



**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:** District 3, CEO & A-C  
**Department No.:** 011, 012 & 061  
**For Agenda Of:** December 8, 2015  
**Placement:** Departmental  
**Estimated Time:** 60 minutes  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors

**FROM:** Board Member Doreen Farr, Third District Supervisor  
and Bob Geis, Auditor-Controller  
Department Mona Miyasato, County Executive Officer  
Director

**SUBJECT:** Isla Vista – Update on Recent Improvements, State Legislation, and a Financial Analysis, District 3

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Other Concurrences:**

Sheriff, Community Services, General Services, Planning & Development, Public Works, Clerk Recorder Assessor

**Recommended Actions:**

That the Board of Supervisors:

- a) Receive and file an updated report regarding recent improvements, state legislation, and a financial analysis related to the unincorporated community of Isla Vista, Santa Barbara County, California (Attachment A);
- b) Adopt a resolution of application to initiate a comprehensive review and recommendation of the formation of the Isla Vista Community Services District by the Santa Barbara County Local Agency Formation Commission (LAFCO) per requirements of AB 3 (the boundary of which is County Services Area 31, excepting parcels owned by the Regents of the University of California), (Attachment B - Resolution of Application);
- c) Approve and authorize the Chair to execute the Cost Accounting and Indemnification Agreement required by LAFCO as part of its application process (Attachment C);
- d) Direct staff to file an application with LAFCO per requirements of AB 3 to initiate a comprehensive review and recommendation of the formation of the Isla Vista Community Services District;

- e) Give further direction to staff as appropriate; and
- f) Determine that the proposed actions consist of the creation of government funding mechanisms and fiscal, organizational, and administrative activities that will not result in direct or indirect physical changes to the environment, and therefore, are not a project subject to the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines sections 15378(b)(4) and 15378(b)(5), and further are exempt from CEQA under Guidelines section 15320, and direct staff to file the Notice of Exemption (Attachment D).

### **Summary Text:**

At the June 2014 Budget Hearings, the Board of Supervisors approved a Fiscal Year 2014-2015 work objective for the County Executive Office to coordinate an interdepartmental, countywide Isla Vista initiative, within existing, budgeted resources. On October 7, 2014, Supervisor Farr and County staff provided the Board of Supervisors and the public an update on finance and governance structure options, infrastructure accomplishments and what could be addressed with funding augmentations. This board letter provides an update on improvements, legislation, and a financial analysis of the Isla Vista area. It also includes a resolution of application to LAFCO per the requirements of AB 3.

### **Background:**

The Isla Vista community encompasses a population of over 21,000 residents and is part of unincorporated Santa Barbara County. It is adjacent to the University of California, Santa Barbara (UCSB) campus and a significant portion of the residents are students from UCSB and Santa Barbara City College (SBCC). However, the community also includes a number of long-term owner occupant and lower-income renter households. The area includes a variety of single-family, multi-family, commercial and light industrial uses. This densely-populated area faces issues similar to other university towns in accommodating needs associated with a transient student population in a predominately renter-oriented community.

### **Improvements**

The County has contributed to a number of improvements since the last update to the Board. The entire list can be found in Attachment E. A few of the highlights include:

Safety Projects and Initiatives: added a Community Resource Deputy; added or upgraded 280 street lights; trimmed trees; and enhanced law enforcement relationships with the community through a variety of events.

Community Enhancements: prohibited oversized vehicles from parking overnight; improved clinic building and initiated leases with a variety of community-based organizations; enhanced public beach access; and funded capital improvements to create a community building.

### **Legislation**

Since the elimination of Redevelopment funding in 2012, the Legislature has attempted to pass legislation which restores features of former redevelopment agencies. Three separate pieces of legislation are related to Isla Vista:

- AB 313, Enhanced Infrastructure Financing Districts
- AB 2, Community Revitalization Authority
- AB 3, Isla Vista Community Services District

AB 313 and AB 2 focus statewide on enhancing the powers of infrastructure financing districts and community revitalization authorities (which can provide for low and moderate income housing and other infrastructure needs), and may benefit Isla Vista. AB 3, however, is focused specifically on creating a community services district in Isla Vista.

AB 313 enhances existing law, streamlining the creation of infrastructure financing districts. It would allow a newly created public financing authority (rather than the legislative body) to perform the functions of an infrastructure financing district. Similarly, AB 2 allows for the creation of a community revitalization authority, which can also provide for low and moderate income housing and other infrastructure needs. Both AB 2 and AB 313 provide some similar functions to the former redevelopment agency and over time could mitigate the infrastructure improvement demand in Isla Vista. Most directly relevant to Isla Vista is AB 3, which proposes the creation of a Community Services District (District) for Isla Vista. AB 3 exempts the proposed District from the formation process established in Community Services District (CSD) law and provides that all other provisions of CSD law apply to the District, except as provided in the bill.

AB 3 stipulates that on or before January 5, 2016 the County Board of Supervisors shall file a resolution of application with LAFCO to initiate a comprehensive review and recommendation of the formation of the District by LAFCO. AB 3 further stipulates that the Board of Supervisors shall pay the fees associated with the resolution of application (including a \$5,000 standard application fee and \$1,100 map check deposit). These funds are available within the existing General County Programs FY 2015-16 budget. There may also be additional costs associated with the application. Included with the resolution staff will submit the Proposal Justification Questionnaire to LAFCO (Attachment F). LAFCO shall complete the review no later than 150 days following receipt of the completed resolution and application. AB 3 adds that *“Notwithstanding any other law, the Santa Barbara County Local Agency Formation Commission shall not have the power to disapprove the resolution of application.”* Following are some key dates for the County in the AB 3 process:

- December 8, 2015: BOS item for adoption of resolution of application to LAFCO (receipt of completed application by LAFCO begins 150-day review period for LAFCO).
- January 5, 2016: final day per AB 3 that BOS filing of resolution with LAFCO shall take place.
- April 2016: schedule BOS noticing of hearing for November 2016 election.
- May/June 2016: schedule BOS agenda item to adopt resolution to place election on November 2016 ballot (election to include: 1. Creation of CSD, 2. Utility tax for CSD, 3. Election of CSD governing board.)
- July 7, 2016: Clerk of the Board agenda deadline for requesting consolidation with the November 2016 election. (tentative)
- July 19, 2016: Last meeting of the BOS to approve the request for consolidation with the election. (tentative)
- August 4, 2016: Deadline for Impartial Analysis prepared by County Counsel. (tentative)

- November 8, 2016: Election Day.

