

# LAFCO

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**Santa Barbara Local Agency Formation Commission**  
105 East Anapamu Street ♦ Santa Barbara CA 93101  
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January 8, 2026 (Agenda)

Local Agency Formation Commission  
105 East Anapamu Street  
Santa Barbara CA 93101

## **Report regarding Richards Ranch application**

Dear Members of the Commission

### RECOMMENDATION

It is recommended that the Commission receive a presentation and status update regarding Richards Ranch application.

### DISCUSSION

At the Commission's November 6, 2025 meeting, public comments regarding the Richards Ranch application included written comments into the record. These comments are included as Attachment A. At the request of Commissioner Nelson and concurrence of the Commission, an agenda item is presented to give a status update regarding the application.

Mr. Stoltey expressed concerns regarding the procedural steps and requested Commission review the matter. In addition, Mr. Stoltey expressed concerns regarding the terms for negotiation under Tax & Revenue Code 99.

### BACKGROUND

The application to annex Richards Ranch was submitted by the City of Santa Maria by Resolution of Application on January 29, 2025. A request for County Surveyor to review and evaluate map and legal description actually started on November 26, 2024 following deposit fees. Reportback request to all affected agencies was sent out on February 14, 2025. This letter initiated the Assessor and Auditor offices to calculate information for the negotiation of exchange of property tax under Tax & Revenue Code Section 99. Reportbacks were returned on March 14, 2025 expressing concerns with the application and outlining County desire to maintain the territory within existing special districts.

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**Commissioners:** Roger Aceves ♦ Craig Geyer ♦ Joan Hartmann ♦ Dorinne Johnson ♦ James Kyriaco ♦ Roy Lee  
♦ Jorge Magana ♦ James Mosby ♦ Bob Nelson ♦ Alice Patino, Chair ♦ Shane Stark, Vice-Chair **Executive Officer:** Mike Prater

**BUSINESS ITEM No. 6**

On March 20, 2025, written request was sent to the City and LAFCO Executive Officer requesting extension of the negotiation period to 90-days. During the initial 30-day review period minor application materials were requested to complete the submittal, which were received within a few days. Confirmation was requested by both Mr. Stoltey and City staff as to the start date of the R&T 99 Negotiation Period on March 4, 2025. See Attachment B confirming the request memo was received pursuant to R&T 99(a)(2): on 2/14/2025.

- Assessor 30 days to submit data pursuant to R&T 99(b)(1)(A): was due by 3/16/2025.
- A-C 15 days to submit notification letter of property tax estimates pursuant to R&T (b)(3): by 3/30/2025 (Also becomes “Date of Notification Letter/Estimates”).
- 10 days from “Date of A-C Notification Letter/Estimates” for affected taxing agencies to elect to negotiate.
- CEO office 60 days negotiation period (with the option to extend to 90 days) from “Date of A-C Letter/Estimates” pursuant to R&T 99(b)(4): by 5/30/2025.

The County sent out reports beginning the R&T 99 negotiation of property taxes for LAFCO 24-008 Richards Ranch Reorganization on March 28, 2025. On March 12, 2025 correspondence was sent to City and Developer that LAFCO has completed an initial review of the application and finds that the Property Tax Agreement and final sign-off by County Surveyor for approved map & legal descriptions are the last remaining items before we can issue a Certificate of Filing. On March 17, 2025, LAFCO informed all parties LAFCO will be holding a Study Session regarding Richard’s Ranch reorganization proposal at our May 8, 2025 meeting, after the initial targeted date of April 3, 2025 was requested to be moved by the Developer. On April 22, 2025 leading up to the Study Session Mr. Stoltey again requested confirmation of timeline for R&T 99 Negotiation Period. The following was transmitted back to Mr. Stoltey:

- LAFCO Request Received (R&T 99(a)(2)): Received by County on 2/12/2025
- Assessor’s Data Submission (R&T 99(b)(1)(A)): Assessor submitted on 3/5/2025
- Auditor-Controller’s Notification Letter (R&T 99(b)(3)): 3/28/2025
- 60-Day Negotiation Period (R&T 99(b)(4)): Through May 27, 2025 (with optional 30-day extension) 6/26/2025. See attach extension request.

