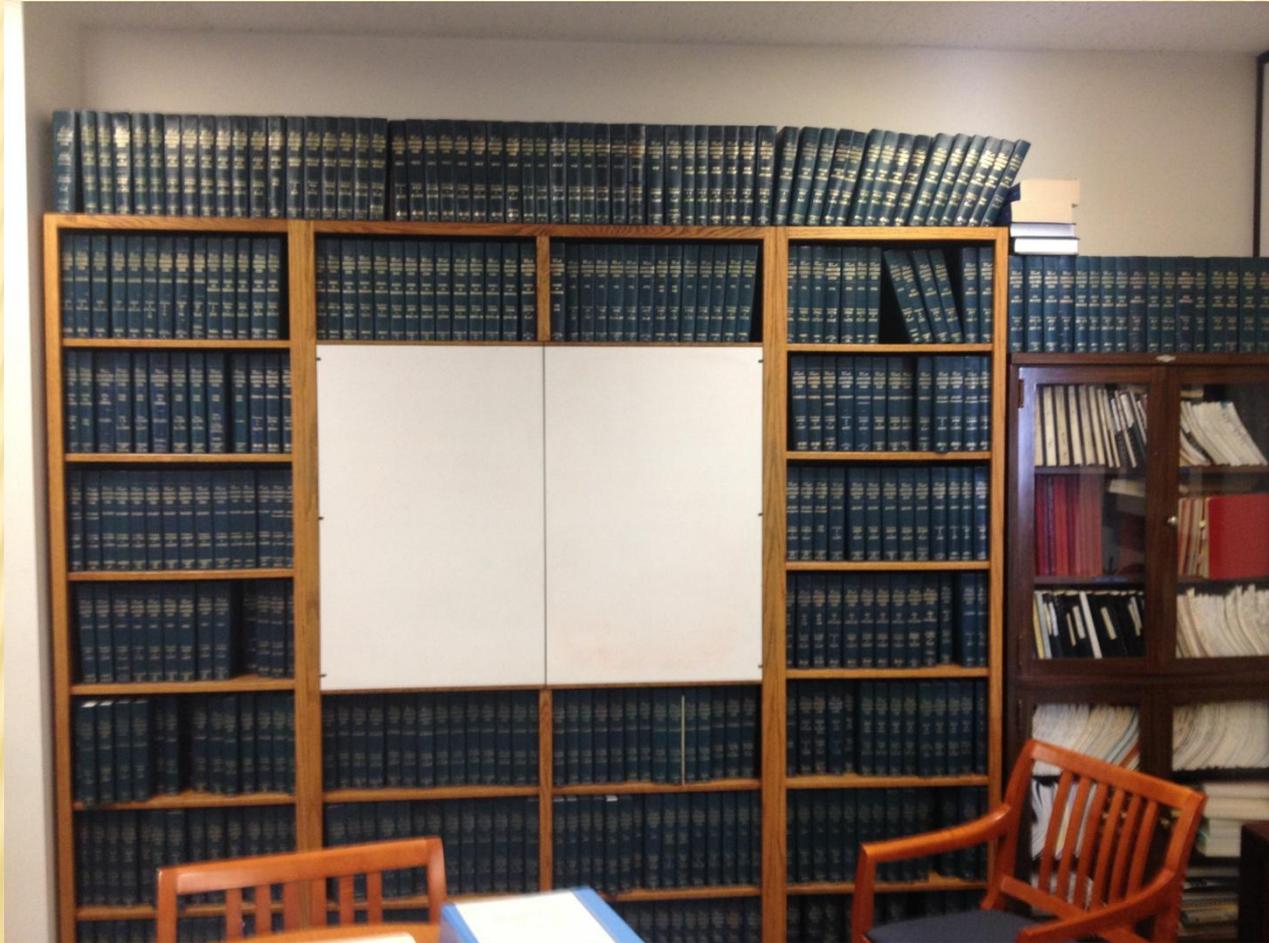


THIS SET OF POWERPOINTS WERE USED FOR INFORMATION PURPOSES IN A DEBATE BETWEEN THE COUNTY AUDITOR-CONTROLLER, COUNTY FIRE CHIEF AND GOLETA COUNCIL MEMBERS.

SHORT CAPTIONS HAVE BEEN ADDED TO THE TOP OF EACH SLIDE IN ORDER TO ADD CONTEXT.

Santa Barbara County Taxpayers Association
**SB COUNTY AND CITY OF GOLETA REVENUE
NEUTRALITY AGREEMENT (RNA)**

IT'S THE LAW...



REVENUE NEUTRALITY

- ✘ **ARTICLE 3. Revenue Neutrality [56815 - 56815.2]**
- ✘ (*Article 3 added by Stats. 2000, Ch. 761, Sec. 123.*)