AB 3 states: *“The Santa Barbara Local Agency Formation Commission shall direct the Santa Barbara County Board of Supervisors to direct county officials to conduct the necessary elections on behalf of the proposed district and place items on the ballot...”* Once the LAFCO process is complete the County’s immediate responsibilities involve conducting the necessary elections for three items (at next countywide election after completion of LAFCO review, November 2016):

1. District approval (District’s boundaries must be contiguous with County Service Area 31 and shall exclude any property owned by the Regents of the University of California.)
2. Candidates for the District’s Board.
3. Utility user tax for District (LAFCO shall determine rate for tax, applicable utilities to be taxed, and which services the District will initially be authorized to provide).

The utility user tax is the funding mechanism. It should be noted that if the voters of the District do not impose a utility user tax within the District on or before January 1, 2023, regardless of whether the establishment of the District is approved by the voters of the District, the District shall be dissolved as of that date.

AB 3 further states that the initial utility user tax imposed by the District shall only be used to fund the following services and powers of the District:

- Finance operations of the municipal advisory councils (MACs). Existing law authorizes a county to create a MAC to advise a board of supervisors and an area planning commission to carry out the county’s land use planning and development in a designated area.
- Create a tenant mediation program.
- Finance the operations of area planning commissions.
- Exercise the powers of a parking district.
- Contract with the County of Santa Barbara or the Regents of the University of California, or both, for additional police protection services above the level already provided.
- Acquire, construct, improve, maintain, and operate community facilities, including but not limited to, community centers, libraries, theaters, museums, cultural facilities, and child care facilities.
- Acquire, construct, improve, and maintain sidewalks, gutters, and trees above the level of service already provided by either the County of Santa Barbara, or County Service Area 31.
- Abate graffiti.

The composition of the seven member governing board of the District is as follows:

- Five members elected at large from within the District as follows:
  - Four members shall be elected for terms of four years. For the first election of the board of directors of the district, two members shall be elected for a term of two years and two members shall be elected for a term of four years.
  - One member shall be elected for a term of two years.
- One member appointed by the Board of Supervisors (initial two-year term, four thereafter).

- One member appointed by the Chancellor of UCSB (four year term).

### **Financial Analysis**

The Board of Supervisors requested additional financial information and potential sustainable financing options for the Isla Vista area. The results (Attachment A) are the culmination of all County departments reviewing their services in Isla Vista and providing detailed revenue, expenditure or other relevant cost information on the services they deliver to the Isla Vista area. Departments identified additional needs and ascertained an estimated cost for enhanced service(s) and some improved infrastructure needs. The data is based on estimates and relevant per capita calculations with an attempt to add financial impact and is meant to illustrate the variety of services provided.

While the objective was to provide sustainable funding solutions for Isla Vista operations and infrastructure financing, we did not find comprehensive solutions that would augment the County's ongoing annual investment in the Isla Vista geographic area. Specifically isolating the Isla Vista area, expenditures for County services exceed revenues collected due to the lack of a strong contributing tax base in the University and Isla Vista geographic area. In general, in communities across the state, because of the current taxing structure in California, there is not a one-to-one correlation between taxes generated in a geographic area and services provided.

In summary, the County continues to provide approximately \$18 million of services annually, funded by \$5 million in revenue reimbursements and \$5 million in Isla Vista taxes resulting in an \$8 million shortfall of locally generated revenues paid by the County. Given limited funding options to raise more revenue, expanding services would only increase the current imbalance.

The report also discusses the range of service providers and clearly illustrates that the largest service providers are the University of California, the County of Santa Barbara, Santa Barbara Community College District, K-12 school districts, and the County Fire Protection District. Isla Vista is currently served by major utilities (water, natural gas, electricity, and waste management), one cable television service, several satellite television providers, and numerous cellular communication and internet service providers. There are nine other special districts that provide services to the area.

UCSB and SBCC provide undergraduate, graduate and research opportunities for their students and faculty. These organizations have current enrollment of over 25,000 students and are among the County's largest employers. The students and the employer create large economic benefits for the State and County. At the same time, these two higher learning institutions create a large demand for services from the County, nearby cities, special districts and public utilities. The traditional tax or rate model works for utilities (water, natural gas, electricity, and waste management) and some of the special districts because they are paid through cost reimbursement fee structures. However, for County services and a conceptual city of Isla Vista, the traditional tax structure funded by property taxes, sales tax and transient occupancy tax is not sufficient for financing the necessary municipal services in that area. In addition, the geographic area of the University only generates a small amount of municipal taxes.

### **Attachments:**

- Attachment A – County of Santa Barbara Report: Isla Vista Funding Study
- Attachment B – Resolution of Application to LAFCO per Requirements of AB 3
- Attachment C – Cost Accounting and Indemnification Agreement
- Attachment D – CEQA Notice of Exemption
- Attachment E – County Investments in Isla Vista, 2009-10 – September 30, 2015
- Attachment F – Proposal Justification Questionnaire