Mr. Stoltey was informed the Commission will be advised on the tax exchange negotiation period and extension at our May 8<sup>th</sup> meeting. At this time, no additional informational needs are requested. Pending clarification at our May 8<sup>th</sup> Study Session, any final material request will be consolidated into a letter should additional informational needs are necessary. A Certificate of Filing has not been issued at this time.

On May 8, 2025 LAFCO held a Study Session. On May 28, 2025 LAFCO received formal complaint and petition against the County regarding Richards Ranch. On July 1, 2025 the Board of Supervisors considered the Richards Ranch Reorganization [Local Agency Formation Commission (LAFCO) File No. 24-08] and Tax Exchange Update. On July 17,

2025 the City forwarded request to select a mediator. This formal letter was sent to the County CEO Ms. Miyasato on July 15, 2025. The City and County entered into mediation and were not able to reach agreement. Both parties agreed to extend the deadline to October 31, 2025. At the conclusion of mediation period agreement could not be reached and the parties entered into arbitration. Arbitration decision could possibly go until March 2026 or later. If both parties agree to extensions or need final approvals by respective board/council, it could take longer.

Attachments

Attachment A – Mr. Stoltey, written public comments

Attachment B – Email confirming R&T 99 Negotiation Period

Please contact the LAFCO office if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "M. Prater", with a horizontal line extending to the right.

Mike Prater  
Executive Officer

**November 6, 2025**

**To:**

Santa Barbara Local Agency Formation Commission (LAFCO)  
Attn: Michael Prater, Executive Officer  
105 E. Anapamu Street, Room 407  
Santa Barbara, CA 93101

**Subject:** Request for LAFCO Oversight and Review of County of Santa Barbara's Handling of the Key Site 26 (Richards Ranch) Property-Tax Exchange

Dear Chair and Members of the Commission:

On behalf of Richards Ranch LLC, the applicant for the Key Site 26 (Richards Ranch) annexation to the City of Santa Maria, I respectfully submit this letter requesting LAFCO's oversight and review of the County of Santa Barbara's administration of the Revenue & Taxation Code § 99 property-tax exchange process. This is the only active annexation currently before the Commission, yet it has been stalled for several months due to County actions that appear inconsistent with both the letter and intent of state law.

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**Failure to Comply with R&T Code § 99 Timelines**

The County Auditor initiated the § 99 process on March 29, 2025, establishing a 60-day negotiation period—extendable to 90 days—to reach an agreement. Notably, before negotiations even began (on March 20, 2025), the County—in an unprecedented procedural step—requested a 30-day extension prior to commencement. Despite this premature extension, the statutory deadline of June 26, 2025 passed with no executed exchange agreement.

Nevertheless, on July 1, 2025, after the statutory timeline had lapsed, the Board of Supervisors held a hearing directing staff to pursue a series of conditions and requests unrelated to a lawful tax-exchange negotiation, and even authorized additional extensions despite the process already having terminated by law.

These actions conflict with the procedural requirements and legislative intent of § 99 and have materially delayed LAFCO's ability to complete its review and fulfill its duties under the Cortese-Knox-Hertzberg Local Government Reorganization Act.

## Extraordinary and Improper County Demands

At its July 1 hearing, drafted and motioned by Supervisor Nelson the, the board directed staff to insist on terms wholly outside the scope of § 99 and without precedent in modern annexation practice, including:

