



Detachment

Presentation to the Santa Barbara
County Board of Supervisors by
the City of Goleta

May 5, 2009

Why Detach?

- Address Inequities
- Maximize General Benefit of Property Taxes
- Good Governance

Prop 13

- Tax for general services
 - → e.g. Police, Parks
 - Taxes Capped @ 1% assessed value
 - Benefits all property owners
- Fee for direct service
 - → e.g. Utilities, Development
 - Only benefits user
 - User pays their “Fair share”

GSD

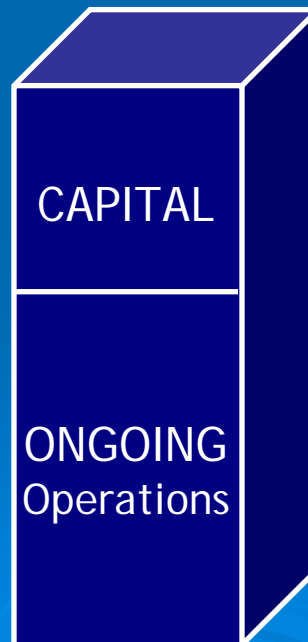
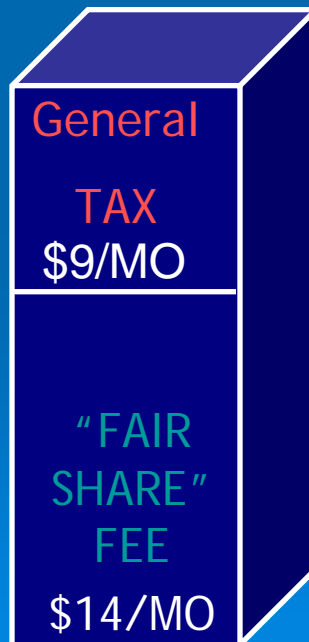
GWSD

REV

EXP

REV

EXP



Reallocated
From
General
Purpose to
Individual
Benefit



GWSD

	Developed	Vacant
Services Received	\$23/Mo	\$0
Payment	Fee \$14/mo Tax \$9/mo	Fee \$0/mo Tax \$9/mo

Reallocated From General Purpose to Individual Benefit



Vacant Property pays taxes for services not received

GWSD



Reallocated
From
General
Purpose to
Individual
Benefit

\$1,000,000 FMV	“Fair Share” Fee	General Prop. Tax	Benefit
Early Assessment \$200,000	\$14/mo	\$9.83/mo	\$23/mo
Recent Assessment \$1,000,000	\$14/mo	\$49.17/mo	\$23/mo

Recent property purchasers subsidize system

What's Today's Issue?

- **FUTURE TAXES REVENUES**
 - From detached properties only
 - i.e. City Residents
 - If Detachment
 - Then subject properties receive no service from GWSD
 - And City provides all service, both general and wastewater
- **NOT RESERVES, FEES OR USE OF TAXES**

Legal Requirements

- California Revenue and Tax Code 99
- Negotiate Tax Allocation Agreement
 - Board on behalf of GWSD
 - City
- Staff has met, negotiated and agreed on draft agreement before the Board
- Agreement is agendaized for City Council approval later today.
- **NO STATUTORY AUTHORITY TO AGREE ON RESERVE ALLOCATION, USE OF TAXES OR OTHER ISSUES – LAFCO ISSUES**

Impacts of Proposal

- Service –
 - Will remain same
 - Contract with GWSD or GSD
- Fees –
 - Costs are rising so will rise no matter what
 - GSD just send notice
 - GWSD has projected fee increase
 - Gradual transition to true “Fair Share”
- GSD - Full Secondary
 - \$50,000,000 upgrade
 - GWSD responsible for 40% based on flow
 - City will pay its fair share based on flow

GSD Plant Upgrade

➤ Current Application

- Reserves \$30M
 - GWSD 22% \$6.6M
 - GSD 50% \$10.0M
 - GWSD net reserve <\$3.4>
- City 78% \$23.4M
 - GSD 50% \$10.0M
- City net reserve \$13.4M

➤ County Proposal

- Reserves \$30M
 - GSD oblig. \$20M
- Net Reserves \$10M
 - GWSD 22% \$2.2M
 - City 78% \$7.8M

**City Taxpayers excess contribution
beyond services received
\$6,600,000**



Any
Questions?

