



CITY of CALABASAS

CITY COUNCIL AGENDA REPORT

DATE: JUNE 20, 2024

TO: HONORABLE MAYOR AND COUNCILMEMBERS

**FROM: MATTHEW T. SUMMERS, CITY ATTORNEY
MICHAEL KLEIN, COMMUNITY DEVELOPMENT DIRECTOR
TOM BARTLETT, CITY PLANNER**

**SUBJECT: CRAFTSMAN'S CORNER ANNEXATION:
1) ADOPTION OF RESOLUTION NO. 2024-1914, A JOINT RESOLUTION OF THE BOARD OF SUPERVISORS, AS THE GOVERNING BODY OF THE COUNTY OF LOS ANGELES, THE CONSOLIDATED FIRE PROTECTION DISTRICT OF LOS ANGELES COUNTY, THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT, AND THE LOS ANGELES COUNTY CONSOLIDATED SEWER MAINTENANCE DISTRICT AND THE CITY COUNCILS OF THE CITY OF CALABASAS AND THE CITY OF HIDDEN HILLS, THE BOARD OF DIRECTORS OF THE LOS ANGELES COUNTY WEST VECTOR CONTROL DISTRICT, THE RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS, AND THE LAS VIRGENES MUNICIPAL WATER DISTRICT, APPROVING AND ACCEPTING THE NEGOTIATED EXCHANGE OF PROPERTY TAX REVENUE RESULTING FROM THE ANNEXATION OF TERRITORY KNOWN AS REORGANIZATION 2014-03 TO THE CITY OF CALABASAS AND THE CITY OF HIDDEN HILLS, DETACHMENT FROM COUNTY ROAD DISTRICT NO. 3, WITHDRAWAL FROM COUNTY LIGHTING MAINTENANCE DISTRICT NO. 1687, WITHDRAWAL FROM THE LOS ANGELES COUNTY LIBRARY, AND APPROVING AN AGREEMENT FOR SHARING CITY SALES TAX REVENUES PURSUANT TO REORGANIZATION 2014-03; AND
2) APPROVAL OF AN AGREEMENT BETWEEN CITY OF CALABASAS AND CITY OF HIDDEN HILLS FOR SPECIFIED PROPERTY TAX REVENUE SHARING FOR REORGANIZATION NO. 2014-03; AND**

3) DIRECTION AND DELEGATION OF AUTHORITY TO CITY MANAGER TO MAKE MINOR REVISIONS AND TO EXECUTE THE FINAL RESOLUTION AND AGREEMENTS FOR THE CRAFTSMAN'S CORNER ANNEXATION UPON APPROVAL BY COUNTERPARTIES

MEETING

DATE: JUNE 26, 2024

RECOMMENDATION:

Staff recommends the City Council:

- 1) **Adopt Resolution** No. 2024-1914, A Joint Resolution of the Board of Supervisors, as the Governing Body of the County of Los Angeles, the Consolidated Fire Protection District of Los Angeles County, the Los Angeles County Flood Control District, and the Los Angeles County Consolidated Sewer Maintenance District and the City Councils of the City of Calabasas and the City of Hidden Hills, the Board of Directors of the Los Angeles County West Vector Control District, the Resource Conservation District of the Santa Monica Mountains, and the Las Virgenes Municipal Water District, Approving and Accepting the Negotiated Exchange of Property Tax Revenue Resulting from the Annexation of Territory known as Reorganization 2014-03 to the City of Calabasas and the City of Hidden Hills, Detachment from County Road District No. 3, Withdrawal from County Lighting Maintenance District No. 1687, Withdrawal from the Los Angeles County Library, and approving an Agreement for Sharing City Sales Tax Revenues pursuant to Reorganization 2014-03; and
- 2) **Approve an Agreement** between City of Calabasas and City of Hidden Hills for Specified Property Tax Revenue Sharing for Reorganization No. 2014-03; and
- 3) **Direct and Delegate the Authority to the City Manager** to make minor revisions and to execute the final Resolution and agreements for the Craftsman's Corner Annexation upon approval by counterparties.

DISCUSSION/ANALYSIS:

On December 10, 2014, the City submitted an annexation application to the Local Agency Formation Commission for Los Angeles County ("LAFCO"). The area the City of Calabasas applied to annex ("annexation area") consists of about 176 acres of unincorporated territory generally located north of Highway 101 between the cities of Calabasas and Hidden Hills, in the unincorporated County area, as described in City of Calabasas Resolution No. 2013-1393, of which about 164 acres

of inhabited territory will be annexed to the City of Calabasas and about 8 acres of uninhabited territory and 4 acres of inhabited territory will be annexed to the City of Hidden Hills.

