



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

Department Name: County Counsel, County  
Executive Office  
Department No.: 0710, 0130  
For Agenda Of: 4/7/2009  
Placement: Departmental  
Estimated Tme: 30 minutes  
Continued Item: No  
If Yes, date from:  
Vote Required: Majority

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TO: Board of Supervisors

FROM: Departments County Counsel, County Executive Office  
Directors Dennis A. Marshall, Michael F. Brown  
Contact Info:

SUBJECT: **Goleta West Sanitation District Property Tax Negotiations**

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

a) Consider and provide direction to staff regarding property tax negotiations with City of Goleta as follows:

1. Authorize County to begin the process of negotiating with the City of Goleta pursuant to Revenue & Taxation Code § 99 to determine the amount of property taxes to be exchanged between City and Goleta West Sanitation District (GWSD).
2. Consult with Goleta West Sanitation District prior to the commencement of negotiations.
3. Provide notice to GWSD Board and General Manager of the commencement of negotiations.
4. Provide GWSD the opportunity to comment on the negotiations.
5. Complete negotiations within 60 days of receipt of the Auditor-Controller's estimated property tax revenue that is subject to a negotiated exchange.

b) Consider and provide direction to staff regarding initiation of detachment proceedings by County with LAFCO relating to Goleta West Sanitation District service areas that are outside the service areas included in the proposed City of Goleta LAFCO detachment proceedings.

**Summary Text:** The City of Goleta submitted an application to LAFCO to detach approximately 4300 parcels from GWSD. The effect of this detachment would be to shift the provision of sanitation services from GWSD to Goleta for the affected parcels.

The County is statutorily required, pursuant to Revenue & Taxation Code § 99, to negotiate the amount of property tax to be exchanged between the City of Goleta and GWSD as a result of Goleta's detachment application to LAFCO. The County is also required to consult with the District, provide notice to them of the commencement of negotiations and provide the District with the opportunity to comment on the negotiations.

The detachment process begins with the Assessor providing the Auditor-Controller, within 30 days of the notice of filing, a report which identifies the assessed valuations for the territory subject to the jurisdictional change and the tax rate area or areas in which the territory exists. The Auditor-Controller then estimates the amount of property tax revenue generated within the territory that is the subject of the jurisdictional change during the current fiscal year. The Auditor-Controller is required to estimate what proportion of the property tax revenue is attributable to each local agency. Within 45 days of notice of the filing of an application or resolution, the Auditor-Controller must notify the governing body of each local agency whose service area or service responsibility will be altered by the amount of, and allocation factors with respect to, property tax revenue estimated that is subject to a negotiated exchange. The Auditor-Controller has prepared a report of the property taxes that are subject to negotiation and provided that information on March 9, 2009, to the County Executive Office, the City of Goleta and to GWSD. Now that the estimates have been provided, the County and Goleta are required to commence negotiations to determine the amount of property tax revenues to be exchanged between the local agencies. This negotiation period may not exceed 60 days.

Although the County and City of Goleta must negotiate the property tax exchange, they are not required to reach an agreement. If no agreement is reached, LAFCO has no further jurisdiction.

Upon conclusion of successful negotiations within the 60 day period, the City and County present resolutions of agreement to LAFCO. Upon receipt of the Resolutions, the LAFCO Director issues a Certificate of Filing. The hearing on the application then takes place within 90 days after issuance of the Certificate of Filing.

With respect to the initiation of detachment proceedings by the County, we believe this could assist LAFCO as it proceeds to determine the City of Goleta's detachment application. Should LAFCO approve the City's application, most of the GWSD service area would be become the responsibility of the City of Goleta, with various non-contiguous pockets of service (Isla Vista among them) remaining. With respect to the remaining parcels should there be a detachment, the County may be able to contract with either GWSD, Goleta Sanitary District or the Embarcadero Municipal Improvement District (EMID) for sanitation services for the remaining areas. Board direction on whether to initiate detachment proceedings is necessary in order to proceed.

**Fiscal and Facilities Impacts:**

Budgeted: No Under a scenario whereby the City of Goleta detached from the Goleta West Sanitary District (GWSD) and the County then became required to assume responsibility for sanitation and street sweeping services in the incorporated area that was previously served by GWSD, the potential costs to the County of providing these services could range between \$800,000 and \$1,000,000 annually. This

figure consist of about \$200,000 currently spent by Goleta West Sanitary District for street sweeping services and the approximate \$800,000 in sewer user fees paid by the incorporated area. In addition, the County would likely also be responsible for a portion of the funding necessary to complete system upgrades in the next several years. The potential cost of such upgrades is unknown at this time.

**Fiscal Analysis:**

As referenced in the attached letter prepared by the Auditor-Controller, the total allocated taxes for the Goleta West Sanitary District generated from the City of Goleta are \$1,541,178. This is the total amount of the basic 1% tax that is subject to any negotiation between the City of Goleta and the Goleta West Sanitation District pursuant to Revenue & Taxation Code § 99.

**Attachments:**

Letter from the County Auditor-Controller Regarding Property Taxes Associated with the LAFCO Proposal 2009-01, City of Goleta Detachment from Goleta West Sanitary District, March 9, 2009

**Authored by:**

Stephen D. Underwood, Chief Assistant County Counsel (568-2950)