

Date of Hearing: May 13, 2015

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Brian Maienschein, Chair

AB 3 (Williams) – As Amended May 5, 2015

**SUBJECT:** Isla Vista Community Services District.

**SUMMARY:** Establishes the formation process, boundaries, services, and governing body for the Isla Vista Community Services District (District). Specifically, **this bill:**

- 1) Requires the Santa Barbara County Board of Supervisors (Board of Supervisors) to place the question of whether the District shall be established on the next countywide election ballot. Requires, if a majority of voters within the District boundaries established by this bill vote in favor of the District, that the District be formed in accordance with this bill.
- 2) Exempts the District from the formation process established in Community Services District Law (CSD Law) and provides that all other provisions of CSD Law apply to the District upon its establishment, except as provided in this bill.
- 3) Requires the Board of Supervisors to also place the candidates for the five elected positions for the District's initial board of directors (Board) on the ballot at the next countywide election.
- 4) Requires the Board, if the District is formed pursuant to 1), above, to place a utility user tax (UUT) on the ballot, pursuant to a two-thirds voter approval, in accordance with Section 2 of Article XIII C of the California Constitution.
- 5) Provides that the District is dissolved, if the voters of the District do not vote to impose a Utility User's Tax (UUT) within the District on or before January 1, 2027.
- 6) Exempts the District from provisions of CSD Law, which govern the establishment of a board of directors, and instead, requires the Board to be composed as follows:
  - a) Five members elected at large from within the District for a term of four years;
  - b) One member appointed by the Board of Supervisors for a term of four years; and,
  - c) One member appointed by the Chancellor of the University of California, Santa Barbara (UCSB) for a term of four years.
- 7) Requires the boundaries of the District to be contiguous with the area known as the County Service Area No. 31 (CSA 31) within Santa Barbara County (County) and requires the District's boundaries to additionally include UCSB.
- 8) Provides that the services specified in CSD Law do not apply to the District. Authorizes the District, within its boundaries, to do any of the following:
  - a) Finance the operations of a municipal advisory council (MAC) formed pursuant to existing law which authorizes any county to establish and provide funds for a MAC for any unincorporated area in the county to advise the board of supervisors;

- b) Create a tenant mediation program;
  - c) Finance the operations of an area planning commission (APC) formed pursuant to existing law which authorizes a city or county to create an APC and specifies the functions of APCs;
  - d) Exercise the powers of a parking district pursuant to the Parking District Law of 1951;
  - e) Contract with the County or the Regents of the University of California, or both, for additional police protection services above the level of police protection services already provided by either within the area of the District;
  - f) Acquire, construct, improve, maintain, and operate community facilities, including, but not limited to, community centers, libraries, theaters, museums, cultural facilities, and child care facilities;
  - g) Acquire, construct, improve, and maintain sidewalks, lighting, gutters, and trees. Prohibits the District from acquiring, constructing, improving, or maintaining any work owned by another public agency, unless that other public agency gives its written consent; and,
  - h) Abate graffiti.
- 9) Prohibits the District from having the power to organize, promote, conduct, or advertise programs of community recreation in the same manner as the Isla Vista Parks and Recreation District.
- 10) Provides that, if the Commission on State Mandates determines that this bill contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to current law governing state mandated local costs.
- 11) Makes findings and declarations that a special law is necessary and that a general law cannot be made applicable within the meaning provided in existing law because of the unique community needs in the Isla Vista area that would be served by the Isla Vista Community Services District.

**FISCAL EFFECT:** This bill is keyed fiscal and contains a state-mandated local program.

**COMMENTS:**

- 1) **Isla Vista History.** There is extensive history surrounding Isla Vista's community efforts to form a more representative government, which is currently in the unincorporated area of the County. A municipal advisory council was formed and later dissolved due to lack of funding. SB 921 (Lagomarsino), Chapter 1420, Statutes of 1972, allowed Isla Vista to form a CSD, however, the authority granted by the bill was never used. There have been three separate cityhood efforts in 1972, 1975, and 1983, and an effort to include Isla Vista in the City of Goleta's incorporation; however, the petitioners explicitly excluded Isla Vista from their proposed boundaries. In 2001, the Santa Barbara Local Agency Formation Commission commissioned a study to examine the local government options for the unincorporated area consisting of Isla Vista and UCSB while they examined the proposal to incorporate Goleta.