- **Retention of the County Fire District’s 17 % property-tax share post-annexation.** The County justified this by citing resource proximity, Advanced Life Support capability, and its investment in Station 25. Yet this would allow the County to collect revenue for services it will no longer provide—contrary to § 99’s purpose of aligning revenues with service responsibilities. The City of Santa Maria provides adequate coverage for the site, with mutual-aid agreements already in place.
- **Payment of County-level development impact fees and mandatory participation in the County’s Orcutt Community Facilities District (CFD) by future City residents.** This demand has no legal basis under California law. Once property is annexed, the County’s authority to levy development impact fees or require CFD participation terminates by operation of law under the Mitigation Fee Act (Gov. Code §§ 66000–66025) and the Cortese-Knox-Hertzberg Act. Imposing such fees would double-charge new development, is unenforceable, and is inconsistent with § 99, which governs only the reallocation of the 1 % property-tax share—not development exactions.
- **“Rebalancing” of prior City–County tax exchanges to reimburse the County for past agreements.** This concept has no statutory or procedural basis under § 99, which applies solely to the annexation under consideration. Each annexation stands independently; there is no mechanism to retroactively amend or reopen prior tax-exchange agreements. Such actions undermine the predictability of all prior annexations—including Key Site 25 (2008)—and create the appearance that established agreements may be reconsidered based on changing policy priorities.
- **A “reversion-of-jurisdiction” clause returning the property to the County if development does not occur within a specified period.** This seeks to reserve continuing control and a future veto over the project after annexation, directly contradicting state law. Once annexed, the land falls fully under City jurisdiction; any reversion would require a formal de-annexation proceeding under Gov. Code § 56375, not a private condition in a tax-exchange agreement. This proposal would effectively nullify both the City’s planning authority and LAFCO’s approval, and has no precedent in California annexation practice.

- **Regional water-and-sewer MOU requirements and “replacement-commercial-planning” subsidies.** These items fall entirely outside the scope of a property-tax exchange and improperly attempt to use the § 99 process to extract unrelated planning or infrastructure concessions. Such matters should be addressed through interagency coordination or CEQA review—not as prerequisites to a fiscal allocation. Their inclusion transforms a narrow statutory revenue negotiation into a broad policy bargaining exercise, further complicating and delaying LAFCO’s ability to evaluate the annexation.

Each of these conditions conflicts with established annexation norms and with LAFCO’s statutory objective to promote orderly, efficient service delivery. By contrast, the nearly identical Key Site 25 annexation (2008) was completed under a standard § 99 exchange without any of these extraordinary requirements.

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### **Breakdown of Negotiation, Waste of Public Funds, and Rare Escalation**

Because of these extraordinary and legally unsupported conditions, negotiations failed, mediation failed, and the matter has now proceeded to arbitration—a step almost never reached under § 99. Statewide data indicates that only a handful of cases have proceeded to arbitration in the past two decades.

This escalation has resulted in a waste of public resources and taxpayer funds, as well as significant loss of time and money for both the property owner and City staff, all over issues that fall outside the legal bounds of the tax-exchange process. The result is the continued stalling of a ready-to-build, fully planned housing project that the County itself cannot serve with water, despite its designation in the Orcutt Community Plan as a future urban site.

This delay prevents LAFCO from performing its statutory role to evaluate the annexation’s merits and effectively turns a procedural tax exchange into a de facto veto of housing growth—at the expense of the public’s need for new homes and the efficient use of public funds. Moreover, the County’s conduct appears inconsistent with the Housing Accountability Act (Gov. Code § 65589.5), which prohibits governmental actions that effectively disapprove or render infeasible housing development. By using § 99 to impose unlawful conditions and delay annexation indefinitely, the County has blocked a viable infill housing project, contrary to state law and statewide housing policy.

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## Requested LAFCO Actions

We respectfully request that LAFCO:

1. **Formally review** the County's July 1, 2025 directives to determine whether their conditions comply with R&T Code § 99 and established LAFCO policy;
2. **Request recurring public updates** from both the County and the City detailing progress, proposed terms, and any remaining points of dispute; and
3. **Review LAFCO's authority** to proceed with annexation evaluation when statutory deadlines have expired or negotiations appear to have been conducted in bad faith.

If § 99 is applied in a manner that allows indefinite delay or obstruction of annexations, LAFCO's statutory authority is effectively undermined, and annexation control shifts to the County Board of Supervisors—a result the Legislature never intended.

