



STAFF REPORT

Adoption of Resolution to Determine Property Tax Exchange for Proposed Detachment / Annexation at 300, 400 and 550 Club Drive

Honorable Mayor and Council Members

As required by State law, the Cities of Belmont and San Carlos must agree to a property tax exchange resolution before three properties at 300, 400 and 550 Club Drive may be considered for detachment / annexation by the Local Agency Formation Commission (LAFCo). As previously indicated in reports to the Council, this detachment request is recognized and supported by the Belmont General Plan (see attached excerpt).

The staff members of both cities have negotiated a draft exchange agreement, which has been signed by the respective City Managers. The terms of the tax exchange have been incorporated into the attached draft resolution and include the following provisions:

- A one-for-one property tax shift from the City of Belmont to the City of San Carlos
- No shift of property tax between the Belmont Fire Protection District and the City of San Carlos, unless and until there is a change in the overall arrangement of the Fire Districts funding or organization
- A detachment from the Belmont Fire Protection District of any new, undeveloped lot creating by subdivision of the subject parcels.

The purpose of this language is to preserve the level of financial support to the Joint Powers Authority for South County Fire. Staff has concluded that these terms are the best tax sharing terms for the City of Belmont, the Belmont Fire Protection District and South County Fire under the proposed detachment / annexation.

Recommendation

Staff recommends that the Council adopt the attached draft property tax exchange resolution.

Fiscal Impact

The City of Belmont will lose property tax revenue and library revenue totaling approximately \$4200 in 2004 with increases each year thereafter. However, the City has

not been providing to the subject properties those services typically funded by these taxes, notably police and street maintenance.

Alternatives

1. Adopt an alternative tax exchange arrangement. Any alterations would be subject to review and agreement by the City of San Carlos.
2. Reject any tax exchange agreement. This would effectively end the detachment / annexation of the properties.

Attachment:

- A. Belmont General Plan (excerpt)
- B. Map of 300, 400 and 550 Club Drive
- C. Draft Property Tax Exchange Resolution

Respectfully submitted,

Craig A. Ewing
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