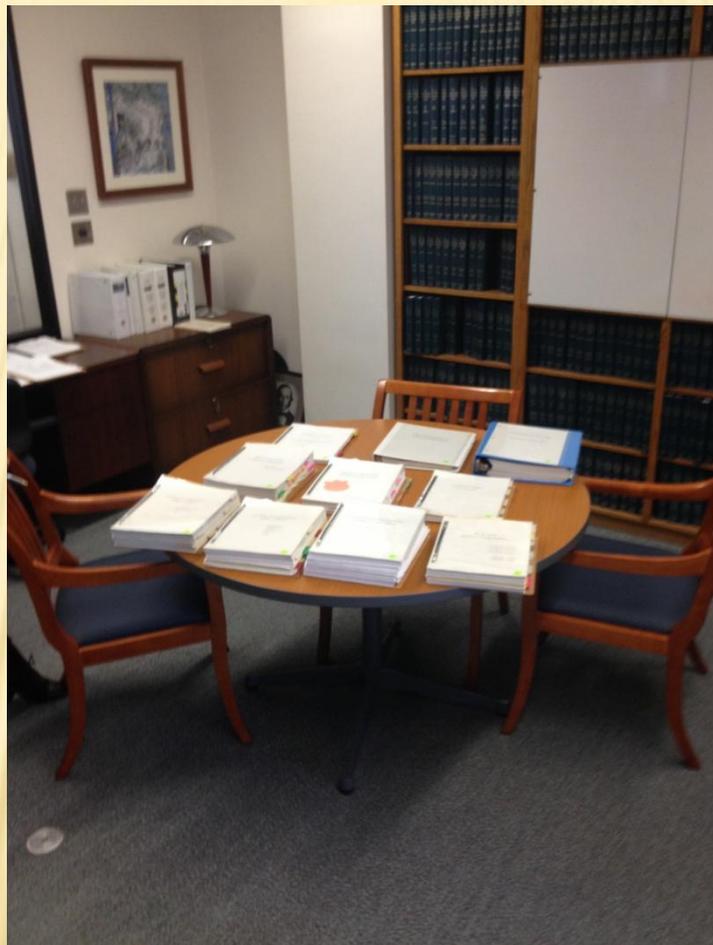
- ✘ **56815.**
- ✘ (a) It is the intent of the Legislature that any proposal that includes an incorporation should result in a similar exchange of both revenue and responsibility for service delivery among the county, the proposed city, and other subject agencies. It is the further intent of the Legislature that an incorporation should not occur primarily for financial reasons.
- ✘ (b) The commission shall not approve a proposal that includes an incorporation unless it finds that the following two quantities are substantially equal:
 - ✘ (1) Revenues currently received by the local agency transferring the affected territory that, but for the operation of this section, would accrue to the local agency receiving the affected territory.
 - ✘ (2) Expenditures, including direct and indirect expenditures, currently made by the local agency transferring the affected territory for those services that will be assumed by the local agency receiving the affected territory.
- ✘ (c) Notwithstanding subdivision (b), the commission may approve a proposal that includes an incorporation if it finds either of the following:
 - ✘ (1) The county and all of the subject agencies agree to the proposed transfer.
 - ✘ (2) The negative fiscal effect has been adequately mitigated by tax sharing agreements, lump-sum payments, payments over a fixed period of time, or any other terms and conditions pursuant to Section 56886.
- ✘ (d) Nothing in this section is intended to change the distribution of growth on the revenues within the affected territory unless otherwise provided in the agreement or agreements specified in paragraph (2) of subdivision (c).
- ✘ (e) Any terms and conditions that mitigate the negative fiscal effect of a proposal that contains an incorporation shall be included in the commission resolution making determinations adopted pursuant to Section 56880 and the terms and conditions specified in the questions pursuant to Section 57134.
- ✘ (*Amended by Stats. 2001, Ch. 530, Sec. 5. Effective January 1, 2002.*)

GOVERNMENT CODE SECTION 56845

- ✘ The law says in Government Code section 56845.
- ✘ (a) It is the intent of the legislature that any proposal that includes an incorporation should result in a similar exchange of both revenue and responsibility for service delivery among the county, the proposed city, and other subject agencies. It is the further intent of the Legislature that incorporation should not occur primarily for financial reasons
- ✘ (b) The commission shall not approve a proposal that includes an incorporation unless it finds that revenues transferring are “substantially equal’ to expenditures transferring.
- ✘ Statute goes on to say that it can be mitigated with tax sharing agreements (it does not require payments for fixed periods because the inequality does not suddenly end).

DISPLAYING 11 OF 16 BINDERS OF HISTORICAL DOCUMENTATION RETAINED BY THE AUDITOR-CONTROLLER
RELATED TO THE FORMATION OF THE CITY OF GOLETA

INCORPORATION DOCUMENTATION



LAFCO BOARD MEMBERS

- ✘ Chair Tim Campbell Special District Rep
- ✘ John Fox Special District Rep
- ✘ Dick Dewees City Rep
- ✘ Bob Orach City Rep
- ✘ Gail Marshall County Rep
- ✘ Tom Urbanske County Rep
- ✘ Tom Umenhofer Public Member Rep
- ✘ Carey Rogers Alt. Special Distr. Rep
- ✘ Susan Rose Alt. County Rep
- ✘ Penny Leich Alt. Public Rep

LAFCO MINUTES APRIL 26, 2001

- ✘ April 26, 2001 the members of the Santa Barbara LAFCO (according to the minutes for that meeting) were as follows:
 - ✘ Voting members were Regular City Members Dick DeWees (Lompoc) and Bob Orach (Santa Maria), County Member Gail Marshall and Alternate County Member Susan Rose, Regular Special District members Tim Campbell and John Fox and Regular Public Member Tom Umenhofer. Also present was Alternate City Member Carey Rogers; participating remotely from Santa Maria was Alternate Public Member Penny Leich. Absent was Regular County Member Tom Urbanske.
 - ✘ The action taken that day was to continue the Incorporation of the City of Goleta until Thursday, May 3 at 2:00 PM in the same location.
- ✘ May 3, 2001 the members (according to the minutes for that meeting) were as follows:
 - ✘ Voting members were Regular City Members Dick DeWees (Lompoc) and Bob Orach (Santa Maria), County Member Gail Marshall and Alternate County Member Susan Rose, Regular Special District members Tim Campbell and John Fox and Regular Public Member Tom Umenhofer. Also present were Alternate Public Member Penny Leich and Alternate City Member Carey Rogers. Absent was Regular County Member Tom Urbanske.
 - ✘ The actions taken that day were to adopt the staff report and approve Incorporation Option 1 with a change to include the Westfield Property (Area E), with Commissioner Fox opposed.
 - ✘ In a separate action, they revised the project description for the Negative Declaration to reflect the selected project boundaries and added new paragraph, No. 38 to the resolution accepting the findings and recommendations in the Executive Officer's report and fiscal analysis, with findings to reject the recommendation to exclude the Westfield property (Area E.).

MEASURE H2001

- ✘ Measure H2001 includes the following RNA findings
- ✘ 30. Pursuant to Government Code section 56845, the Commission finds that:
 - ✘ A. Revenues currently received by the County of Santa Barbara for the incorporation area and the expenditures for service responsibilities to be transferred to the new city are not substantially equal;
 - ✘ B. In approving the proposed incorporation, the commission finds pursuant to Government Code sections 56845(c) (1) and (2) as follows:
 - ✘ 1) That the County has agreed to the incorporations of the City of Goleta on the terms and conditions set forth in the Revenue Neutrality Agreement.
 - ✘ 2) That the approval and execution of the RNA by the County and other terms and conditions set forth therein adequately mitigate the negative fiscal effects of the incorporation on the County.
 - ✘ 3) That but for the conditions contained herein, the Commission would be unable to make the required findings under Subsection 56845 (c). and approve the incorporation; and
 - ✘ 4) That the terms and conditions contained herein are integral to the approval of incorporation under Government Code sections 56851, 56852, 56375, and 56375.1
 - ✘ 5) That terms and conditions relating to revenue neutrality imposed by this Resolution are independent legislative enactment of the Commission.

