



COUNTY OF NEVADA COUNTY EXECUTIVE OFFICE

Eric Rood Administrative Center
950 Maidu Avenue
Nevada City, CA 95959
(530) 265-7040
Fax 265-7042
E-MAIL: ceo@co.nevada.ca.us

November 29, 2016

Honorable Board of Supervisors
Eric Rood Administrative Center
950 Maidu Avenue
Nevada City, CA 95959

DATE OF MEETING: December 13, 2016

SUBJECT: Resolution Approving a Tax Neutrality Agreement between the County of Nevada and the Pacific Forest and Watershed Lands Stewardship Council for Lands Located Near Lake Spaulding (APNS 64-140-02, 64-130-08, and a portion of 64-140-06)

RECOMMENDATION: Approve Resolution.

FUNDING: Three parcels of land that PG&E currently owns and pays property taxes on in Nevada County will be transferred to non-tax paying entities for conservation purposes, this will result in a reduction of property taxes to applicable tax receiving jurisdictions within the County, with an offsetting payment in lieu of taxes, for a net zero impact. This agreement will be effective in the 16/17 fiscal year. For Nevada County General Fund, the results of the first agreement will be a reduction in annual tax revenue of \$137 and an offsetting receipt of payment in lieu of taxes.

BACKGROUND:

In a 2003 Settlement Agreement and Stipulation with the California Public Utilities Commission, PG&E committed to setting aside certain lands for conservation. These lands are located in 22 counties, including the 1,867 acres in Nevada County which have been recommended by the Stewardship Council for donation to tax exempt entities. The Settlement Agreement and Stipulation set up the Pacific Forest and Watershed Lands Stewardship Council (known as the Stewardship Council) and charged them with implementing PG&E's land conservation commitment.

The Stipulation requires that disposition of each affected property will be tax neutral to the local jurisdictions, with the loss of tax revenue offset by payments in lieu of taxes.

The properties recommended for this transfer agreement are as follows:

Property	Land Recipient	Acres	Total Nevada County Annual Tax	General Fund Annual Tax	Total Lump Sum	General Fund Lump Sum
Lake Spaulding	University of California	1,461	\$986	\$137	\$25,925	\$3,616

This agreement will cover the donation of 1,461 acres of land near Lake Spaulding to the University of California with an impact of approximately \$986 to all applicable tax receiving jurisdictions within the County, including \$137 per year to Nevada County General Fund.

This agreement in its substantial form was brought before you at the July 19, 2016 Board Meeting. The attached agreement reflects the final details of the agreement along with an update to the language relating to the risk of loss, waiver and release section. This agreement has been reviewed by Counsel and deemed to be of minimal risk. Due to the relatively modest dollars involved, the potential for ongoing administrative costs, and the uncertainty of long-term viability of a trustee to make payments to the County in perpetuity, we recommend the lump sum payment option for this transaction (\$25,925 total for all jurisdictions, of which \$3,616 goes to Nevada County General Fund). For future agreements we will continue to monitor the costs and benefits of the three methods and select accordingly.

The attached resolution requests authorization for the County Executive Officer to execute this agreement.

Respectfully submitted,

Initiated by: Martin Polt, Chief Fiscal Officer

Approved by: Richard A. Haffey, County Executive Officer