



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY EXECUTIVE

File #: 23-864

Board Meeting Date: 10/17/2023

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Michael P. Callagy, County Executive

Subject: Resolution authorizing and agreeing to an exchange of property tax between the County of San Mateo and the City of Belmont for the proposed the annexation of 604-610 Harbor Boulevard

RECOMMENDATION:

Adopt a resolution authorizing and agreeing to an exchange of property tax between the County of San Mateo and the City of Belmont for the proposed annexation of 604-610 Harbor Boulevard and detachment from the Harbor Industrial Sewer Maintenance and the Belmont Highway Lighting Districts.

BACKGROUND:

Before the Local Agency Formation Commission (LAFCo) can schedule an annexation application for hearing, Revenue and Taxation Code Section 99 requires participating jurisdictions to agree to the amount of property tax to be transferred as a result of the proposed annexation and associated changes in the provision of municipal services. Upon notice by the Controller, the participating jurisdictions have a sixty-day statutory period to negotiate the property tax exchange under Section 99.

DISCUSSION:

A project applicant (Windy Hill Property Ventures) has applied to LAFCo for the annexation of the parcels known as 604-610 Harbor Boulevard (APNs 046-032-030, 046-032-040, 046-032-080, and 046-032-090) (collectively, "Parcels") to the City of Belmont and detachment of the Parcels from the Harbor Industrial Sewer Maintenance (HISMD) and the Belmont Highway Lighting District (BHLN). Following annexation, the City of Belmont will be responsible for providing the municipal services to the Parcels that are currently provided by HISMD, BHLN, and the County. The County and City were notified by the Controller on August 24, 2023, of the start of the sixty-day negotiation period.

County staff recommends a tax exchange that approximates relative property tax shares in nearby areas in the City. The Parcels currently sit in tax rate area 053-011. Because the Parcels are being

detached from the HISMD and BHL D-i.e., HISMD and BHL D will no longer provide any service to the Parcels-staff recommends transferring 100% of these districts' property tax shares associated with the Parcels to the City, as well as a portion of the County's property tax share. The recommended tax share transfers in tax rate area 053-011 are summarized in the following chart.

From	To	Incremental Factor
HISMD	City of Belmont	0.0094812614
BHL D	City of Belmont	0.0077590724
County of San Mateo	City of Belmont	0.0791307437

The total incremental factor to be transferred to the City of Belmont is 0.0963710775. The County's current incremental factor of 0.2421746940 associated with the Parcels will be reduced to 0.1630439503 following the transfer.

The resolution agreeing to this exchange has been reviewed and approved by the County Attorney's Office.

EQUITY IMPACT:

The law requires a property tax exchange negotiation in response to a proposed annexation, reflecting a change in the jurisdictional responsibility to provide municipal services to the property at issue. Staff does not anticipate either positive or negative impacts to any specific group as a result of the proposed action.

FISCAL IMPACT:

Prior to the annexation, the total amount of property tax revenue from the Parcels attributable to the incremental factors before the Educational Revenue Augmentation Fund shift for the County, HISMD, and BHL D were \$7,715.46, \$302.06, and \$247.20, respectively, a total of \$8,264.72. Based on the proposed transfers, after the annexation is complete, the City of Belmont will receive \$3,070.29 and the County will receive \$5,194.43. In the event of redevelopment, property taxes may increase substantially, and the City and County's relative property tax distributions associated with the Parcels will be based on the post-annexation incremental factors.