FEASIBILITY OF INCORPORATION

Comprehensive Fiscal Analysis (CFA)

*Final Report
Final Goleta CFA
May 16, 2001*

Economic & Planning Systems (EPS)

II. CONCLUSIONS

FEASIBILITY OF INCORPORATION

1. *Goleta can be financially feasible as a city.*

The conclusion that a City of Goleta can be financially feasible is based upon the results of the Municipal Budget Model and forecast completed as a part of this analysis. This is true for both Option 1 and Option 2. In both cases, the new city is able to accrue revenues and establish a fund balance in its first partial year (February through June) as the County continues to fund ongoing services. The City's fiscal condition improves for both Options following the eleventh year, after a portion of the fiscal mitigation payments to the County are complete.

CHANGE IN REVENUES AND EXPENSES TO SANTA BARBARA COUNTY GOLETA INCORPORATION ANALYSIS

Table 4
Change In Revenues and Expenses to Santa Barbara County
Goleta Incorporation Analysis
Incorporation Option 1

Item	Fiscal Year			
	1999-00	01-02 part.	2002-03	2003-04
General Fund Revenues and Expenditures				
Revenues Transferred to the City				
Property Taxes	2,503,527	1,104,856	2,704,676	2,757,388
Supplemental Property Taxes	97,061	39,695	105,262	107,176
Sales Tax	5,949,229	2,519,179	6,046,029	6,046,029
Transient Occupancy Tax	1,267,919	1,124,466	2,698,719	2,698,719
Real Property Transfer Tax	85,309	36,958	90,732	92,773
Franchise Fees				
Cable	265,761	112,693	272,845	275,248
Electric	29,460	12,668	30,886	31,376
Gas	47,000	19,583	47,000	47,000
Solid Waste	<u>65,956</u>	<u>28,361</u>	<u>69,148</u>	<u>70,247</u>
Subtotal, franchise fees	408,176	173,305	419,879	423,871
Law Enforcement Revenues	161,000	69,231	168,793	171,474
Animal Control	29,423	12,652	30,847	31,337
Land Use Planning & Enforcement	<u>1,632,671</u>	<u>680,279</u>	<u>1,632,671</u>	<u>1,632,671</u>
Subtotal	12,134,314	5,760,623	13,897,608	13,961,436
Expenditures for Services Transferred to the City				
Sheriff Department	3,368,161	1,431,609	3,470,220	3,504,922
Animal Control	136,337	56,807	136,337	136,337
Land Use Planning & Enforcement	1,960,000	816,667	1,960,000	1,960,000
Parks and Recreation (GF contrib. To CSA 3 parks)	127,991	53,330	127,991	127,991
Parks and Recreation (other net costs)	125,100	52,125	125,100	125,100
Parks and Recreation (Santa Barbara Shores COP)	<u>125,000</u>	<u>52,083</u>	<u>125,000</u>	<u>125,000</u>
Subtotal	5,842,589	2,462,621	5,944,648	5,979,350
County Surplus or (Deficit)	(6,291,725)	(3,298,002)	(7,952,960)	(7,982,085)
Other Revenues and Expenditures				
Sheriff's Contract (Indirect cost portion)	622,464	259,360	622,464	622,464
Parks and Recreation Contract (indirect cost portion)	<u>181,647</u>	<u>75,686</u>	<u>181,647</u>	<u>181,647</u>
Subtotal	804,111	335,046	804,111	804,111
Net County General Fund Gain or (loss)	(5,487,614)	(2,962,956)	(7,148,850)	(7,177,975)

SUMMARY OF REVENUES AND EXPENSES

GOLETA INCORPORATION ANALYSIS

Table 1
Summary of Revenues and Expenses (All figures in Constant 2000 \$'s)