The report states that, "The Isla Vista community encompasses a population of over 20,000 residents. It is adjacent to UC Santa Barbara campus and its student population. Including University property, the area totals about 1,500 acres. Isla Vista faces various challenges in local governance. For example, as a university town, Isla Vista must accommodate the service needs associated with its transient student population and a predominantly renter-oriented community. Isla Vista's situation is complicated by its unincorporated status, which limits local participation in managing public services and providing needed public improvements."

In November of 2014 the UC Santa Barbara Foundation Trustees' Advisory Committee on Isla Vista Strategies released a report detailing problems and specific recommendations. The report notes that "Isla Vista has been studied exhaustively for 45 years with at least nine formal reports by government agencies, grand juries, and the University of California. All reports reached the same conclusions, decade after decade:" The report contains the following conclusions:

- No government body is fully in charge.
- Housing, zoning, safety, and parking ordinances are inadequately enforced.
- An unhealthy balance exists among resident college students, families, and other adults.
- Expensive, substandard housing is often overcrowded.
- An insufficient number of businesses are present to make a real community.
- Current policing is often contentious and confrontational.
- A party culture has resulted in irresponsible and destructive behavior.
- Criminal activity is a major issue and concern.
- Proposed solutions are rarely implemented.

New 21<sup>st</sup> century issues affect Isla Vista as well:

- An extremely low housing vacancy rate (<1%) exists in expensive Santa Barbara County.
- Isla Vista's population has increased to 23,000, creating an acute densification of the community.
- A large influx of Santa Barbara City College students now reside in Isla Vista.
- Widespread use of social media attracts thousands of non-residents.

- 2) **Local Governments Providing Services in Isla Vista.** As an unincorporated community, Isla Vista receives regional and local services from Santa Barbara County and from two County Service Areas (CSAs), which are special districts governed by the Board of Supervisors. CSA 32 provides Sheriff patrol in the unincorporated areas of the County and is funded by non-property tax revenues. CSA 31 services more than 250 streetlights and is funded by benefit assessments and approximately \$15,000 of property tax.

Additionally, several special districts provide services to Isla Vista, including the Isla Vista Recreation and Park District, County Fire Protection District, Goleta West Sanitary District, Goleta Water District, Santa Barbara Metropolitan Transit District, and the Santa Barbara Vector Control District.

- 3) **Bill Summary.** The Community Services District Law is a principal act that governs the 312 CSDs in California. The Legislature originally passed the CSD Law in 1951, and re-enacted it in 1955 and 2005. As a special district, CSDs are subject to LAFCO jurisdiction and are

subject to the proceedings contained in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

**Formation and Boundaries.** This bill exempts the district from the formation process defined under current law for CSDs, which would have required Santa Barbara LAFCO to approve the District's formation. Instead, this bill requires the Santa Barbara County Board of Supervisors to place the question of formation on the next countywide election ballot. A majority of voters in the District, who are registered voters within the District's boundaries established by this bill, must support District formation. Additionally, this bill requires the Board of Supervisors to place the initial board member candidates on the same countywide election ballot. This bill establishes the boundaries of the District to be the same area as CSA 31 and also includes UCSB.

**Board of Directors.** Current law requires that CSDs are governed by five-member Board of Directors that are elected by resident voters to four-year terms. Directors can be elected at large or by divisions. This bill exempts the District from the provisions in CSD Law which govern the initial formation of a board of directors, the reorganization of a board of directors, and other provisions which establish requirements for when a board must meet, what constitutes a quorum, and other transparency and accountability requirements.

This bill specifies a seven-member board of directors for the District, which include five members elected at large by registered voters in the District, one member appointed by the Board of Supervisors, and one member appointed by the UC Santa Barbara Chancellor. All of the board members, whether elected or appointed, will serve a term of four years.

**Services.** CSD Law specifies up to 32 different services, including water, sewage, flood, hydroelectric power, fire protection, public recreation, street lights, police protection, library, street, and transportation services that can be provided by a CSD. Following formation, a CSD Board of Directors must receive approval from LAFCO to exercise any latent power. The Cortese-Knox-Hertzberg Act establishes the process to activate a latent power, including passing a resolution by the Board, holding a public hearing, and submitting a petition to LAFCO which includes a plan for services and the estimated cost of the new service. A district's plan for services must demonstrate that a district will have sufficient revenue to carry out new services. LAFCO cannot authorize the exercise of a latent power, if they determine that another local agency provides substantially similar services.

