

Santa Paula: Property Taxes and Fire

S. Hamlin

Overview

The City of Santa Paula has agreed to petition LAFCO for annexation into the Ventura County Fire Protection District (VCFPD). This document will explain the relationship between property taxes and the annexation. It is important to understand that property taxes represent only one component, albeit major, in the calculation of the net expense to the city of the annexation into the VCFPD.

AB8 TRA (Tax Rate Allocation) History Report

AB8 (1979) is a State of California bill which mandates how the property taxes are divided. Prior to Proposition 13 (June 6, 1978), property taxes came in locally and were distributed locally, but after a series of lawsuits (Serrano v. Priest 1971-1977) wherein poor areas claimed they did not receive “equal” funding as the wealthy neighborhoods, the State of California prescribed collection at the State level for “equal” distribution.

Use of TRA History Report in Calculation of VCFPD (Ventura County Fire Protection District) Allocation

The FY 2015-16 TRA History Report for Santa Paula (attached at end of this report) shows the following:

Fund 8050	City of Santa Paula
Prior Year Allocation	\$3,842,626.84
Prior Year Factor	.2091180754
Adjusted Prior Year Allocation	\$3,842,626.84
Adjusted Prior Year Factor	.2088771337
Annual Tax Increment	\$235,171.77
Current Year Allocation	\$4,077,798.61

The concept of “tax increment” results from increases in assessed property values. These increases are limited by Proposition 13, unless a sale, transfer or major modification is made to the property to cause a reassessment. The new value is shown on the annual property tax statement the county distributes annually. As shown above, adding \$235,171.77 to \$3,842,626.84 yields the current value of \$4,077,798.61.

The “factor” is how much of the total the particular fund receives. In the example above, Santa Paula receives .2088771337 of the property taxes after all the other districts have been serviced (see report below).

Dividing \$4,077,798.61 by .2088771337 yields \$19,522,478, which is the total for Santa Paula, which is why the report is called “Santa Paula Totals”.

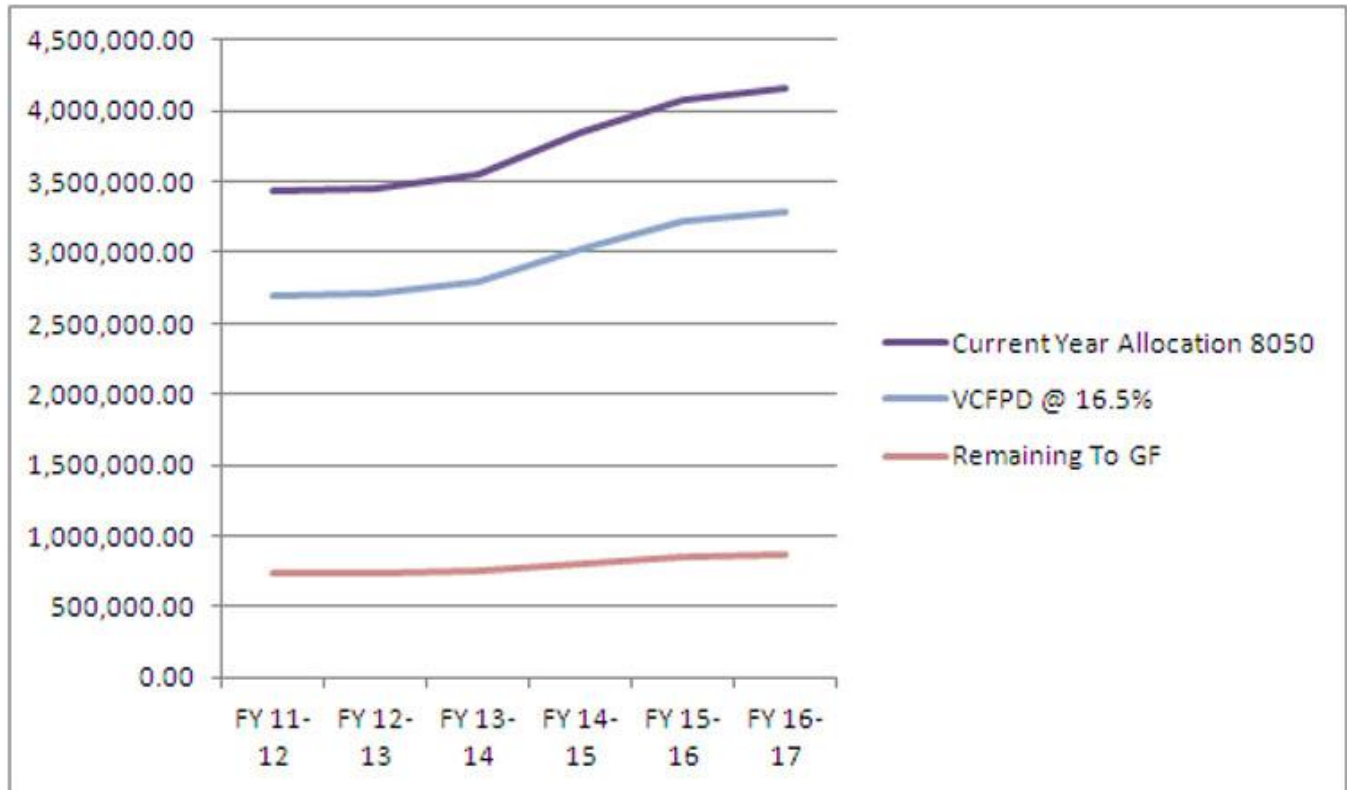
How to Use TRA Report in VCFPD calculation