Goleta Incorporation Analysis
Incorporation Option 1

Item	Fiscal Year									
	01-02 part. 1	2002-03 2	2003-04 3	2004-05 4	2005-06 5	2006-07 6	2007-08 7	2008-09 8	2009-10 9	2010-11 10
General Fund Revenues										
Property Taxes	\$1,335,454	\$3,278,636	\$3,342,371	\$3,380,586	\$3,427,422	\$3,516,571	\$3,566,458	\$3,640,679	\$3,710,965	\$3,779,937
Sales Tax	\$2,519,179	\$6,046,029	\$6,046,029	\$6,215,657	\$6,215,657	\$6,215,657	\$6,215,657	\$6,569,170	\$6,569,170	\$6,569,170
Real Property Transfer Tax	\$36,958	\$90,732	\$92,773	\$95,752	\$96,905	\$99,101	\$101,136	\$103,564	\$105,744	\$107,932
Franchise Fees (All)	\$173,305	\$419,879	\$423,871	\$428,224	\$432,309	\$436,442	\$440,623	\$444,853	\$449,132	\$453,462
Transient Occupancy Tax	\$1,124,466	\$2,698,719	\$2,698,719	\$3,592,969	\$3,592,969	\$3,592,969	\$3,592,969	\$3,592,969	\$3,592,969	\$3,592,969
Building and Permit Fees	\$0	\$840,780	\$840,780	\$840,780	\$840,780	\$840,780	\$840,780	\$840,780	\$840,780	\$840,780
Planning Fees	\$0	\$791,890	\$791,890	\$791,890	\$791,890	\$791,890	\$791,890	\$791,890	\$791,890	\$791,890
Public Works/Eng. Fees	\$0	\$179,228	\$179,693	\$180,160	\$180,630	\$181,102	\$181,576	\$182,053	\$182,532	\$183,013
Fines and Penalties	\$82,919	\$202,165	\$205,376	\$208,637	\$211,951	\$215,317	\$218,736	\$222,210	\$225,739	\$229,324
State Motor Vehicle License Fees	\$872,676	\$2,094,422	\$2,094,422	\$2,094,422	\$2,094,422	\$2,094,422	\$2,094,422	\$2,094,422	\$1,664,054	\$1,690,482
Investment Earnings	<u>\$20,885</u>	<u>\$182,317</u>	<u>\$121,367</u>	<u>\$86,294</u>	<u>\$93,120</u>	<u>\$103,071</u>	<u>\$112,798</u>	<u>\$132,333</u>	<u>\$171,639</u>	<u>\$191,236</u>
Total	\$6,165,822	\$16,824,798	\$16,837,291	\$17,915,371	\$17,978,055	\$18,087,322	\$18,157,046	\$18,614,923	\$18,304,614	\$18,430,194
General Fund Expenses										
City Council	\$37,500	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Elections	\$5,868	\$0	\$14,535	\$0	\$15,000	\$0	\$15,481	\$0	\$15,976	\$0
City Manager	\$161,677	\$389,965	\$391,915	\$393,875	\$395,844	\$397,823	\$399,812	\$401,811	\$403,820	\$407,623
City Clerk	\$53,500	\$173,252	\$174,019	\$174,789	\$175,563	\$176,341	\$177,122	\$177,908	\$178,697	\$179,491
City Attorney	\$250,000	\$612,000	\$624,240	\$636,725	\$649,459	\$662,448	\$675,697	\$689,211	\$702,996	\$717,056
Finance	\$153,625	\$513,756	\$516,325	\$518,906	\$521,501	\$524,108	\$526,729	\$529,363	\$532,009	\$537,933
Administrative Services	\$90,365	\$373,263	\$175,618	\$176,496	\$177,379	\$178,266	\$179,157	\$180,053	\$180,953	\$181,858
Police	\$0	\$4,345,658	\$4,389,114	\$4,433,005	\$4,477,395	\$4,522,109	\$4,567,330	\$4,613,003	\$4,659,133	\$4,705,724
Animal Control	\$0	\$72,802	\$74,328	\$75,886	\$77,476	\$79,100	\$80,758	\$82,451	\$84,179	\$85,944
Planning, Zoning, Bldg., Dev. Review	\$258,979	\$2,252,964	\$2,263,179	\$2,273,445	\$2,158,762	\$2,169,131	\$2,179,551	\$2,190,024	\$2,200,549	\$2,211,127
Public Works Admin. (& NPDES)	\$144,540	\$716,912	\$718,772	\$720,641	\$722,519	\$724,407	\$726,304	\$728,210	\$730,126	\$732,052
Street Lighting	\$25,013	\$60,031	\$60,031	\$60,031	\$60,031	\$60,031	\$60,031	\$60,031	\$60,031	\$60,031
Parks	\$428,322	\$1,031,472	\$1,023,622	\$1,019,902	\$1,020,027	\$1,028,697	\$954,993	\$565,186	\$565,186	\$565,186
City Hall	\$257,813	\$648,750	\$490,750	\$482,750	\$482,750	\$482,750	\$482,750	\$482,750	\$482,750	\$482,750
Insurance	\$23,340	\$338,425	\$330,193	\$331,694	\$330,709	\$332,856	\$333,471	\$323,700	\$326,592	\$328,703
Contingency	\$38,900	\$564,041	\$550,322	\$552,823	\$551,182	\$554,761	\$555,786	\$539,500	\$544,320	\$547,839
Repayment of First-Year Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$1,929,441	\$12,183,291	\$11,886,963	\$11,940,966	\$11,905,539	\$11,982,828	\$12,004,973	\$11,653,202	\$11,757,320	\$11,833,316
Net Balance	\$4,236,381	\$4,641,508	\$4,950,328	\$5,974,405	\$6,072,517	\$6,104,494	\$6,152,073	\$6,961,721	\$6,547,295	\$6,596,878
General Fund Operating Surplus (Deficit)	\$4,236,381	\$4,641,508	\$4,950,328	\$5,974,405	\$6,072,517	\$6,104,494	\$6,152,073	\$6,961,721	\$6,547,295	\$6,596,878
Mitigation Payment	(\$877,103)	(\$5,741,820)	(\$5,773,688)	(\$5,877,609)	(\$5,901,027)	(\$5,945,602)	(\$5,970,545)	(\$6,184,412)	(\$6,219,555)	(\$6,254,041)
Net Balance after Mitigation Payment	\$3,359,278	(\$1,100,313)	(\$823,360)	\$96,796	\$171,490	\$158,893	\$181,528	\$777,310	\$327,740	\$342,837
Cumulative Surplus (Deficit)	\$3,359,278	\$2,258,965	\$1,435,605	\$1,532,401	\$1,703,891	\$1,862,784	\$2,044,311	\$2,821,621	\$3,149,361	\$3,492,198

SERVICES BEFORE INCORPORATION PROVIDED BY COUNTY AND TRANSFERRED AS PART OF INCORPORATION

- ✘ **City Municipal Services:**
- ✘ Legislative - City Council
- ✘ Representation on SBCAG, APCD, LAFCO, SBMTD
- ✘ City Administration and Finance
- ✘ Planning, Community Development, and Building Services
- ✘ Contract Public Safety Services - Sheriff
- ✘ Public Works/Engineering – including Roads maintenance and infrastructure, Street lighting, Pollution Remediation, etc.
- ✘ Affordable Housing and Economic Development
- ✘ Redevelopment and the Successor Agency
- ✘ Contract Library Services
- ✘ Contract Animal Control Services

- ✘ **County Municipal Services in the City of Goleta retained by the County after incorporation:**
- ✘ Fire Services
- ✘ Housing Functions for CDBG and Home Programs
- ✘ Animal Shelter Operations
- ✘ Flood Control

SERVICES AFTER INCORPORATION PROVIDED BY COUNTY

✘ County-wide Services retained

- ✘ Policy and Executive:
 - ✘ CEO, County Counsel and Human Resources
 - ✘ Legislative Board of Supervisors and Clerk of the Board
 - ✘ Emergency Management Services

 - ✘ Public Safety:
 - ✘ Court maintenance of effort payment to State
 - ✘ Court Collections
 - ✘ District Attorney
 - ✘ Public Defender and Contract Defense
 - ✘ Probation – Adult, Juvenile and Juvenile Custody
 - ✘ Sheriff Custody operations
 - ✘ Administration of Sheriff Contract Services with Cities

