD with no impact to County fees or services.

## BACKGROUND:

On August 10, 2016, the Contra Costa Local Agency Formation Commission (LAFCo) approved County Application No. 16-02, detaching from BBID the Subject Territory, comprising approximately 480 acres, where the boundaries of the TODB and BBID overlap, and approving the reallocation of the associated property tax base and increment to Contra Costa County. LAFCO also excluded from the areas to be detached two parcels in the TODB that are owned by BBID and detached those two parcels from the TODB. Both BBID and TODB had previously been paid to provide water service to the residents of the overlapping areas, either by property tax allocation or fees. In 1993 and again in 2014, the LAFCo recommended detachment of the overlap areas from BBID because BBID had never provided water to the TODB residents and, given the incompatibility of the two water systems, it was unlikely that BBID ever would provide water to TODB residents.

A protest hearing was conducted on September 23, 2016 at which no one spoke in objection to the detachment. On October 12, 2016, LAFCO received the results of the protest hearing and ordered the reorganization.

By adopting attached Resolution No. 2016/506, the Board of Supervisors will determine to transfer to the ECCFPD that portion of the County's property tax base and increment that was previously allocated to BBID from the Subject Territory within the TODB. This transfer would occur each year, beginning with fiscal year 2017/18, for so long as the taxes continue to be allocated to the County, unless an application to initiate dissolution of the ECCFPD is filed with and approved by LAFCO, at which point the property tax transfer would automatically terminate.

The ECCFPD's funding dilemma well known and documented. Due to the volunteer and extraordinarily small service populations of the predecessor dependent districts prior to the formation of ECCFPD, low property tax rates were allocated to fire service. The average tax rate for the District is 7% compared to 12% for the Contra Costa County Fire Protection District and 14% for San Ramon Valley Fire Protection District. The low property tax rates were "locked in" when Proposition 13 was approved and when the areas served by the predecessor dependent districts were primarily agricultural lands. The small low tax-rate districts were consolidated into the ECCFPD and fail to generate an adequate tax base to support today's suburban setting and service needs.

A lack of sufficient funding has required the ECCFPD to reduce fire and medical response services, including the recent closure of two fire stations, despite continuously increasing call volumes. The district currently serves about 110,000 residents spread over 249 square miles with nine firefighters in three stations and must call on aid from other fire districts to respond to major structure fires. The ECCFPD's two attempts at voter-approved parcel taxes were rejected, perhaps due to a misunderstanding of the true nature of the District's funding crisis and how it came about. On March 1, 2016, the County partnered with the cities of Brentwood and Oakley, and the ECCFPD to provide funding necessary to re-open a fourth fire station in Knightsen for 18 months; however, this was a temporary stopgap measure that does not resolve the structural funding shortfall of the District. Before the Brentwood City Council approved the stopgap plan, district Chief Hugh Henderson had described to the council incidents in which his firefighters were spread so thin that they were unable to respond to other emergencies in progress. In one incident, a Discovery Bay structure fire that caused roughly \$500,000 in damages, more than a half-dozen medical emergencies occurred during the seven hours firefighters were battling the house fire.

The recommended transfer of the BBID property tax base and increment from the detached areas within Discovery Bay to the ECCFPD will provide the struggling fire district additional revenue crucial towards preserving fire suppression and investigation services for east county residents and businesses. The transfer will have no net impact on County fees or services because the County is, in effect, passing the property tax revenue previously allocated to BBID through to the ECCFPD.

CONSEQUENCE OF NEGATIVE ACTION:

If the resolution and property tax exchange agreement are not adopted and approved, the County's property tax base and increment share and annual revenue will be increased, and the ECCFPD will be deprived of additional funding necessary towards the preservation of fire suppression and investigation services for east county residents and businesses.

#### CLERK'S ADDENDUM

***CLOSED the public hearing; and ADOPTED Resolution No. 2016/506 as amended today to add language to communicate the Board's intent that should the East Contra Costa Fire Protection District dissolve and the property tax transfer terminate, then the reallocated property tax will be designated for fire and emergency medical services for the residents of the Discovery Bay Community Services District.***

#### ATTACHMENTS

Resolution No. 2016/506

Property Tax Exchange Agreement Between the County and the ECCFPD