A new line would be added for the VCFPD showing a factor of .165, which is the agreed on rate to the VCFPD. Multiplying \$19,522,478 by .165 yields \$3,221,208.90, which would have been the payment had Santa Paula been in the VCFPD for this reporting period. The resulting amount to Santa Paula would be \$4,077,798.61 minus \$3,221,208.90 or \$856,589.72.

Santa Paula: Property Taxes and Fire

S. Hamlin

Using this same hypothetical approach, the graph below shows how much Santa Paula would have owed VCFPD in prior years.



Redevelopment Agency (RDA)

The file which can be found at <http://www.ci.santa-paula.ca.us/budget/2007-8/RedevelopmentAgency.pdf> describes much about the history of the Redevelopment Agency. The clip below is important to understand the tax implications of the Redevelopment Agency.

Background: The Redevelopment Agency was originally formed in 1989. The Redevelopment Plan for the Santa Paula Redevelopment Project Area was approved by the City Council by Ordinance No. 935, adopted on July 16, 1990. The Project Area covers approximately 1,104 acres in the City representing 36.8% of the City's total area. The Project Area is irregular in shape and covers much of the southern half of the City.

What this means is that all properties and their associated taxes in the 1,104 acres of the city were removed from the Santa Paula Total (see above) and "given" to the RDA for use in their projects. Note, a map of this area was requested, but as yet has not been forthcoming.

Santa Paula: Property Taxes and Fire

S. Hamlin

The county uses the same Tax Increment calculations for the RDA tax roll, giving the RDA the tax increment to fund its \$12.9 million in bonds (primary use), staff, and projects (no list of completed projects is available, but is presumably in past agency minutes).

When Governor Brown dissolved the Redevelopment Agencies in 2011, all local agencies were given the option to create a “successor agency” or a “designated local authority (DLA)”. Santa Paula chose the latter path. Below are articles about this dissolution:

<http://californiawatch.org/dailyreport/explainer-end-redevelopment-agencies-14624>

<http://citizensjournal.us/santa-paula-city-council-dissolution-of-redevelopment-agency/>

RDA Bond Payments

What was never discussed in any of the local reports or the minutes of the DLA was the state of the bonds. There is mention in the June 30, 2016 Santa Paula Audited Financial Statement about the bonds including the principal balance (\$2,157,173) and annual interest (\$185,000 due within one year). The bonds run through 2025 with interest rates ranging from 6.345% to 6.548%. (See pages 33-34 Tax Allocation Bonds)

How are RDA Bonds Paid?

Using the same methodology as the TRA report, the county has created an ROPS (Recognized Obligations Report) for each agency.

The ROPS report for Santa Paula for the period July-December 2016 shows a Secured and Unsecured Property Tax Increment (TI) of \$1,878,264.62. After all of the allocations are paid, the RPTTF (Redevelopment Property Tax Trust Fund) receives \$213,147 for “enforceable obligations”. The City of Santa Paula received \$35,555,50 after the former RDA’s debt obligations and administrative costs are distributed via the RPTTF.