 - ✘ Health and Human Services:
 - ✘ Social Services, Health and Mental Health
 - ✘ Child Support Services
 - ✘ First Five Children Services
- ✘ Community Development:
 - ✘ Regional Park Services

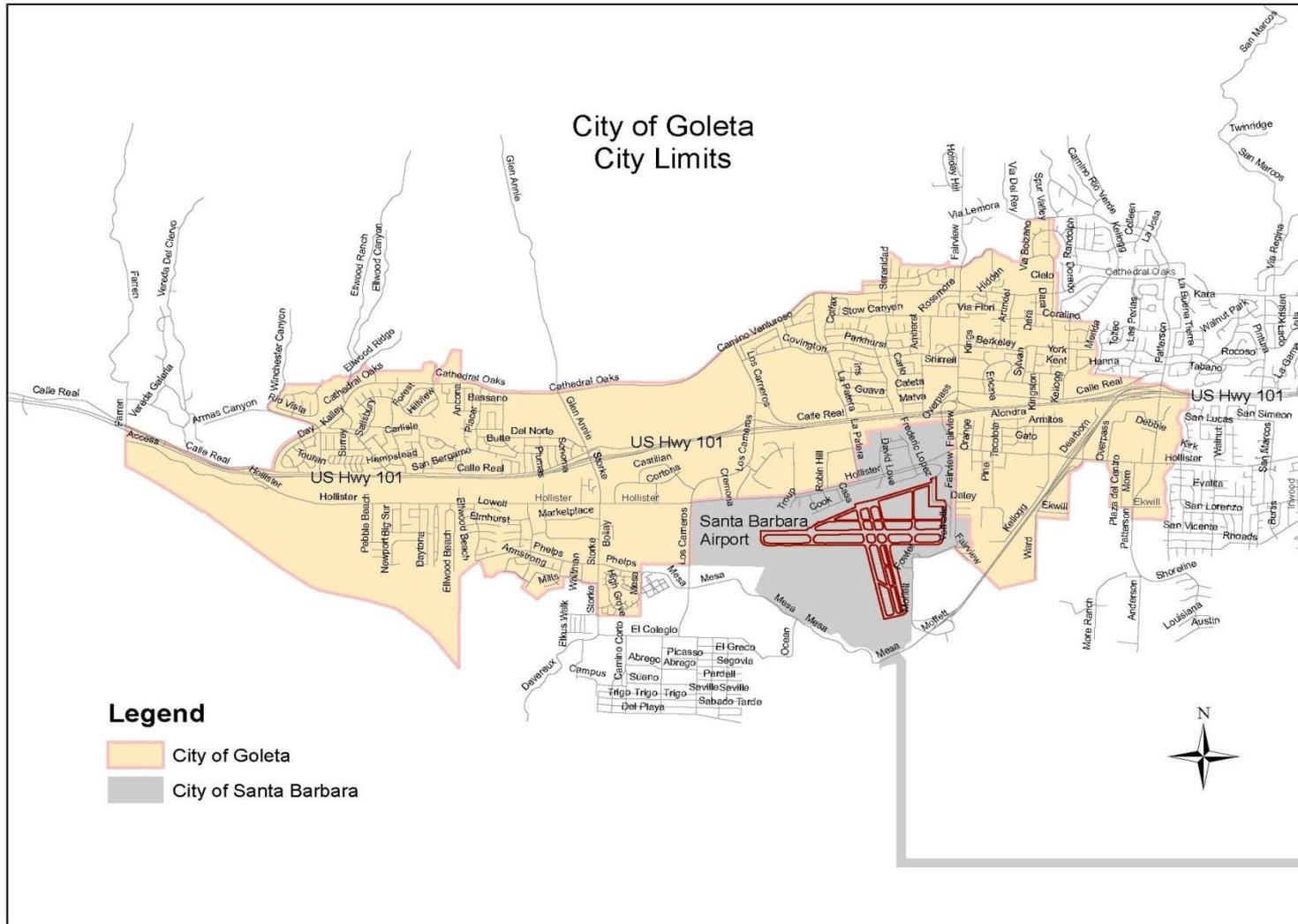
 - ✘ General Government and Support Services:
 - ✘ Elections
 - ✘ Property Tax Administration
 - ✘ State Revenue Allocations
 - ✘ RDA Dissolution and Allocations
 - ✘ Recorder services – documents, vital licenses

 - ✘ **County Municipal Services by independent special districts**
 - ✘ Goleta Water
 - ✘ Goleta Sanitary
 - ✘ Goleta West Sanitary
 - ✘ Santa Barbara Vector Control

 - ✘ **Schools and County Superintendent Offices**

THIS IS A MAP USED TO DESCRIBE ALL THE TAX GENERATORS CAPTURED WITHIN THE CITY BOUNDARIES. NUMEROUS BUSINESSES, HOTELS, RESIDENCES, ETC.

CITY OF GOLETA CITY LIMITS



HISTORY OF GOLETA TAXES DIVIDED PER RNA

Taxes Generated within Goleta divided per terms of RNA

	1	2	3	4	5	6	7	8	9	10	11	City Totals	County Totals
	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013		
Property Tax (AB8 Basic 1% only & Before RDA)													
City Share	1,739,028	1,804,884	1,912,780	2,020,698	2,196,060	2,310,011	2,406,239	2,496,562	2,503,540	2,560,903	2,544,761	24,495,466	
County Share	1,739,028	1,804,884	1,912,780	2,020,698	2,196,060	2,310,011	2,406,239	2,496,562	2,503,540	2,560,903	2,544,761		24,495,466
total	3,478,056	3,609,768	3,825,560	4,041,396	4,392,120	4,620,022	4,812,478	4,993,124	5,007,080	5,121,806	5,089,522		
TOT													
City Share	2,141,809	2,142,801	2,281,613	2,603,305	2,538,572	2,783,144	2,457,059	2,102,751	2,372,323	2,680,165	5,604,278	29,707,820	
County Share	1,427,873	1,428,534	1,521,075	1,735,537	1,692,381	1,599,120	1,331,183	1,126,960	1,289,271	1,449,879	-		14,601,813
total	3,569,682	3,571,335	3,802,688	4,338,842	4,230,953	4,382,264	3,788,242	3,229,711	3,661,594	4,130,044	5,604,278		
Sales Tax													
City Share	3,554,575	2,765,934	2,999,960	3,122,997	3,056,455	2,871,999	2,753,048	2,613,735	2,944,459	3,148,237	4,589,903	34,421,302	
County Share	3,554,575	2,765,934	2,999,960	3,122,997	3,056,455	2,871,999	2,753,048	2,613,735	2,944,459	3,148,237	1,967,101		31,798,500
total	7,109,150	5,531,868	5,999,920	6,245,994	6,112,910	5,743,998	5,506,096	5,227,470	5,888,918	6,296,474	6,557,004		
												88,624,588	70,895,779

The County provided the City of Goleta with \$88 million over their first 11 years to allow them to have the local governance they desired.

