



FRESNO COUNTY FIRE

PROTECTION DISTRICT

210 South Academy Avenue
Sanger, California 93657
Telephone: (559) 493-4300
Fax: (559) 875-8473
www.fresnocountyfire.org

STAFF REPORT

To: President Del Puppo and Members of the Board
Fresno County Fire Protection District

Date: July 13, 2018

From: William D. Ross, District Counsel

Subject: Agenda Item 14 - Resolution No. 2018-02, Reducing District CFD Taxes for Single Family Residential Properties

BACKGROUND:

Consistent with the Mello-Roos Community Facilities Act of 1982, California Government Code Section 53311 *et seq.* (“Mello-Roos Act”), the Fresno County Fire Protection District (“District”) currently administers Community Facilities District No. 2010-01 (the “CFD”). The CFD funds District services and facilities, pursuant to the Rate and Apportionment procedures established in District Resolution 2010-09 and amended by Resolution 2016-03.

On July 10, 2018, the Fresno County Board of Supervisors approved a 20-year Memorandum of Understanding with the District for the provision of fire suppression, prevention, and emergency response to areas within Fresno County that are not currently served by a recognized fire protection agency. In connection with this Memorandum of Understanding with Fresno County, the District committed to modify the CFD. These modifications include: (1) removing “non-conforming property” from the scope of the CFD (2) exempting single-family residences from taxation, except single-family residences that are part of a subdivision of three or more housing units, and (3) refining the definition of “commercial” and “industrial” property within the CFD ordinance.

The CFD is split into two separate zones. Zone 1 is Millerton New Town, while Zone 2 is the entire remainder of the District. Two different taxes are levied in the CFD: Special Tax A, which is used to fund facilities, and Special Tax B, which funds services.

The rates for Special Tax A and Special Tax B vary between Zone 1 and Zone 2, and depending on the type of property. CFD taxes are currently levied on various classifications of properties, including Single-Family Residential Property, Multi-Family Residential Property, Commercial Property, Office Property, Industrial Property, and Non-Conforming Property.

The Mello-Roos Act authorizes the District to reduce or eliminate CFD taxes. (See, e.g., Government Code Sections 53330.5 and 53331). Previously, on September 21, 2016, the District adopted various changes to the CFD Rate and Apportionment, including clarifying applicable appeals procedures and lowering taxes on all property types in in Zone 2 by 50%.

The currently proposed changes to the CFD would streamline and reduce the costs of administering the CFD.

First, the proposed Resolution amends the CFD's Rate and Method of Apportionment by exempting certain Single-Family Residential ("SFR") properties from taxation. Specifically, the following SFR property would be classified as "Exempt Property" and not subject to CFD taxation: (1) SFR Property resulting from subdivisions of land occurring prior to the formation of the CFD in May 2010, and (2) SFR Property resulting from subdivisions of land into two or less lots or Assessor's Parcels. CFD taxes would continue to be applied to SFR properties that resulted from subdivisions of land into three or more parcels which occurred after the CFD's formation.

Second, the Resolution clarifies the CFD by eliminating the tax on "Non-Conforming Property." Non-Conforming Property is presently defined as "an Assessor's Parcel of Non-Residential Property that is not classified as Commercial Property, Office Property or Industrial Property." Removing so-called Non-Conforming Property from the scope of the CFD would not only make administering the CFD more efficient and cost-effective, it also clarifies that the CFD is not intended to apply to auxiliary structures placed on Single-Family Residential property, such as small garages, outbuildings, sheds, or barns.

Tax rates on all other properties would remain unchanged.

Lastly, the Resolution clarifies the role of Fresno County in identifying "Industrial Property" that is subject to the CFD. These include properties zoned by Fresno County for industrial use, including but not limited to cold storage and slaughter houses, cotton gin and compresses, factories, air terminals, storage facilities, granary and rice mills, light industrial, light manufacturing, lumber yards, oil and gas bulk plants, packing houses, warehouses, and wineries.

Should the District Board of Directors adopt the proposed Resolution, compliance with the Mello-Roos Act would also require a second hearing to be held not less than thirty (30) nor more than sixty (60) days after the adoption of the Resolution to confirm its intent (see, Government Code Section 53334), and written notice must be provided to the Fresno County Auditor of the changes on or before August 10th of the current tax year. (See, Government Code Section 53340(b)).

RECOMMENDATION:

Consistent with prior Board direction and District Staff analysis, to streamline the administration of the District CFD and reduce the taxes on Single-Family Residential property owners, it is recommended that the Board approve the proposed resolution, while maintaining all other current tax rates at their current levels.

Attachments:

Proposed District Resolution No. 2018-02
Resolution Attachment A