Final Dissolution of the RDA and Property Taxes

When the former Santa Paula RDA is finally dissolved in 2025, the ROPS TI (now \$1,878,264.62) will be redirected to the Santa Paula tax base, increasing it significantly.

One can assume that in the next seven years the \$1,878,264.62 will grow to \$2.2 million.

RDA Free Santa Paula Tax Base 2025

Assuming the line in the graph above is extrapolated seven years (CAGR of 3.9%), the tax increment (TI) would be \$5.4 million (purple line) plus \$2.2 million (RDA addition) or about \$7.6 million. Using this TI to calculate a payment to the VCFPD, the value would be about \$6.27 million to VCFPD.

Calculation: \$7.6 divided by .20 = \$38 million times .165 = \$6.27 million.

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Questions

Given the potential large increase in 2025 of the Santa Paula tax base, is the .165 rate appropriate and will the Santa Paula budget in 2025 suffice to support a cost of \$6.27 to the VCFPD?

Given that it was stated in the council meeting that Santa Paula's annexation is the first of its kind, that would call in question even more the .165 rate for the VCFPD because the true cost picture has yet to be developed by either party.

Notes

1. This report will be updated as new information is available.
2. Many thanks for the extensive help received from the Ventura County Assessor's office in understanding this complex material.

Recognized Obligation Payment Schedule (ROPS)

ROPS Allocation Period: January - June 2016 Distribution Date: January 4, 2016 (Actuals)

ROPS Redevelopment Property Tax Trust Fund (RPTTF) Allocation Cycle: 15-16B

Successor Agency: Santa Paula (Prepared by: Esther Esqueda Date prepared: 12/30/2015 Updated by: Rhoda Farrell 12/30/2015)

Santa Paula RDA
8950

Redevelopment Property Tax Trust Fund (RPTTF) Collections for April 11 through December 10

**TOTALS FOR
STATE REPORT**

(Agreements)

RPTTF Deposits by Apportionment from Tax Sheets (before Admin Fees & Collection Fees):

HOPTR 455-03 (May)		9,295.18
HOPTR 455-04 (June)		3,983.66
Unsecured 020-01 (November)		846,520.54
Unsecured ARC True-up (November)		(110,447.72)
Secured Redemption 030-05 (May)		0.00
Secured Redemption 030-02 (July)		83.31
Secured Redemption 030-03 (September)		0.00
Secured 080-01 (July)		6.86
Secured 010-01 (December)		1,756,867.96
Secured ARC True-up (December)		(251,374.94)
Secured & Unsecured Property Tax Increment (TI)	2,254,934.85	<u>2,254,934.85</u>
Supplemental HOPTR 456-03 (May)		38.71
Supplemental HOPTR 456-04 (June)		16.59
Supplemental 310-06 (May)		20,824.95
Supplemental Redemption 330-01 (July)		0.00
Supplemental 310-01 (July)		29,834.68
Supplemental 310-02 (October)		0.00
Supplemental 310-03 (November)		0.00
Supplemental & Unitary Property TI	50,714.93	<u>50,714.93</u>
Excess Proceeds 060-xx (Variable)		0.00
Fish & Wildlife 641-01 (Variable)		0.00
Housing Authority and Department of Transportation 651-xx (Variable)		0.00
Racehorse 050-xx (Variable)		0.00
Timber 250-01 (Variable)		0.00
	0.00	<u>0.00</u>
Interest Earned VCFMS RPTTF account A304/7006	701.06	
Interest earned VCFMS LMIHF account A324/7006	81.98	
Other/Miscellaneous items	0.00	
Interest Earnings/Other	783.04	
Penalty Assessments	0.00	

Total RPTTF Deposits

2,306,432.82

Total RPTTF Balance Available to Fund County Auditor Controller Administrative Costs and Passthroughs

2,306,432.82

RPTTF Distributions (Includes all payments made pursuant to Health and Safety Code (H&S) Section 34183. Note that the following distributions are not necessarily listed in the priority order required by H&S 34183):

