

RESOLUTION NO. 14-xx

RESOLUTION OF THE CITY COUNCIL OF COSTA MESA APPLYING THE “MASTER PROPERTY TAX TRANSFER AGREEMENT BETWEEN THE COUNTY OF ORANGE AND THE CITY OF COSTA MESA” TO THE SANTA ANA/COLLEEN ISLAND ANNEXATION

WHEREAS, California Revenue and Taxation Code Section 99 allows cities and counties to adopt and approve property tax exchange agreements to set forth the exchange of such revenues following the addition to a city of previously unincorporated territory; and

WHEREAS, in October 1980, the City of Costa Mesa (“City”) and the County of Orange (“County”) entered into the “Master Property Tax Transfer Agreement Between the County of Orange and the City of Costa Mesa to Provide for Property Tax Exchange in Areas Annexed by the City” (“Master Property Tax Transfer Agreement”) that determined the property tax allocation between the parties for existing and *future* annexations of county islands to the City of Costa Mesa; and

WHEREAS, the Master Property Tax Transfer Agreement allocates the 1% basic levy property tax generated within the area to be annexed as follows: 50.9527% to the City and 49.0473% to the County; and

WHEREAS, the Master Property Tax Transfer Agreement also requires the parties to make a determination whether the property proposed for annexation is developed/substantially or undeveloped depending upon its percentage of residential development and public infrastructure; and

WHEREAS, the City has filed an application with the Local Agency Formation Commission to annex approximately 14 acres of unincorporated territory referred to as the Santa Ana/Colleen Island; and

WHEREAS, the proposed annexation area is generally bounded by 22nd Street to the south, Donnie Road to the east, 23rd Street to the north, and Santa Ana Avenue to the west; and

WHEREAS, the Santa Ana/Coleen Island is located within the County’s former Neighborhood Development and Preservation Project (NDAPP), a redevelopment area; and

WHEREAS, the Successor Agency to the Orange County Development Agency (“Successor Agency”) has incurred certain tax allocation bond indebtedness (“NDAPP Indebtedness”) and is required to transfer certain amounts to the County general fund under Health and Safety Code Section 33670.9; (the “Bankruptcy Debt Obligation”) both of which are secured by and payable from property tax revenues; and

WHEREAS, the Successor Agency's Bankruptcy Debt Obligation shall end on July 1, 2016; and

WHEREAS, the Successor Agency's obligation toward the NDAPP Indebtedness shall be retired on or about September 1, 2023; and

WHEREAS, in order to compensate City until the NDAPP indebtedness has been fully retired and the bankruptcy debt obligation expires, the City shall receive an annual payment of \$8,776.67 until such time as the property tax revenues are no longer needed for these obligations; and

WHEREAS, the County staff and the City staff recommend concurrent resolutions be adopted and approved by their respective governing bodies to apply the Master Property Transfer Agreement to the Santa Ana/Colleen Island.

NOW, THEREFORE, BE IT RESOLVED that

1. Following annexation, the City shall receive an annual payment from the County of \$8,776.67 until the bond debt repayment for the Santa Ana/Colleen area is completed.
2. Upon payment in full of the County's NDAPP indebtedness and fulfillment of the bankruptcy debt obligation the property tax transfer will revert to the ratio specified in the Master Property Tax Agreement 80-1969 of 50.9527% to the City and 49.0473% to the County. These proportional shares shall remain as the allocation of tax revenues between the City and the County for all years after the bond debt is repaid with respect to the Santa Ana/Colleen Island, unless the City and County agree by written resolution to adjust the allocation proportions.
3. Upon payment in full of the County's NDAPP indebtedness and fulfillment of the bankruptcy debt obligation, the City will receive 100% of the Structural Fire Fund generated in the annexed area.

BE IT FURTHER RESOLVED that in accordance with Section 6(a) of the Master Property Transfer Tax Agreement, the Santa Ana/Colleen Island is determined to be developed/substantially developed because at least seventy-five percent of the subdivided lots have residential structures.

PASSED AND ADOPTED this 2nd day of September, 2014

JIM RIGHEIMER
Mayor, City of Costa Mesa

ATTEST:

APPROVED AS TO FORM:

CITY CLERK OF THE
CITY OF COSTA MESA

CITY ATTORNEY

STATE OF CALIFORNIA)
)ss
COUNTY OF ORANGE)

I, BRENDA GREEN, City Clerk and ex-officio Clerk of the City Council of the City of Costa Mesa, hereby certify that the above Council Resolution Number 14__ as considered at a regular meeting of said City Council held on the 2nd day of September, 2014, and thereafter passed and adopted as a whole at the regular meeting of said City Council held on the 2nd day of September, 2014, by the following roll call vote:

AYES:

NOES:

ABSENT:

IN WITNESS WHEREOF, I have hereby set my hand and affixed the Seal of the City of Costa Mesa this ____ day of _____, 2014.