THE BALLOT ARGUMENTS

- ✘ **Argument in Favor**

- ✘ The time is right, the boundaries are right, the size is right, the finances are right. The comprehensive, professional, and independent fiscal analysis have repeatedly shown that the city is financially sound.

- ✘ **Rebuttal**

- ✘ TOO MUCH MONEY STAYS WITH THE COUNTY

- ✘ **Argument Against**

- ✘ The city won't have enough money. To convince the County, CITYHOOD PROPONENTS AGREED TO GIVE ALL OUR MONEY AWAY.

- ✘ **Rebuttal**

- ✘ Opponents mischaracterize payments to the county as a giveaway. State law mandates that new cities compensate counties for revenue lost on incorporation.

CONCLUSION

- ✘ LAFCO Approved the CFA
- ✘ LAFCO Approved the RNA
- ✘ LAFCO Approved all Conditions
- ✘ Proponents Agreed to RNA
- ✘ County Agreed to RNA
- ✘ RNA Followed the Legislative Intent
- ✘ Voters Agreed and Approved the incorporation
- ✘ The City received \$88 million over the first 11 years and \$4 million more in perpetuity beginning after year ten.
- ✘ The County forgave first year costs that were to be repaid and a \$1.5 million dollar loan
- ✘ The City has been successful both financially and has delivered many improvements to the area they govern
- ✘ The City of Goleta and its surrounding area have great school services, great utility services, adequate County wide services and adequate municipal services
- ✘ Both the City and County Survived a brutal recession
- ✘ It's a great place to live! Well right next door anyway

REVENUE NEUTRALITY AGREEMENT

3.4 Fire Protection. The City will remain in the Santa Barbara County Fire District. The County will continue to provide fire protection service at or above the current level of service.

Comprehensive Fiscal Analysis: Structural Fire Fund property taxes will continue to be collected by the County and allocated directly to the Santa Barbara County Fire Protection District. It is assumed that fire protection expenditures and revenues will remain the same whether or not the area incorporates.

FIRE PROTECTION REVENUE AND COSTS

Current Prop Tax Revenue in the City of Goleta going to Fire District 5.6M

Costs for Stations 11, 12 and 14 in the City of Goleta -9.4M

Deficit inside City of Goleta -3.8M

*Fire Stations 13, 17 & 18 costs (respond into the City of Goleta) 8.6M

THIS IS A SUMMARY OF A TAX SHIFT FROM THE COUNTY GENERAL FUND TO THE FIRE DISTRICT APPROVED BY THE BOARD OF SUPERVISORS IN FY 13-14 AND WILL BE FINALIZED WHEN THE DISTRICT RECEIVES 17% OF THE TAXES

PROPERTY TAX FLOW FOR BASIC 1% TAXES GENERATED WITHIN THE CITY OF GOLETA

Property Tax Flow

For Basic 1% Taxes Generated within the City of Goleta

As If Tax Exchange with SBC Fire District Exchange

Tax Year 2013-14

AB8 Distribution (before RDA)

			Taxes Generated within City of Goleta 2013-14				As If Fire Exchange is Finalized			
Tax Year	Fund	Fund Title	Gross Property Tax Allocation	Gross Property Tax			Allocation After 2013-14 Fire Exchange	Gross Property Tax		
				Before Fire Exchange	Fire Exchange	After Fire Exchange		Fire Exchange	After Fire Exchange	Allocation As If Fire Exchange Finalized
2013	0001	General	\$ 7,693,706	15%	-4%	11%	\$ 5,768,803	-6%	9%	\$ 4,594,537
2013	0632	City of Goleta -Property Tax	2,609,897	5%		5%	2,609,897		5%	2,609,897
2013	2220	CSA 31 Isla Vista	-	0%		0%	-		0%	-
2013	2280	Fire Protection Dist	5,587,042	11%	4%	15%	7,511,945	6%	17%	8,686,211
2013	2400	Flood Ctrl/Wtr Cons Dst Mt	126,303	0%		0%	126,303		0%	126,303
2013	2610	So Coast Flood Zone 2	543,012	1%		1%	543,012		1%	543,012
2013	3050	Water Agency	162,722	0%		0%	162,722		0%	162,722
2013	3270	Goleta Cemetery District	125,521	0%		0%	125,521		0%	125,521
2013	3817	Embarcadero Muni Improv Dist	50,189	0%		0%	50,189		0%	50,189
2013	4090	Santa Barbara MTD	112,466	0%		0%	112,466		0%	112,466
2013	4160	Mosquito & Vector Mgt District	86,328	0%		0%	86,328		0%	86,328
2013	4500	Cachuma Resource Cons Dist	417	0%		0%	417		0%	417
2013	4640	Goleta San Dist Running Exp	46,696	0%		0%	46,696		0%	46,696
2013	4900	Gol West Sanitary Dist-Running	1,674,433	3%		3%	1,674,433		3%	1,674,433
2013	6801	Goleta Union Sch Dist-Gen	14,688,349	29%		29%	14,688,349		29%	14,688,349
2013	8201	SBUSD General	7,106,551	14%		14%	7,106,551		14%	7,106,551
2013	9610	SBCC Dist-Gen	2,480,382	5%		5%	2,480,382		5%	2,480,382
2013	9801	County School Service	1,703,654	3%		3%	1,703,654		3%	1,703,654
2013	9802	Education Revenue Augmentation	6,297,692	12%		12%	6,297,692		12%	6,297,692
		Totals	\$ 51,095,360	100%		100%	\$ 51,095,360	100%		\$ 51,095,360