Administrative Distributions		
Total Auditor-Controller ABx1 26 administration costs for May - October	66,605.84	
Percentage share of total costs (1 project/36 projects)	0.0278	
ABx1 26 Administrative Fees to County Auditor-Controller		1,850.16
Collection Fees 1/4 of 1% from tax sheets		
Unsecured 020-01		2,116.30
Secured Redemption 030-02		0.21
Secured 080-01		0.02
Secured 010-01		4,392.17
5% Supplemental Fee from tax sheets		
Supplemental HOPTR 456-03 (May)		1.94
Supplemental HOPTR 456-04 (June)		0.83
Supplemental 310-06 (May)		1,041.25
Supplemental Redemption 330-01 (July)		0.00
Supplemental 310-01 (July)		1,491.73
Supplemental 310-02 (October)		0.00
Supplemental 310-03 (November)		0.00
SB2557 Administration Fees from tax sheets		(778.73)
Total "SB2557" Admin Fees	8,265.72	<u>8,265.72</u>
SCO Invoices for Audit and Oversight (Funding will only be allocated for this purpose when there is sufficient RPTTF to fully fund the approved enforceable obligations)	31,322.21	

Total Administrative Distributions

41,438.09

Passthrough Distributions

**Pass-through by project
by taxing entity:**

City Pass-through Payments		
8050 City of Santa Paula		<u>N/A</u>
Total City Passthrough Payments	0.00	
County Passthrough Payments		
4001 Prop 13 Maximum 1% (County General Fund)		653,638.51
6100 VCWPD, Admin		6,857.34
6120 VCWPD, Zn #2		68,923.98
Total County Passthrough Payments	729,419.83	<u>729,419.83</u>

Recognized Obligation Payment Schedule (ROPS)

ROPS Allocation Period: January - June 2016 Distribution Date: January 4, 2016 (Actuals)

ROPS Redevelopment Property Tax Trust Fund (RPTTF) Allocation Cycle: 15-16B

Successor Agency: Santa Paula (Prepared by: Esther Esqueda Date prepared: 12/30/2015 Updated by: Rhoda Farrell 12/30/2015)



Santa Paula RDA
8950

Redevelopment Property Tax Trust Fund (RPTTF) Collections for April 11 through December 10

	<u>TOTALS FOR STATE REPORT</u>	<u>(Agreements)</u>
Special District Passthrough Payments		
7586 Blanchard/Santa Paula Library		43,502.44
7770 United Wtr Conservation District		10,276.24
7771 United Wtr Cons Import		N/A
Total Special District Passthrough Payments	53,778.68	<u>53,778.68</u>
K-12 School Passthrough Payments - Tax Portion		
1005 El Sch Gen Briggs - none; all facilities		N/A
1045 El Sch Gen St Paula - none; all facilities		N/A
2010 Unified Sch Gen St Paula - none; all facilities		N/A
Total K-12 School Passthrough Payments - Tax Portion	0.00	<u>0.00</u>
K-12 School Passthrough Payments - Facilities Portion		
1005 El Sch Gen Briggs		29,352.07
1045 El Sch Gen St Paula		111,650.09
2010 Unified Sch Gen St Paula		<u>104,333.03</u>
Total K-12 School Passthrough Payments - Facilities Portion	245,335.19	<u>245,335.19</u>
Community College Passthrough Payments - Tax Portion		
2015 VTA Com College Gen - Tax Portion - none; all facilities		N/A
2019 VTA College Child Ctr - Tax Portion		N/A
Total Community College Passthrough Payments - Tax Portion	0.00	<u>0.00</u>
Community College Passthrough Payments - Facilities Portion		
2015 VTA Com College Gen - Facilities Portion		50,645.77
2019 VTA College Child Ctr - Facilities Portion		N/A
Total Community College Passthrough Payments - Facilities Portion	50,645.77	<u>50,645.77</u>
County Office of Education - Tax Portion		
4005 County Office of Education - Tax Portion - none, all facilities	0.00	<u>N/A</u>
County Office of Education - Facilities Portion		
4005 County Office of Education - Facilities Portion	8,496.40	<u>8,496.40</u>
Education Revenue Augmentation Fund (ERAF)		
4002 ERAF 92-93 Shift		N/A
4004 ERAF 93-94 Shift		N/A
Total ERAF Passthrough Payments	0.00	<u>0.00</u>
Total Passthrough Distributions	<u>1,087,675.87</u>	<u>1,087,675.87</u>
Total Administrative and Passthrough Distributions	<u>1,129,113.96</u>	<u>304,477.36</u>
Total RPTTF Balance Available to Fund Successor Agency (SA) Enforceable Obligations (EOs)	<u>1,177,318.86</u>	<u>729,419.83</u>

