



Fresno Local Agency Formation Commission

May 29, 2020

Mark Johnson, Chief
Fresno County Fire Protection District
210 S. Academy
Sanger, California 93657

Sonia Hall, City Administrator
City of Parlier
1100 E. Parlier Avenue
Parlier, California 93648

Chief Johnson and Ms. Hall,

On August 21, 2014, the Fresno County Fire Protection District (District) filed an application with the Fresno Local Agency Formation Commission (LAFCo) to annex the City of Parlier (City) to the District with the intent that, by annexing the City, it could replace the Fire Transition Agreement with a negotiated property tax revenue exchange agreement. The District's application was supported by a resolution of the District board and an identical resolution of the Parlier City Council; identical in that both agencies' resolutions reflected common goals and objectives of the annexation. On October 1, 2014, Fresno LAFCo approved the annexation.

After reviewing LAFCo's files regarding the annexation, it is now clear that LAFCo staff missed an important part of the process by not noticing the County auditor and assessor to initiate the property tax revenue negotiation process prior to issuing the certificate of filing, as required under Revenue and Taxation Code section 99 (b).

Specifically, under this section of the Revenue and Taxation Code, upon the filing of the annexation application, the executive officer should have given notice of the filing to the County assessor, who would then have provided the County auditor with the assessed valuations for the affected territory. The auditor then would have estimated the amount of property tax revenue generated within the territory and would have provided this information to the District and the City. Then, the District and City would negotiate a tax sharing agreement pursuant to state statute. By statute, if the District and the City failed to agree upon the terms of a tax sharing agreement, the Executive Officer could not have issued a certificate of filing pursuant to Government Code section 56658, which would have effectively prevented the annexation application from being considered and approved by LAFCo.

As a consequence of this omission, however, the annexation was approved without a property tax sharing agreement.

Since that time, the District has engaged the City in negotiations to secure the funds necessary to balance its fire and EMS services to the residents of Parlier with the expenses. I will not review all of the actions as both recipients of this letter are familiar with these matters. Suffice it to say, these measures have not been successful and the District continues to assert that it is not receiving its fair share of the revenue commensurate with the level of services it provides to the City.

The District has recently approached LAFCo to determine what action LAFCo could take to resolve this situation. The executive officer and LAFCo legal counsel have reviewed the record, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, and local LAFCo policy, and have concluded that there is no express mechanism in LAFCo law to reverse or rescind the October 1, 2014 resolution as a result of this omission. The statutory mechanisms that were available to resolve this situation have long expired, namely the reconsideration period under GC sec. 56895, and validation proceedings under Code of Civil Procedure section 860 *et seq.*

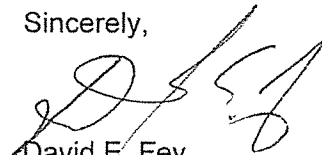
Nonetheless, we believe that this omission is having an adverse impact to the interests of the residents of both the District and the City. LAFCo could potentially consider a process to detach the District's territory from the City. This process would raise a host of issues with respect to fire service to the City and would also present various procedural challenges.

Of course, the parties could resolve this issue amicably by negotiating a tax sharing agreement based upon information obtained from the County assessor and auditor. Alternatively, the City and the District could choose to litigate against each other, which would be adversarial and a waste of precious financial resources during a time of great economic uncertainty.

Staff intends to schedule a time to bring this matter and this matter before the Commission for direction during an upcoming regular hearing. I would appreciate knowing if your agency would be willing to negotiate a tax sharing agreement, along with any other comments you might have, at your earliest convenience.

Please contact me at your convenience with any questions.

Sincerely,



David E. Fey
Executive Officer

c: LAFCo Commissioners
Kenneth Price, Esq. LAFCo legal counsel
Jean Rousseau, Fresno County CAO
Oscar J. Garcia, CPA, Fresno Auditor-Controller/Treasurer-Tax Collector
Paul Dictos, CPA, Fresno Assessor-Recorder