This bill provides that the services specified in CSD Law do not apply to the District, and instead, establishes a number of powers for the District, including a tenant mediation program, parking district services, and the ability to finance a MAC and APC.

**Financing.** Current law authorizes a CSD to receive a portion of property tax revenue, establish rates for services and facilities, and levy special taxes, benefit assessments, property-related fees, and standby charges. In addition to these revenue generating powers, this bill also authorizes the District to levy a UUT, at a rate specified by the District's Board, with two-thirds voter approval. This bill requires the District's Board to place a UUT measure on the ballot and makes the District contingent on its passage. If the UUT measure is not passed by the voters on or before January 1, 2027, then the District is dissolved.

Under current law, a city may impose a UUT on the consumption of utility services, including, but not limited to, electricity, gas, water, sewer, telephone, sanitation and cable television. Additionally, a county may levy a UUT on the consumption of electricity, gas, water, sewer, telephone, telegraph and cable television services in the unincorporated area. The city or county determines the rate of the tax and the use of its proceeds. UUTs are collected by the utility as part of its regular billing, and then remitted to the city or county. In California, 153 cities and four counties impose a UUT on electricity.

**State Mandate.** This bill is keyed a state mandate, which means the state could be required to reimburse local agencies and school districts for implementing the bill's provisions, if the Commission on State Mandates determines that the bill contains costs mandated by the state.

This bill is author-sponsored.

- 4) **Author's Statement.** According to the author, "Following several, tragic events earlier this year, UCSB formed an advisory committee to analyze the conditions and dynamics of [Isla Vista] and develop mid- and long-term recommendations to establish a viable, safe, supportive environment. Among their recommendations is that the State of California create a Community Services District/Municipal Improvement District in Isla Vista with potential powers of infrastructure, utilities, garbage, police services, parks, recreation, cultural facilities, fire, security, and roads.

"The current conditions in Isla Vista have reached a breaking point. County government is not equipped to meet the critical infrastructure and service needs of such a large and densely populated population. With UCSB set to admit 5,000 more students over the next 20 years to meet the state's growing need for an educated workforce, a growing population is likely to lead to further deterioration in conditions over time without a direct, local self-governance structure in place to provide the services that will meet [Isla Vista's] unique needs.

"Since [Isla Vista] is represented by only one Supervisor on a five-member board, it must always compete with the rest of the county for even the most basic of services. Self-governance would create a mechanism through which local funding could be generated from [Isla Vista] to provide an increase in services directly to [Isla Vista]. Complicating the issue locally, the Cities of Santa Barbara and Goleta are openly opposed to annexing Isla Vista. Further, it isn't likely the County of Santa Barbara will create the necessary structure for self-governance for Isla Vista. Further, it is highly unlikely that the County alone will be able to adequately fund local services, even if it set up a MAC or some other structure.

"At stake is a significant state investment. UCSB represents an investment of billions of dollars on the part of California. The current situation in IV diminishes the value of the State's investment in UCSB and the State has a vested interest in policies that will improve the educational opportunities of that institution. The time is right for state action.

"Over the last year, the Isla Vista community in Santa Barbara County has been faced with many challenges due to high-profile tragic events, including multiple violent sexual assaults, riots, and a mass murder that emphasized the unique needs of [Isla Vista]. There is a clear need for services that create a safe supportive environment for Isla Vista's residents. As such, this bill establishes a community services district for the purposes of providing critical services to community of Isla Vista."

5) **Policy Considerations.** The Committee may wish to consider the following:

- a) **Circumventing LAFCO.** The Legislature has delegated the power to control local boundaries to the 58 LAFCOs; directing the LAFCOs to discourage urban sprawl, preserve open space and agricultural lands, provide efficient government services, and encourage orderly government while considering local conditions and circumstances.