THE FOLLOWING ARE SOME REBUTTAL SLIDES IN ANTICIPATION OF ARGUMENTS BY THE CITY OFFICIALS

REBUTTALS

IT'S THE LAW

- ✘ The commission shall not approve a proposal that includes an incorporation unless it finds that revenues transferring are “substantially equal” to expenditures transferring. (Gov Code section 56845)

GOLETA'S CURRENT FINANCIAL BALANCE SHEET SHOWS \$14.4 MILLION IN UNRESTRICTED FUNDS. A LOOK BACK TO THE CFA PROJECTION (PAGE 11 OF THIS PRESENTATION) SHOWS AFTER TEN YEARS, UNRESTRICTED FUNDS WERE PROJECTED AT \$3.5 MILLION

CITY OF GOLETA STATEMENT OF NET POSITION

CITY OF GOLETA

STATEMENT OF NET POSITION

June 30, 2013

	Governmental Activities
ASSETS:	
Cash and investments (Note 2)	\$ 26,950,684
Receivables:	
Accounts	2,851,280
Interest	1,141
Due from other governments	471,339
Deposits	2,000
Prepaid items	536,609
Capital assets (Note 5):	
Non-depreciable	54,598,117
Depreciable	205,328,982
Less: accumulated depreciation	<u>(95,977,283)</u>
TOTAL ASSETS	<u>194,762,869</u>
LIABILITIES:	
Accounts payable	2,319,033
Accrued salaries and benefits	210,414
Deposits payable	322,110
Unearned revenue	78,920
Long-term liabilities (Note 6):	
Due within one year	100,451
Due in more than one year	<u>366,961</u>
TOTAL LIABILITIES	<u>3,397,889</u>
NET POSITION:	
Net investment in capital assets	163,927,809
Restricted for:	
Public works	11,411,239
Community development	1,606,366
Unrestricted	<u>14,419,566</u>
TOTAL NET POSITION	<u>\$ 191,364,980</u>

OTHER SIGNIFICANT SUBSEQUENT EVENTS

- ✘ Measure A road tax was passed by the voters county-wide and cities received strong allocations while the County Road Fund allocation was reduced by over \$4 million annually.
- ✘ In prior years the county general fund was subsidizing Fire Services throughout the district that includes services within the city of Goleta. The Board of Supervisors two years ago enacted a property tax shift from the County general fund allocations to the County Fire protection district in order to fully fund the costs of services within the fire district.

AN EXAMPLE OF A DIFFERENT TAX SHARING AGREEMENT
THAT LASTS IN PERPETUITY

PROPERTY TAX
SHARING AGREEMENT
COUNTY OF FRESNO &
CITY OF KERMAN

AGREEMENT NO. 10-626

PROPERTY TAX SHARING AGREEMENT
BETWEEN THE COUNTY OF FRESNO
AND
THE CITY OF KERMAN
FOR THE ANNEXATION OF CERTAIN PROPERTY
(COVINGTON ANNEXATION PROJECT)

SECTION 2

EXCHANGE OF PROPERTY TAX REVENUES TO BE MADE UNDER SECTION 99
OF THE REVENUE AND TAXATION CODE.

2.1 The property tax revenues collected in relation to the annexation covered by the terms of this agreement shall be apportioned between CITY and COUNTY as set forth in Sections 2.2 and 2.3 below. The parties acknowledge that, pursuant to Sections 54902, 54902.1 and 54903 of the Government Code and Sections 97 and 99 of the Revenue and Taxation Code, the distribution of such property tax revenues will not be effective until the revenues are collected in the tax year following the calendar year in which the statement of boundary changes and the map or plat is filed with the County Assessor and the State Board of Equalization.

2.2 In regards to the Annexation Area, COUNTY will retain all of its base property tax revenue upon annexation. The amount of the property tax increment for special districts whose services are assumed by the CITY shall be combined with the property tax increment of the County, the sum of which shall be allocated between CITY and COUNTY pursuant to the following ratio:

COUNTY: 66% CITY: 34%

2.3 The parties acknowledge that the Fresno County Free Library is an independent special district and that the amount of property tax revenue continued to be allocated to the Library district shall not be reduced by this Agreement as provided under Section 97.37 of the Revenue and Taxation Code.

SECTION 3

SALES TAX SHARING

CITY and COUNTY agree that the parties shall share sales and use tax generated within the annexation area according to the terms of Article V of the Amended and Restated Memorandum of Understanding between the COUNTY and CITY dated May 2, 2006.

GOLETA FINANCES

Goleta finances called 'pretty remarkable'

By CATHERINE SHEN
NEWS-PRESS CORRESPONDENT

Describing the economic situation for Goleta as "pretty remarkable," the City Council on Tuesday unanimously approved its midyear financial review for fiscal year 2013-14.

At its regular meeting, Tina Rivera, the city finance director, said Goleta is looking at a nearly 5 percent increase in general fund revenues, which equals a little over \$1 million.

Of that, Ms. Rivera said 85 percent is made up through the changes in the city's sales and bed tax.

This acts as a reminder to council that the two taxes are the most vulnerable sources during bad economic conditions, she said. Licenses and services charges make up another 6 percent, while reimbursement charges come to 9 percent.

The city's bed tax figure of \$2.9 million, or 47 percent of annual projections, represents slightly more than four months of payments. To date, Ms. Rivera's report says, six monthly payments have been received, which means taxes paid should exceed the projection by more than 10 percent, or \$650,000.

The bed tax is the city's single larg-

The bed tax is the city's single largest revenue source for the general fund, said Ms. Rivera, with sales tax a close second.

est revenue source for the general fund, said Ms. Rivera, with sales tax a close second at \$2 million, reflecting four months of payment. This has exceeded the city's historical average for the first four payments of the year by nearly 10 percent.

"It is a one-time nature," she cautioned. "We won't expect it to reoccur."

The bed tax relates to strong performances by some of the city's largest revenue generating facilities, said Ms. Rivera. "It only takes a couple to make a significant difference."

As for licenses and services, the increase was driven by activities related to development, according to the presentation. Revenue is at 56 percent of the budgeted amount and the majority of revenue sources are meeting or exceeding their target of 50 percent for midyear.

The over-performing revenues, such as building permits, public works deposits earned and engineering fees are related to private development projects that are active,

according to Ms. Rivera's report. Since there is a direct correlation between building permit and contract services expenditures, a one-time increase of \$65,000 to yearly projections is recommended.

