



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL**      **DATE: JUNE 7, 2016**

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT**      **WARD: 2**  
**DEPARTMENT**

**SUBJECT: TAX EXCHANGE AGREEMENT WITH THE COUNTY OF RIVERSIDE FOR ANNEXATION 118 (CENTRAL /SYCAMORE CANYON) – PLANNING CASE P14 -0246 ON BEHALF OF ERIC FLODINE WITH STRATA EQUITY GROUP, INC., ON BEHALF OF STRATA CREST LLC. – RESOLUTION ADOPTION**

## **ISSUE:**

The issue for City Council consideration is the adoption of a tax exchange resolution between the County of Riverside and the City of Riverside establishing the amount of property tax revenue to be exchanged relating to Annexation 118 – Central/Sycamore Canyon.

## **RECOMMENDATIONS:**

That the City Council adopt a resolution (Attachment 1) between the City and the County of Riverside establishing the amount of property tax revenue to be exchanged as a result of Annexation 118 (Central/Sycamore Canyon).

## **BACKGROUND:**

On July 28, 2015, the City Council approved the Annexation, General Plan Amendment, and Pre-Zoning, authorizing staff to submit an annexation application to the Local Agency formation Commission (LAFCO) for property located at northeast and northwest corners of Central Avenue and Sycamore Canyon Boulevard (Attachment 2). The annexation application, on behalf of Strata Equity Group, Inc., includes a total of approximately 16.6 acres, comprised of a 9.7 acre vacant parcel (APN 256-050-012) and approximately 6.9 acres of existing right-of-way. Strata Equity Group, Inc. has not proposed a development project as a part of this annexation request.

LAFCO requires that a tax exchange resolution be prepared and adopted by both the County and the City prior to approval of an annexation. Following a negotiation process, County and City staff have established mutually acceptable tax exchange terms, which are the same terms approved for the most recent City annexations, which occurred in 2010.

The LAFCO hearing for Annexation 118 is expected to occur on June 23, 2016. For the annexation to be approved on this date, both the County and City must adopt their respective tax exchange resolutions prior to June 14, 2016. The County is scheduled to adopt the tax exchange agreement on May 24, 2016.

Additional details are included in the July 28, 2015, Council Report, for Annexation 118 and the Annexation's Plan for Providing Services.

## **FISCAL IMPACT:**

The City of Riverside has no annexation fees in conjunction with annexations. There was a LAFCO processing fee of \$ 5,750 and the State Board of Equalization annexation - processing fee was \$ 800. These fees were paid by the applicant, Strata Crest LLC, along with any other fees determined to be necessary in order to complete the annexation.

When annexed to the City, the property taxes would be re- allocated as shown in the table below. The City will realize a \$ 2,879 increase in property tax revenue from annexation of the property.

TRA 080-034	Post Annexation			
	County Share	City Share	County Revenue	City Revenue
Property Value	\$2,099,810			
Property Tax	\$20,998			
Property Tax Allocation	13.37%	4.46%	\$2,807	\$936
Library	0.00%	1.82%	\$0	\$382
Fire	0.00%	7.44%	\$0	\$1,562
Total	13.37%	13.72%	\$2,807	\$2,879

The properties in question are currently undeveloped, and annexation to the City in their current condition will not have a negative fiscal impact to the General Fund. Furthermore, costs associated with any future development on this property after annexation will be borne by the applicant of the future development. It is expected that the cost of providing municipal services to the annexation area will be offset by tax revenues received.

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Certified as to  
availability of funds: Scott G. Miller, Interim Finance Director/Treasurer  
Approved by: Al Zelinka, FAICP Assistant City Manager  
Approved as to form: Gary G. Geuss, City Attorney

### Attachments:

1. Resolution
2. City Council Report – July 28, 2015