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## Broader Implications

The misuse of § 99 in this case jeopardizes not only the Richards Ranch project but also the credibility of the annexation framework statewide. The County's actions create potential exposure to litigation from jurisdictions or landowners for failure to comply with statutory timelines or for actions that obstruct housing production under the Housing Accountability Act.

We respectfully urge the Commission to take an active role in restoring statutory compliance, transparency, and fairness to the property-tax exchange process so that LAFCO can evaluate annexations based on planning, service, and public-interest merits.

Thank you for your attention and for your continued commitment to balanced and lawful governance.

Respectfully submitted,

**Michael D. Stoltey, MBA**

Managing Member, Richards Ranch LLC

**Subject:** Direction to Staff Regarding Negotiations with City of Santa Maria on Key Site 26 (Richard’s Ranch) and Related Annexation Agreements

As the Board considers property tax exchange negotiations between the County of Santa Barbara and the City of Santa Maria regarding Key Site 26, I believe/propose the following priorities and positions should guide staff engagement to ensure fair, balanced, and forward-thinking outcomes. These positions are intended to ensure that annexation discussions are fair, transparent, and aligned with the long-term planning objectives of both jurisdictions. I respectfully request Board direction to staff to pursue negotiations based on these principles.

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**1. Fire District Retention**

**Direction:** Key Site 26 should remain in the Santa Barbara County Fire Protection District, preserving the existing 17% property tax allocation.

**Rationale:** Current County resources are closer than City resources, as well as the County provides Advanced Life Support (ALS) in contrast to the City’s Basic Life Support (BLS). Station 25, now under development within 400 yards of the project site, represents a substantial County investment intended to serve this area.

**2. Development Impact Fees and Community Facilities District (CFD) Participation**

**Direction:** Development impact fees should match County rates and be paid to the County. All new development should be required to participate in the Orcutt CFD, or the City should provide additional equivalent compensation to County for CFD services.

**Rationale:** The project will utilize county infrastructure and services, necessitating future improvements and expansions. The OCFD is critical to sustaining public safety, library, parks, and road services not fully funded by other tax revenues.

**3. Property Tax Equity and Rebalancing**

**Position:** Evaluate past tax exchange agreements to ensure full reimbursement for County services and impacts.

**Rationale:** Past agreements have disproportionately benefited the City. With changed conditions, it is appropriate to rebalance allocations to reflect service responsibilities.

**4. Water and Sewer Services MOU**

**Direction:** Formalize reciprocal policies governing utility service provision between the County and City.

**Rationale:** Current informal practices disadvantage County commercial projects

while benefiting City expansions. A mutual MOU will ensure consistency and fairness.

### **5. Replacement Commercial Planning Support**

**Direction:** Annexation should include support for County efforts and funding to designate and plan new commercial zones.

**Rationale:** Orcutt's plan was carefully crafted to balance land uses. Lost commercial capacity will need to be replaced, likely requiring the conversion of agricultural land.

### **6. Deed Restriction Resolution**

**Direction:** Discuss existing deed restrictions that potentially inhibit the proposed project before finalizing any negotiations and look at options to resolve.

**Rationale:** Restrictions currently in place may prevent the project, as envisioned, from moving forward, necessitating significant modifications.

### **7. Development Timelines and Reversion Clause**

**Position:** Include a clause reverting the property to the County if no development occurs within a reasonable timeframe.

**Rationale:** Key Site 25 remains undeveloped since its 2006 annexation. This clause ensures productive land use and prevents indefinite stagnation.