Finance Approved RPTTF for Distribution (Includes the total RPTTF approved for SA non-admin and admin costs, and prior period adjustments (PPAs), which can be found on the ROPS determination or ROPS meet-and-confer letters issued by Finance. If you receive a RPTTF withholding letter from Finance, this also includes the withholding amounts by Due Diligence Review (DDR) process, as indicated in the letter. Note that County Auditor Controllers will first apply the withholding to the Low and Moderate Income Housing Fund (LMIHF) balance and then apply the remaining withholding to the Other Funds and Assets (OFA) balance)

Non-Admin Enforceable Obligations (EOs)	21,500.00
Admin Enforceable Obligations (EOs)	165,000.00
Less Prior Period Adjustments (PPAs) (Amount should be entered as a negative number)	(34,515.00)
Less RPTTF Withholding (Amounts should be entered as a negative number)	
LMIHF	0.00
OFA	0.00

Total Finance Approved RPTTF for Distribution **151,985.00**

County Auditor-Controller (CAC) Distributed ROPS RPTTF (CACs will first apply the negative PPA and RPTTF withholding amounts to the non-admin distributions and then apply the balances to the admin distributions if necessary)

Non-Admin Enforceable Obligations (EOs)	(13,015.00)
Admin Enforceable Obligations (EOs)	165,000.00

Total County Auditor-Controller Distributed RPTTF for Successor Agency Enforceable Obligations **151,985.00**

Formula check to determine whether the lesser of the total Finance approved RPTTF or the total RPTTF balance available to fund EOs was allocated to the SA. Amounts shown are explained in the comments section below. 0.00

Net ROPS and DDR Withholding RPTTF Balance Available for Distribution to Affected Taxing Entities **1,025,333.86**

Less RPTTF Withholdings (Amounts should be entered as a negative number)	
LMIHF	0.00
OFA	0.00
Total Actual RPTTF Withholdings	<u>0.00</u>

Total ROPS Only RPTTF Balance Available for Distribution to ATEs (Excludes RPTTF withholding residuals paid to the ATEs) **1,025,333.86**

Residual Distributions to Affected Taxing Entities (ATEs) (Payments pursuant to H&S Section 34183(a)(4) Include the effect of "haircutting" pursuant to H&S Section 34188):

City Residual Payments		
8050 City of Santa Paula	213,603.96	
Total City Residual Payments		213,603.96
County Residual Payments		
4001 Prop 13 Maximum 1% (County General Fund)	201,986.20	

Recognized Obligation Payment Schedule (ROPS)

ROPS Allocation Period: January - June 2016 **Distribution Date:** January 4, 2016 (Actuals)

ROPS Redevelopment Property Tax Trust Fund (RPTTF) Allocation Cycle: 15-16B

Successor Agency: Santa Paula **(Prepared by:** Esther Esqueda **Date prepared:** 12/30/2015 **Updated by:** Rhoda Farrell 12/30/2015)



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Redevelopment Property Tax Trust Fund (RPTTF) Collections for April 11 through December 10

		<u>TOTALS FOR STATE REPORT</u>
6100 VCWPD, Admin	2,344.82	
6120 VCWPD, Zn #2	23,263.77	
Total County Residual Payments		227,594.79
Special District Residual Payments		
7586 Blanchard/Santa Paula Library	17,021.65	
7770 United Wtr Conservation District	6,408.70	
7771 United Wtr Cons Import	5,419.94	
Total Special District Residual Payments		28,850.29
K-12 School Residual Payments - Tax Portion		
1005 El Sch Gen Briggs	19,135.26	
1045 El Sch Gen St Paula	171,858.23	
2010 Unified Sch Gen St Paula	140,990.99	
Total K-12 School Residual Payments		331,984.48
Community College Residual Payments - Tax Portion		
2015 VTA Com College Gen	50,683.91	
2019 VTA College Child Ctr	261.75	
Total Community College Residual Payments		50,945.66
County Office of Education - Tax Portion		
4005 County Office of Education	22,471.78	22,471.78
Education Revenue Augmentation Fund (ERAF) Residual Payments		
4002 ERAF 92-93 Shift	46,507.62	
4004 ERAF 93-94 Shift	103,375.28	
Total ERAF (Please break out the ERAF amounts into the following categories if this information is readily available):		149,882.90
ERAF - K-12		122,739.42
4002 ERAF 92-93 Shift	38,085.19	
4004 ERAF 93-94 Shift	84,654.23	
ERAF - Community Colleges		18,835.34
4002 ERAF 92-93 Shift	5,844.48	
4004 ERAF 93-94 Shift	12,990.87	
ERAF - County Offices of Education		8,308.14
4002 ERAF 92-93 Shift	2,577.96	
4004 ERAF 93-94 Shift	5,730.18	
Total Residual Distributions (Total Residual Distributions Must Equal the Total Residual Balance)		<u>1,025,333.86</u>
	cross-foot check	(0.00)
Total Residual Distributions to K-14 Schools:		<u>555,284.82</u>
Percentage of Residual Distributions to K-14 Schools		<u>54.16%</u>

