

RESOLUTION NO. 09-____

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SANTA BARBARA APPROVING THE ALLOCATION OF PROPERTY TAX REVENUES BETWEEN THE CITY OF GOLETA AND GOLETA WEST SANITARY DISTRICT

WHEREAS, the City of Goleta (“City”) is a municipal corporation in Santa Barbara County; and

WHEREAS, Santa Barbara County (“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 services in Santa Barbara County, including services within 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...in which the districts are located shall, on behalf of the district ..., 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 the District with the opportunity to comment on the negotiations; and

WHEREAS, the properties subject to the detachment, if the detachment is approved, would receive no future service from District; and

WHEREAS, the properties subject to the detachment, if the detachment is approved, would in the future receive all of the services currently provided by District from the City; 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 pursuant to the Property Tax Allocation Agreement Between The City Of Goleta And County Of Santa Barbara Board Of Supervisors (“Agreement”) attached hereto as Exhibit “A” and incorporated herein by this reference; and

WHEREAS, County, on behalf of District, and City lack statutory authority to agree to a distribution or reallocation of the assets of District, including any reserve funds; and

WHEREAS, distribution and reallocation of the assets of District, including any reserve funds is within the jurisdiction of LAFCO; and

WHEREAS, District operations are funded by fees which are set and charged based on use of the system; and

WHEREAS, District reserves have accumulated from property taxes collected and other sources; and

WHEREAS, City’s detachment application to LAFCO requests that District reserves which have been collected from property taxes to be allocated to City in proportion to the amount of property taxes currently allocated to District from properties within the City; and

WHEREAS, District has a current contractual obligation to fund capital upgrades to the Goleta Sanitary District treatment facility, such obligation is calculated based upon a proportion of the flow of wastewater into the facility, approximately 40.7%, the total cost of such upgrades are currently projected to be approximately \$50,000,000; and

WHEREAS, City’s detachment application to LAFCO requests that the District’s contractual obligation to fund the capital upgrades to the Goleta Sanitary District treatment facility be allocated to the City based upon the flow of wastewater generated within the City; and

WHEREAS, the proposed allocation of reserves and contractual obligation for the Goleta Sanitary District treatment plant upgrades has the potential to delete all reserves of the District and leave the District insufficient current assets to fulfill its remaining contractual obligation to the Goleta Sanitary District; and

WHEREAS, the capital improvements have been completed by the District within the City of Goleta in recent years and capital improvement projects have been identified for construction outside of the City of Goleta in coming years; and

WHEREAS, the parties desire to avoid an impact to District which would leave the District insufficient current assets to fulfill its remaining contractual obligation to the Goleta Sanitary District; and

WHEREAS, the parties desire to recognize the proportionate share of capital improvement which need to be constructed outside the City; and

WHEREAS, a contested detachment application proceeding before LAFCO would result in an avoidable expenditure of public funds; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF SANTA BARBARA AS FOLLOWS:

SECTION 1.

The foregoing recitals are true and correct and are incorporated herein by this reference.

SECTION 2.

All future ad valorem property taxes currently allocated to District for properties which are detached from the District through the Proceeding should and shall be reallocated to City as provided in the Agreement, Exhibit A.

SECTION 3.

The Agreement is hereby approved and authorized to be executed by the Chair.

SECTION 4.

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 supports the following allocation of District reserves:

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- a. 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.

SECTION 5.

The Board of Supervisors finds that if the conditions in Section 4 above are also approved by the City the proposed detachment should be approved by LAFCO.

SECTION 6.

A copy of this resolution shall be transmitted to LAFCO upon adoption.

SECTION 7.

The Clerk of the Board shall certify the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED this 5TH day of May, 2009, by the following called votes:

AYE:

NO:

ABSENT:

JOSEPH CENTENO, CHAIR

ATTEST:

APPROVED AS TO FORM:

MICHAEL F. BROWN
CLERK OF THE BOARD

DENNIS MARSHALL
COUNTY COUNSEL