

RESOLUTION NO. 23-116

RESOLUTION OF THE MENDOCINO COUNTY BOARD OF SUPERVISORS APPROVING A ZERO TAX SHARE AGREEMENT FOR THE CITY OF UKIAH – CITY OWNED PROPERTY ANNEXATION (LAFCo APPLICATION FILE NO. A-2021-01)

WHEREAS, the Mendocino Local Agency Formation Commission ("LAFCo") has received an application from the City of Ukiah ("City") to annex certain lands (the "Annexation Area") that the City owns in fee and uses for government purposes as described in **Exhibit A**, but that remain outside of its jurisdiction within the County of Mendocino ("County"); and

WHEREAS, the aforementioned annexation is identified as LAFCo Application File No. A-2021-01, also known as the City of Ukiah – City Owned Property Annexation; and

WHEREAS, prior to acting on the application, Revenue and Tax Code section 99(b)(6) requires LAFCo to receive resolution(s) from those bodies negotiating an agreement on a potentially revised distribution of property tax in the event that the annexation becomes effective; and

WHEREAS, pursuant to Revenue and Tax Code section 99(b)(5), the Mendocino County Board of Supervisors is the entity responsible for negotiating a tax share agreement under Revenue and Taxation Code Section 99; and

WHEREAS, LAFCo File No. A-2021-01 only affects the City and the County; and

WHEREAS, Government Code ("GC") section 56742(a)(2-3) requires that the properties proposed for annexation be owned by the City and utilized for a municipal purpose at the time commission proceedings are initiated; and

WHEREAS, the City has applied a Public (P) General Plan land use designation to the Annexation Area from its 2040 General Plan and associated environmental document, which was adopted by the City on December 7, 2022; and

WHEREAS, on December 19, 2022, LAFCo adopted a Municipal Service Review and Sphere of Influence Update for the City of Ukiah that identifies the Annexation Area as within the City's Sphere of Influence, which indicates the probable physical boundary and service area of the City; and

WHEREAS, on November 4, 2020, as well as January 19, 2022, the City adopted resolutions (Resolution No. 2020-61 & Resolution No. 2022-04) to facilitate annexation proceedings pursuant to Government Code Section 56654(a) stating that upon completion the Annexation Area will no longer be subject to property taxes, as the properties will be used for governmental purposes; and

WHEREAS, on April 5, 2023, the City 'Prezoned' the Annexation Area as Public Facilities (PF) per Ukiah City Code Division 9, Article 15, Chapter 2, demonstrating that the properties will be utilized for specified utility purposes and public benefit; and

WHEREAS, under Revenue and Taxation Code Section 99, upon filing the Application, the Executive Officer of LAFCo is required to give notice of the filing to the Mendocino County Assessor and Auditor-Controller specifying each local agency whose service area or responsibility will be altered by the jurisdictional change; and

WHEREAS, on February 26, 2021, and March 4, 2022, the Executive Officer of LAFCo gave notice of the filing to the assessor and auditor under RTC Section 99(b); and

WHEREAS, on July 9, 2021, the Executive Officer supplemented the notice with an updated list of Assessor's Parcels Numbers (APNs) identified as part of the Annexation Area; and

WHEREAS, in 2021, the Mendocino County Assessor provided the Mendocino County Auditor-Controller a preliminary report which identifies the assessed valuations of the territory within the City of Ukiah and the tax rate areas in which the territory exists; and

WHEREAS, on September 22, 2021, the Mendocino County Auditor-Controller estimated the amount of property tax revenue generated within the territory that is the subject of the jurisdictional change during the fiscal year 2021-2022 and estimated what proportion of said property tax revenue is attributable to each local agency that receives a portion of said property tax revenue, which estimate is set forth in the attached **Exhibit B**; and

WHEREAS, the parcels within the Annexation Area are owned by the City of Ukiah and do not feature commercial uses or residential improvements that would result in substantial property or sales tax revenues, or require adjustment to the City of County's Regional Housing Needs Allocation; and

WHEREAS, the Ukiah City Council has adopted a resolution, a copy of which is attached hereto as **Exhibit C**, agreeing that there should be no change in the current apportionment of property taxes, neither base tax nor future tax increment, in the Annexation Area, provided that if the annexation becomes final and effective the actual assessment of property taxes in the Annexation Area will be zero because City-owned property within City limits is exempt from property taxes.

NOW, THEREFORE, BE IT RESOLVED that in the event the annexation becomes effective, the existing shares of property taxes will not change, although the property taxes associated with the Annexation Area shall no longer be assessed, similar to other City-owned parcels under its jurisdiction that are utilized for public benefit.

IT IS FURTHER RESOLVED AND ORDERED that the Clerk of the Board of Supervisors shall notify the Mendocino County Auditor and the Mendocino Local Agency Formation Commission of such negotiated zero exchange of property tax revenues by forwarding a certified copy of this resolution to the Auditor, the City of Ukiah, the Mendocino Local Agency Formation Commission, and, upon completion of the annexation, to the State Board of Equalization.

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The foregoing Resolution introduced by Supervisor Williams, seconded by Supervisor Mulheren, and carried this 11th day of July, 2023, by the following vote:

AYES: Supervisors McGourty, Mulheren, Haschak, Gjerde, and Williams
NOES: None
ABSENT: None

WHEREUPON, the Chair declared said Resolution adopted and SO ORDERED.

ATTEST: DARCIE ANTLE
Clerk of the Board

GLENN MCGOURTY, Chair
Mendocino County Board of Supervisors

Deputy

I hereby certify that according to the provisions of Government Code Section 25103, delivery of this document has been made.

APPROVED AS TO FORM:
CHRISTIAN M. CURTIS
County Counsel

BY: DARCIE ANTLE
Clerk of the Board

Deputy