



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager's Office



DATE: January 21, 2016
BOARD MEETING DATE: February 23, 2016
SPECIAL NOTICE/HEARING: Public Hearing
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors

FROM: John L. Maltbie, County Manager

SUBJECT: Special Parcel Tax for Extended Police and Structural Fire Services in County Service Area No. 1

RECOMMENDATION:

Public hearing to consider a "Special Parcel Tax" for Extended Police and Structural Fire Services in County Service Area No. 1.

- A) Report and Recommend
- B) Open Public Hearing
- C) Close Public Hearing
- D) Adopt a resolution adopting a special parcel tax at an annual rate not to exceed \$65 per parcel for extended police and structural fire protection services in County Service Area No.1, to be levied in each of the next four fiscal years, effective upon voter approval; and
- E) Adopt a resolution calling an election in County Service Area No. 1 for the purpose of submitting to the voters of said area a ballot measure for the adoption of the special tax for extended police and structural fire protection services.

BACKGROUND:

County Service Area No.1 (CSA 1) was formed in 1955 to provide enhanced fire protection services within the district boundaries in the unincorporated areas of San Mateo. With the creation of this special district, a portion of the property tax paid by the CSA 1 voters was set aside for these fire protection services. In 1966, the Board of Supervisors adopted a resolution adding police services to the CSA 1 budget, to be provided by the County Sheriff.

With the passage of Proposition 13, property tax revenue in CSA 1 was reduced. In 1982, a 2/3 majority of the voters of CSA 1 approved a parcel tax to fund the enhanced level of police and fire service they desired. The 1982 ballot measure set the not to exceed amount of the tax at \$110 per parcel. The district voters renewed the special tax in 1986 and 1991 with a not to exceed amount of \$110. In 1996, due to the ongoing

actual assessed rate of \$65 per parcel, the not to exceed amount proposed on the ballot was reduced. A \$65 per parcel maximum tax was approved by district voters in 1996, 2000, 2004, 2007 and 2012.

The Board of Supervisors sets the actual amount of the tax at a public hearing each year. The actual amount of the tax is based on projected annual income and expenses for CSA 1. Since the tax was first adopted, the actual levy has never been more than \$65 per parcel. In FY 2014-15, the supplemental fire and police services included a contract with Cal Fire for one three-person fire engine company located at Station 17, on Tower Road and Sheriff patrols 7 days a week, 18 hours a day.

DISCUSSION:

The current parcel tax authorization expires in July of 2016. On January 26, 2016, County staff provided a presentation to the Highlands Community Association regarding the continuation of the tax. The Highlands Association and other associations within CSA 1 support continuing the parcel tax at a \$65 maximum rate for another four years.

This Board is being asked to consider two resolutions. The first resolution adopts a special tax for extended fire and police services in CSA-1 for four fiscal years, beginning in FY 2016-2017 and ending in FY 2019-20120, at a maximum annual rate of \$65 per parcel to be applied uniformly to all non-exempt parcels. The second resolution calls for an election on the proposed tax and consolidates the election with the statewide election on June 7, 2016.

If the voters of CSA 1 approve the special tax measure by a 2/3 vote, the County will levy the tax beginning in FY 2016-2017. Each fiscal year, the Board of Supervisors will hold a public hearing to set the actual tax rate to be levied, up to the maximum of \$65 per parcel.

This action supports the Healthy Community Shared Vision by providing CSA 1 residents the opportunity to generate additional funding for their enhanced fire and police service.

This memo and resolution have been reviewed and approved by County Counsel.

FISCAL IMPACT:

As a County service area, the revenue generated by the CSA must pay for 100% of the expenses. The CSA 1 budget for FY 15/16 is \$3,242,138. The primary revenue source for CSA 1 is a share of the property taxes paid by CSA 1 residents. The parcel tax generates about \$93,000 a year, which is about 3% of the total budget. For the past five years, district revenue has exceeded expenses and CSA 1 reserves have grown to approximately \$2.8 million. The reserves will be used for future vehicle and facility replacement costs. Approving a parcel tax election for the June 7, 2016 ballot for CSA 1 has no impact on the General Fund.