(Agreements)

Fund NO.	Description	Prior Year Allocation	Prior Year Factor	Adjusted Prior Year Allocation	Adjusted Prior Year Factor	Annual Tax Increment	Current Year Allocation
1005	EL SCH GEN BRIGGS Net Transfers:	342,620.00 1,613.59	.0199836276	344,233.59	.0187118158	14,595.18	358,828.77
1025	EL SCH GEN MUPU	47,480.37	.0026651961	47,480.37	.0025809333	1,712.09	49,192.46
1045	EL SCH GEN ST PAULA	3,091,642.39	.1666391381	3,091,642.39	.1680551944	197,566.89	3,289,209.28
2010	HI SCH GEN ST PAULA Net Transfers:	2,534,996.77 1,359.63	.1380077940	2,536,356.40	.1378710129	154,674.53	2,691,030.93
2015	VTA COM COLLEGE GEN Net Transfers:	911,289.04 488.77	.0496114883	911,777.81	.0495623290	55,603.12	967,380.93
2019	VTA COLLEGE CHILD CTR Net Transfers:	4,706.30 2.53	.0002562440	4,708.83	.0002559621	287.38	4,996.21
4001	COUNTY GENERAL FUND Net Transfers:	3,631,777.57 1,851.76	.1979973378	3,633,629.33	.1975164673	220,822.40	3,854,451.73
4002	E.R.A.F. Net Transfers:	836,292.88 355.53	.0451969639	836,648.41	.0454784524	51,977.43	888,625.84
4004	E.R.A.F. 93-94 SHIFT Net Transfers:	1,858,815.90 853.01	.1004763217	1,859,668.91	.1010877006	115,641.45	1,975,310.36
4005	VTA. CO. OFFICE EDUCATION Net Transfers:	404,033.85 222.01	.0220009371	404,255.86	.0219745005	24,629.13	428,884.99
6001	* FIRE PROTECTION DIST Net Transfers:	1,374.94		1,374.94	.0000747389	55.17	1,430.11
6100	* COUNTY FLOOD ZN ADM Net Transfers:	42,160.14 22.03	.0022969416	42,182.17	.0022929343	2,567.00	44,749.17
6120	* COUNTY FLOOD ZN #2 Net Transfers:	418,286.33 217.07	.0227866652	418,503.40	.0227489669	25,449.40	443,952.80
7586	BLANCHARD/SANTA PAULA LIB Net Transfers:	306,051.40 159.34	.0166755882	306,210.74	.0166449734	18,627.50	324,838.24
7770	UNITED WTR CONS DIST Net Transfers:	115,234.73 54.57	.0062876810	115,289.30	.0062668845	6,985.08	122,274.38
8050	CITY SANTA PAULA	3,842,626.84	.2091180754	3,842,626.84	.2088771337	235,171.77	4,077,798.61
===== Prime = 04 Totals:		18,388,014.51	1.0000000000	18,396,589.29	1.0000000000	1,126,365.52	19,522,954.81

See Next Page For Gross Assessed Valuation Information

*** Gross Assessed Valuation Information(Assessed valuations Minus Local Exemptions) ***

	Prior Year	-----	Current Year	-----
	A/V	Transfers	AVI	A/V
Secured	1,685,952,565	857,272		1,794,911,970
Unsecured	138,425,217			142,959,636
State Assessed				
	-----	-----	-----	-----
	1,824,377,782	857,272	112,636,552	1,937,871,606

*** Transfer In ***

No Transfer Out	TRA To	TRA From	Adj Pcnt	Transfer Rev
	04025	55002	.0037157611	8,574.78

				8,574.78

*=====> Net Impact On Prime: 8,574.78