

Executive Summary

The City of Goleta has submitted an application to LAFCO to detach from the Goleta West Sanitary District all parcels located within the City limits. District staff and consultants have studied the likely results of detachment, and have reached the following conclusions:

A. Service Charge Increases. Between 2010 and 2015, service charges are projected to increase dramatically (current charge = \$168 per year for single family customers):

- (i) City residents: 110% increase, to \$352 per year.
- (ii) Isla Vista residents: 84% increase, to \$309 per year.

If detachment does not occur, the projected increase is 12%, to \$188 per year.

The increases will be even more significant in later years. See **Attachment A**.

B. Additional Sewer Service Provider. At present, wastewater collection in the Goleta Valley is provided by two public agencies. The detachment proposal would increase that number to three, which will increase the complexity of utility service.

C. Shift of Service Responsibilities. The City would take over responsibility for sewer and street sweeping service to parcels and streets in the detachment area. Since there are no identified problems with the current service, there is no reason to believe that service would improve. The City does not currently provide sewer service to its residents, and thus would either need to augment its staff or enter into a contract with a wastewater collection agency or private firm. City officials have asked the District to consider providing the services to Goleta on a contract basis, in which case the residents of Goleta would receive the same level of service for more than twice the cost.

D. Property Tax Shift. Property taxes paid by the owners of parcels in the detachment area will be shifted from the District. This amounts to about \$1.26 mm. The transferred amount will be shared between the City and the County Fire Department under the 2001 Revenue Neutrality Agreement, under which the County receives 70% and the City receives 30%. As a result, much of the property taxes paid by Goleta residents will be used to pay for government services elsewhere in the County.

E. Transfer of Reserves. In addition to the \$1.26 mm annual property taxes, the City also proposes to take \$1,255,285 of Goleta West's property tax reserves. That amount is 78% of Goleta West's property tax reserves after setting aside \$20 million for the treatment plant upgrade as specified in the tax exchange agreement. It appears that the City is also asking to receive 61% of non-property tax reserves, a portion of which would be restricted to use for sewer system capital projects under California law.

F. Additional Revenue to City General Fund. The City's announced intention is to use the property tax revenues it receives to enhance its general fund revenues, which is used for a variety of general city programs and services.