### **8. RHNA (Regional Housing Needs Allocation) Transfer**

**Direction:** Evaluate transferring RHNA obligations to the City as part of the annexation agreement.

**Rationale:** This approach better aligns housing planning with jurisdictional responsibilities and resources.





**COUNTY EXECUTIVE OFFICE**

Mona Miyasato, County Executive Officer  
Tanja Heitman, Assistant County Executive Officer  
Wade Horton, Assistant County Executive Officer

March 20, 2025

Michael Prater, Executive Officer  
Santa Barbara Local Agency Formation Commission

Dana Eady, Planning Division Manager  
City of Santa Maria Community Development Department

Claudia Ornelas, Property Tax Supervisor  
County of Santa Barbara Auditor-Controller

Re: File No. 24-08 Richards Ranch – Annexation to City of Santa Maria

Mr. Prater, Ms. Eady, and Ms. Ornelas,

In the pending matter before the Local Agency Formation Commission (LAFCO) of File No. 24-08 Richards Ranch – Annexation to the City of Santa Maria, the County Executive Office (CEO) intends to extend the period for tax negotiation from 60 to 90 days.

The 90-day time period will begin upon submission of the Auditor’s Reportback, which will likely be submitted to the CEO and LAFCO on Friday, March 28<sup>th</sup>. In that case, the deadline for completion of the tax negotiation process will be Thursday, June 26<sup>th</sup>. If further mediation and/or arbitration is required, the deadline for completion could be Monday, August 25<sup>th</sup>, or afterwards if all parties agree to extend portions of the negotiations.

*Code citation:*

R&T §99(b)(4) states, “Except as otherwise provided, this negotiation period shall not exceed 60 days. If a local agency involved in these negotiations notifies the other local agencies, the county auditor, and the local agency formation commission in writing of its desire to extend the negotiating period, the negotiating period shall be 90 days.”

Please let me know of any questions or concerns,

Clare Tobin  
Legislative Analyst



**From:** Claudia Ornelas <COrnelas@countyofsb.org>  
**Sent:** Tuesday, March 4, 2025 11:03 AM  
**To:** lafco@sblafco.org  
**Cc:** Erica Ruiz; Clare Tobin; Brittany Odermann  
**Subject:** RE: PT Rev 99 Negotiation Period  
**Attachments:** RE: 2024-008 Richards Ranch Reorganization: Annex City of Santa Maria (93.3 KB)

Good afternoon Mike,

I have been in contact with Clare Tobin in the CEO's Office. I attached the last email correspondence as a reference.

**Below is what I calculated to be the Timeline for the R&T 99 Negotiation of Property Taxes:**

- 1- Filing Requirement: **45** days from receipt of "Request for Reportback" (R&T 99(b)(3):
  - a. LAFCO Request Received pursuant to R&T 99(a)(2): **on 2/14/2025**
  - b. Assessor 30 days to submit data pursuant to R&T 99(b)(1)(A): **by 3/16/2025**
  - c. A-C 15 days to submit notification letter of property tax estimates pursuant to R&T (b)(3) : **by 3/30/2025** (Also becomes "**Date of Notification Letter/Estimates**")
- 2- **10** days from "**Date of A-C Notification Letter/Estimates**" for affected taxing agencies to elect to negotiate.
- 3- **CEO office 60** days negotiation period (with the option to extend to 90 days) from "**Date of A-C Letter/Estimates**" pursuant to R&T 99(b)(4): **by 5/30/2025**.

Please let me know if you have a different timeline calculated.

Thank you,

**Claudia Ornelas, CPA**

Property Tax Supervisor  
Advanced Revenue & Tax Administration  
County of Santa Barbara Auditor-Controller

**T:** use email

**E:** [cornelas@countyofsb.org](mailto:cornelas@countyofsb.org)

[www.countyofsb.org/auditor](http://www.countyofsb.org/auditor)

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**From:** lafco@sblafco.org <lafco@sblafco.org>  
**Sent:** Tuesday, March 4, 2025 10:49 AM  
**To:** Claudia Ornelas <COrnelas@countyofsb.org>  
**Subject:** PT Rev 99 Negotiation Period

**Caution: This email originated from a source outside of the County of Santa Barbara. Do not click links or open attachments unless you verify the sender and know the content is safe.**

Hi Claudia,  
Can you confirm the PRT period for Richard's Ranch project File No. 24-09.

Thank you

Mike Prater  
Executive Officer  
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