

## **History of the Detachment Proposal**

On February 4, 2009, the City of Goleta submitted an application to the Santa Barbara Local Agency Formation Commission (LAFCO) to detach all parcels within the City from the Goleta West Sanitary District (**Attachment D**). The City's application proposes as follows:

- a. The City would take over sewer service and street sweeping to parcels and streets located in the City and would assume ownership of the sewer mains within the City. It will provide these services itself or by means of a contract with a third party.
- b. Property taxes paid by the owners of parcels in the detachment area would be reallocated from Goleta West to the City.
- c. Future sewer service charges paid by customers in the detachment area would be paid to the City, not Goleta West.

On February 11, Goleta West submitted a letter to LAFCO detailing the many legal and factual shortcomings in the City's proposal (**Attachment E**). LAFCO responded by asking the City to submit the additional information (**Attachment F**).

On March 9, the County Auditor-Controller provided the parties a letter furnishing information about property tax revenues generated by parcels in the detachment area. That letter kicked off the process of negotiating a "property tax exchange" between Goleta West and the City. Under state law, Goleta West was represented in those negotiations by the Board of Supervisors. On April 9, Goleta West provided to the Board of Supervisors its position on the various issues under negotiation.

On May 5, the Board of Supervisors approved a "Property Tax Allocation Agreement" between Goleta West and the City which purportedly reallocated to the City all future ad valorem property taxes from parcels in the detachment area, plus a portion of Goleta West's property tax reserves (**Attachment G**).

Since May 5, there have been no further public activities concerning the detachment proposal. Goleta West staff have received informal reports of negotiations taking place behind closed doors between the City and County concerning the Revenue Neutrality Agreement (see below), but nothing has been reported publicly on those discussions.

The detachment process will proceed forward once the City completes its application and the LAFCO Executive Officer schedules a hearing before the LAFCO Board. At this stage, it is not possible to predict when that hearing might occur.