

**PROPERTY TAX ALLOCATION AGREEMENT
BETWEEN THE CITY OF GOLETA
AND
COUNTY OF SANTA BARBARA BOARD OF SUPERVISORS**

THIS AGREEMENT is made and entered into this 5th day of May, 2009, by and between the **CITY OF GOLETA**, (herein referred to as "City"), and **the COUNTY OF SANTA BARBARA BOARD OF SUPERVISORS**, (herein referred to as "County") pursuant to California Revenue and Taxation Code section 99.

RECITALS

WHEREAS, City is a municipal corporation in Santa Barbara County; and

WHEREAS, County is a political subdivision of the State of California; and

WHEREAS, Goleta West Sanitary District (District) is a special district formed pursuant to the Sanitary District Act of 1923; and

WHEREAS, District provides wastewater collection and other services in Santa Barbara County, including a portion of City; and

WHEREAS, District was in existence and received an allocation of property tax revenues prior to the enactment of California Proposition 13; and

WHEREAS, District continues to receive an allocation of property tax revenues; and

WHEREAS, City has filed an application with Santa Barbara Local Agency Formation Commission ("LAFCO") for detachment of properties with the jurisdiction limits of City from District and such application is currently pending before LAFCO (In Re City of Goleta Detachment from the Goleta West Sanitary District, LAFCO Case No. 09-1) (herein referred to as the "Proceeding"); and

WHEREAS, California Revenue and Taxation Code section 99 (B)5 provides, in pertinent part, that "In the event that a jurisdictional change would affect the service area or service responsibility of one or more special districts, the board of supervisors of the county or counties in which the districts are located shall, on behalf of the district or districts, negotiate any exchange of property tax revenues."; and

WHEREAS, The Proceeding, if approved, would affect the service area and service responsibilities of District; and

WHEREAS, California Revenue and Taxation Code section 99(B)(5) requires City and County to negotiate to determine the amount of property tax revenues to be exchanged between and among City and District; and

WHEREAS, County has consulted with District and has provided District with the opportunity to comment on the negotiations; and

WHEREAS, County and City have negotiated and desire to determine the amount of property tax revenue to be exchanged between and among City and District.

AGREEMENT

City and County agree as follows:

1. ALLOCATION OF PROPERTY TAX REVENUES

All future ad valorem property taxes currently allocated to District for properties which are detached from the District through the Proceeding shall be reallocated to City.

2. ALLOCATION OF RESERVES

In order to avoid the situation where the reserves of the District are insufficient to fulfill its remaining contractual obligation to the Goleta Sanitary District for treatment plant upgrades and in recognition of the proportionate need for capital improvements outside the City, the Board of Supervisors of the County of Santa Barbara and the City Council of the City of Goleta agree to support the following allocation of District reserves by LAFCO throughout the Proceeding (LAFCO Case No. 09-1)

- a. Property tax assets of the District in the amount of \$20,000,000 be transferred to Goleta Sanitary District to be held in escrow with any interest thereon applied to any increases in the obligation of District and City for treatment plant upgrades, such interest to be applied to future obligations of District and City in proportion to their obligations for any cost increases in the treatment plant upgrades;
- b. Any contractual obligations for treatment plant upgrades beyond the transfer of District Reserve Funds Nos. 4935 (treatment plant) and 4910 (property tax reserves) shall be allocated to City in proportion to the flow of wastewater generated from properties detached from the District;
- c. Remaining reserve funds which were generated by property tax payments shall be allocated to City in proportion to the assessed value of property detached from the District.

3. APPLICATION OF INDEPENDENT AGREEMENTS

This Agreement is not intended to and does not effect any independent agreements to any tax revenues which are allocated pursuant to this agreement, including the Revenue Neutrality Agreement by and between the County of Santa Barbara and the City of Goleta.

4. CONSTRUCTION OF LANGUAGE OF AGREEMENT

The provisions of this Agreement shall be construed as a whole according to its common meaning or purpose of providing a public benefit and not strictly for or against any party. It shall be construed consistent with the provisions hereof, in order to achieve the objectives and purposes of the parties.

5. GOVERNING LAW

This Agreement, and the rights and obligations of the parties, shall be governed and interpreted in accordance with the laws of the State of California. Should litigation occur, venue shall be in Superior Court of Santa Barbara County.

6. MODIFICATION OF AGREEMENT

The terms of this Agreement may be modified only upon mutual written consent of City and County.

7. CAPTIONS

The captions or headings in this Agreement are for convenience only and in no other way define, limit or describe the scope or intent of any provision or section of the Agreement.

8. AUTHORIZATION

Each party has expressly authorized the execution of this Agreement on its behalf and has the authority to bind said party and its respective administrators, officers, agents and employees.

9. PARTIAL INVALIDITY

If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

CITY OF GOLETA

**APPROVED AS TO
ADMINISTRATION:**

Roger S. Aceves,
Mayor

Daniel Singer,
City Manager

ATTEST:

APPROVED AS TO FORM

Deborah Constantino,
City Clerk

Tim W. Giles,
City Attorney