The California Association of Local Agency Formation Commissions states, "The Act provides that LAFCOs have jurisdiction over a CSD and that the organization or reorganization of such a district be subject to LAFCO proceedings. This process allows for the comprehensive review of the viability of the proposed district and services to be provided. Bypassing this critical process jeopardizes the CSD in that there is not thorough analysis of the long-term sustainability of the financial, governance, and service capacities of the CSD. We strongly believe that LAFCO process should not be circumvented and request the bill be amended to ensure the formation process complies with the Act."

- b) **Precedent Setting.** This bill conditions the existence of the District on the passage of a UUT by two-thirds of the voters in the District. In a letter of concern, CSAC argues, "Isla Vista CSD would be the first and only special district with this type of tax authority. Additional consideration must be given to this unprecedented expansion of general tax levying powers and its implications for all special districts' tax authority and responsibilities." The Committee may wish to consider, if this is an appropriate authority to grant to special districts.
- c) **Tax Burden.** UUT is a regressive tax; therefore, the Committee may wish to consider, if the reliance on the passage of a UUT to prevent the District from being dissolved is appropriate. Since a UUT is imposed on the consumption of utility services and collected on utility bills, residents in the District, comprised mainly of student renters, will produce the revenue for the District. Voters in the District may be more likely to support a parcel tax, which is collected via the property tax bill, instead of a UUT. The Committee may wish to consider, if this bill and the reliance on a UUT lets property owners off the hook.
- d) **Board.** This Committee has heard several bills for individual CSDs that are unable to maintain a five-member governing board. The Committee may wish to consider, given the large population of students, if there will be enough registered voters to sustain a five-member Board elected to four-year terms. Additionally, since the initial Board does not have staggered terms, there will be no continuity from the first Board to the next Board.

This bill exempts the Board from many provisions of CSD Law that establish general requirements like when a CSD governing board must meet and elect officers, holding meetings pursuant to the Ralph M. Brown Act, what constitutes a quorum, referendum and recall provisions, and board compensation. The Committee may wish to encourage the author to be more specific about the provisions in existing law that this bill notwithstanding to ensure that the Board is accountable and can function under the direction of its enabling Act.

In the board membership defined by this bill, the UCSB Chancellor would appoint a director. CSAC argues, "This breaks new ground for special district governance and could break down the line of accountability to the community served by the proposed district".

- e) **Powers.** The Committee may wish to ask the author to further define some of the services granted to the District. For example, the Committee may wish to ask the author what tenant mediation services are intended for the District to provide.
- 6) **Arguments in Support.** Santa Barbara County Supervisors argue that "County government is not designed nor does it have tools readily available to finance and manage large, densely populated urban areas. Santa Barbara County is already spending millions of dollars each year into IV that is not recovered by the property tax garnered from the area. This bill allows for the creation of a CSD that will meet the unique needs of Isla Vista, including additional services above and beyond what the county can provide."
- 7) **Arguments in Opposition.** Opposition argues that the District should be required to go through the LAFCO process where a financial feasibility study can be done. Additionally, the California Taxpayers Association and the Howard Jarvis Taxpayers Association argue that establishing a completely new and precedent setting way for CSD's to increase revenue by authorizing a UUT is not warranted.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

Associated Student Government of Santa Barbara City College,  
Isla Vista Relationship Committee  
Associated Students of the University of California, Santa Barbara  
Central Coast Alliance United for a Sustainable Economy (CAUSE)  
Council Member Gregg Hart, City of Santa Barbara  
Council Member Cathy Murillo, City of Santa Barbara  
Council Member Harwood "Bendy" White, City of Santa Barbara  
Mayor Helene Schneider, City of Santa Barbara  
Service Employees International Union, Local 721  
Supervisor Doreen Farr, Third District, Santa Barbara County  
Supervisor Salud Carbajal, First District, Santa Barbara County  
UAW, Local 2865  
UAW, Local 5810  
Individual letters (68)

**Concerns**

California Special Districts Association  
California State Association of Counties  
Santa Barbara Rental Property Association

**Opposition**

California Association of Local Agency Formation Commission (unless amended)  
California Special Districts Association, Santa Barbara County Chapter  
California Taxpayers Association  
Howard Jarvis Taxpayers Association  
Santa Barbara Local Agency Formation Commission (unless amended)  
Long-Term Residents of Isla Vista's Neighbors' Group (47)  
Individual letters (2)

**Analysis Prepared by:** Misa Lennox / L. GOV. / (916) 319-3958