Under California Revenue and Taxation Code section 99 ("Section 99"), the two Cities and the County began negotiations for a property tax transfer in connection with the annexation application. The outcome of the negotiations, in concept subject to final approval by the legislative bodies, is embodied in the attached, proposed joint tax transfer resolution. The Joint Resolution governs the property tax sharing between the two Cities and the County and the other affected agencies, along with other administrative and operational matters for the annexation's implementation.

In addition to the property tax transfer resolution, Calabasas and the County have agreed, in concept subject to final approval by this City Council and the Board of Supervisors, that Calabasas will pay the County fifty percent of the sales tax it collects from the annexation area in the first year following the annexation and decreasing that amount by five percent yearly so that by year eleven, the City would keep all sales tax generated from the annexed territory. This proposed sales tax sharing agreement is Exhibit A to the Joint Resolution.

Calabasas and Hidden Hills have also agreed, in concept subject to final approval by the two City Councils, that Calabasas will pay twenty-five percent (25%) of the property tax revenues attributable to the City of Calabasas for the tax rate areas for the about 164± acres of inhabited territory annexed into the City of Calabasas upon approving Reorganization No. 2014-03 to Hidden Hills. The attached proposed resolution reflects the current state of staff-level negotiations at the time of this report's publication, and can be revised as needed, if approved by this City Council with the delegation of authority to the City Manager to finalize, to reflect direction from the County Auditor-Controller as to whether it will administer this property tax sharing agreement for the two cities.

The City's Chief Financial Officer has reviewed the agreement and tax ratios in the proposed Resolution and believes the given percentages to be correct.

With the approval of the proposed Joint Resolution, Calabasas/County Sales Tax Sharing Agreement, and Calabasas/Hidden Hills Property Tax Sharing Agreement, and delegation of authority to the City Manager to finalize and execute these agreements, staff expects Hidden Hills may consider the Joint Resolution and Calabasas/Hidden Hills Property Tax Sharing Agreement at an upcoming City Council meeting. Once the two Cities have approved the Joint Resolution, then the County Board of Supervisors is expected to consider the Joint Resolution and

Calabasas/County Sales Tax Sharing Agreement, then the proposal will return to LAFCO for the protest process and final public hearing. To keep the annexation moving forward, staff recommends the City Council approve the recommended actions.

FISCAL IMPACT/SOURCE OF FUNDING:

There is no immediate adverse fiscal impact associated with the recommended action. The net fiscal effect of the annexation, once approved by all applicable agencies and effective, is expected to be positive for the City.

REQUESTED ACTION:

Staff recommends the City Council:

- 1) **Adopt Resolution** No. 2024-1914, A Joint Resolution of the Board of Supervisors, as the Governing Body of the County of Los Angeles, the Consolidated Fire Protection District of Los Angeles County, the Los Angeles County Flood Control District, and the Los Angeles County Consolidated Sewer Maintenance District and the City Councils of the City of Calabasas and the City of Hidden Hills, the Board of Directors of the Los Angeles County West Vector Control District, the Resource Conservation District of the Santa Monica Mountains, and the Las Virgenes Municipal Water District, Approving and Accepting the Negotiated Exchange of Property Tax Revenue Resulting from the Annexation of Territory known as Reorganization 2014-03 to the City of Calabasas and the City of Hidden Hills, Detachment from County Road District No. 3, Withdrawal from County Lighting Maintenance District No. 1687, Withdrawal from the Los Angeles County Library, and approving an Agreement for Sharing City Sales Tax Revenues pursuant to Reorganization 2014-03; and
- 2) **Approve an Agreement** between City of Calabasas and City of Hidden Hills for Specified Property Tax Revenue Sharing for Reorganization No. 2014-03; and
- 3) **Direct and Delegate the Authority to the City Manager** to make minor revisions and to execute the final Resolution and agreements for the Craftsman’s Corner Annexation upon approval by counterparties.

ATTACHMENTS:

Attachment A: Joint Resolution No. 2024-1914
Its Exhibit A: Agreement for Sharing City Sales Tax Revenues pursuant to Reorganization 2014-03

Attachment B: Agreement between City of Calabasas and City of Hidden Hills for Specified Property Tax Revenue Sharing for Reorganization No. 2014-03