



Board Agenda Item 27

DATE: September 27, 2016

TO: Board of Supervisors

SUBMITTED BY: Jean M. Rousseau, County Administrative Officer

SUBJECT: Property Tax Neutrality Funding Agreement

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute a Funding Agreement between the Pacific Forest and Watershed Lands Stewardship Council and the County of Fresno and accepting a lump sum payment to implement property tax neutrality requirements stipulated in a settlement agreement between Pacific Gas and Electric entities and the California Public Utilities Commission.

As part of a settlement agreement between Pacific Gas and Electric entities (PG&E) and the California Public Utilities Commission (CPUC), PG&E has deeded property located near Wishon Reservoir to the United States Forest Service (USFS). The Funding Agreement is intended to establish property tax neutrality as a result of the transfer of lands from private to public ownership. Staff recommends accepting Option A of the agreement which provides for a lump sum payment of \$13,482.

ALTERNATIVE ACTION(S):

The Board may choose to opt for installment payments of the lump sum over a period not to exceed five years (Option C). There is also a potential option to receive annual payments from trustee based on returns from the Trustee's investment of the lump sum value (Option B).

FISCAL IMPACT:

Revenue from this Agreement will be deposited in Countywide Revenues Org 0415 regardless of the payment option selected. The agreement also provides for an additional payment of \$3,000 to the County in consideration of the administrative costs associated with this action.

DISCUSSION:

PG&E has made commitments to the CPUC with respect to land conservation matters. The Stewardship Council was formed to establish a land conservation plan to implement those commitments and to address the property tax neutrality requirement of those commitments. As part of that plan, PG&E has donated approximately 167 acres of land near Wishon Reservoir to the USFS. The Funding Agreement is intended to compensate the County for the loss of property tax revenues associated with the donation of the land to the USFS. It is anticipated that the additional land to be owned by the USFS will be included in the future calculation of payments in lieu of taxes (PILT) to be made by the Federal government.

Under the Funding Agreement, the County would agree that the "Property Tax Neutrality Methodology" that the Stewardship Council has used to calculate the amount received by the County is an appropriate method. The County would also agree under the Funding Agreement that the amount it receives is a reasonable payment in lieu of property taxes that might otherwise have been received by the County. The

Auditor-Controller/Treasurer-Tax Collector's Office has reviewed and approved both the calculation method and the reasonableness of the payment.

The County would also agree under the Funding Agreement that the County Assessor will not unreasonably withhold approval of the welfare exemption from property taxes if the property is later conveyed to another similar organization that qualifies for that exemption. The Assessor's Office has reviewed the Funding Agreement and does not object to that provision.

Finally, the Funding Agreement provides that the County will allocate the payment that it receives in the same way that the County allocates its general property tax revenues. That means the County will receive only about 13 percent of the payment, with the rest allocated to other agencies and to school funding.

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Agreement

CAO ANALYST:

John Hays