General fund expenditures came to \$348,148, which included a one-time allocation of \$25,000 for professional services to cover costs related to the public opinion survey, compensation study and various other council priority projects; a total of roughly \$85,000 was needed to cover costs related to city hall improvements; and other additional allocations covered intern services, permits and litigation.

Councilman Roger Aceves requested a one-time allocation of \$58,000 to cover costs of converting a conference room to a break room and carpet replacement throughout city hall, to be put on hold for further review.

Citing issues with the limited amount of space the city hall has available for meetings, Mr. Aceves

said they often have to fight for the conference room, which makes very difficult.

The request was approved by the council as part of Councilman E Easton's motion to adopt the mid-year financial review.

An additional allocation of \$150,000 of general fund reserve to the street maintenance reserve to keep the street funding intact as well as an additional \$600,000 toward the city hall reserve for the new permanent city hall project, are elements of the review the council approved.

The council is exploring possible development of a civic center and city hall at or near a seven-acre parcel at 5679 Hollister Ave., which the city acquired last year. The property includes the Goleta Valley Community Center and an adjoining 2.8 acre owned by the Goleta Union School District.

A joint city council and planning commission meeting will be held 6 p.m. Thursday, at Goleta City Hall 130 Cremona Drive.

email: news@newspress.com

THE SHIFT IN YEAR 11 OF AN ADDITIONAL \$1.5 MILLION IN TOT TAX FROM COUNTY TO CITY

TRANSIENT OCCUPANCY TAX SUMMARY

Transient Occupancy Tax Summary Fiscal Year Ended June 30, 2013

	<u>Fiscal Year</u> <u>2011-12</u>	<u>Fiscal Year</u> <u>2012-13</u>	<u>Change</u> <u>from Prior</u> <u>Year</u>
Cities:			
Santa Barbara	\$ 16,394,093	\$ 17,611,106	7.4%
Goleta - City Share*	2,688,710	5,604,278	108.4%
Solvang	2,682,707	2,998,807	11.8%
Santa Maria	2,440,981	2,531,982	3.7%
Lompoc	1,270,405	1,441,422	13.5%
Carpinteria	1,493,930	1,564,423	4.7%
Buellton	1,239,616	1,344,904	8.5%
Guadalupe	-	-	0.0%
Total Cities	\$ 28,210,441	\$ 33,096,922	17.3%
Unincorporated Areas:			
Montecito	\$ 4,086,364	\$ 4,227,452	3.5%
Goleta - County Share*	1,449,879	-	-100.0%
Goleta Valley	1,408,857	1,523,192	8.1%
Santa Ynez	504,192	620,647	23.1%
North County	110,417	153,474	39.0%
South County	208,420	255,725	22.7%
Total County	\$ 7,768,130	\$ 6,780,490	-12.7%
Countywide	\$ 35,978,571	\$ 39,877,411	10.8%

AN ADDITIONAL SHIFT OF \$1.2 MILLION OF SALES TAX IN YEAR 11 FROM THE COUNTY TO THE CITY

SALES TAX REVENUE BY JURISDICTION

Jurisdiction	2010-2011		2011-2012		2012-2013	
	Amount	% Change from PY	Amount	% Change from PY	Amount	% Change from PY
City of Santa Barbara	\$13,386,565	5.8%	\$14,519,017	8.5%	\$15,008,939	3.4%
City of Santa Maria	11,840,218	7.8%	12,963,245	9.5%	\$13,323,484	2.8%
Goleta: City Share	2,944,459	12.7%	3,148,237	6.9%	\$4,589,904	45.8%
Goleta: County Share	2,944,459	12.7%	3,148,237	6.9%	\$1,967,102	-37.5%
County: Unincorporated	4,902,132	14.5%	4,772,822	-2.6%	\$4,965,908	4.0%
City of Lompoc	2,566,583	7.7%	2,841,923	10.7%	\$2,888,351	1.6%
City of Buellton	1,163,408	5.9%	1,263,181	8.6%	\$1,324,136	4.8%
City of Carpinteria	1,176,067	-10.4%	1,285,155	9.3%	\$1,242,218	-3.3%
City of Solvang	751,460	10.2%	820,256	9.2%	\$844,374	2.9%
City of Guadalupe	173,492	-5.0%	201,751	16.3%	\$320,681	58.9%
Countywide Total	\$41,848,843	7.9%	\$44,963,824	7.4%	\$46,475,097	3.4%

BOARD OF EQUALIZATION SALES TAX SHARING AGREEMENTS

<u>County</u>	<u>TAC</u>	<u>Sharing Agreements</u>			
ALAMEDA	01998	11	ORANGE	30998	0
ALPINE	02998	0	PLACER	31998	0
AMADOR	03998	0	PLUMAS	32998	1
BUTTE	04998	1	RIVERSIDE	33998	0
CALAVERAS	05998	1	SACRAMENTO	34998	0
COLUSA	06998	0	SAN BENITO	35998	0
CONTRA COSTA	07998	18	SAN BERNARDINO	36998	0
DEL NORTE	08998	0	SAN DIEGO	37998	0
EL DORADO	09998	0	SAN JOAQUIN	39998	0
FRESNO	10998	12	SAN LUIS OBISPO	40998	0
GLENN	11998	0	SAN MATEO	41998	17
HUMBOLDT	12998	0	SANTA BARBARA	42998	1
IMPERIAL	13998	0	SANTA CLARA	43998	0
INYO	14998	0	SANTA CRUZ	44998	0
KERN	15998	0	SHASTA	45998	0
KINGS	16998	4	SIERRA	46998	1
LAKE	17998	0	SISKIYOU	47998	0
LASSEN	18998	1	SOLANO	48998	0
LOS ANGELES	19998	0	SONOMA	49998	8
MADERA	20998	2	STANISLAUS	50998	6
MARIN	21998	0	SUTTER	51998	0
MARIPOSA	22998	0	TEHAMA	52998	2
MENDOCINO	23998	0	TRINITY	53998	0
MERCED	24998	2	TULARE	54998	8
MODOC	25998	0	TUOLUMNE	55998	1
MONO	26998	0	VENTURA	56998	9
MONTEREY	27998	0	YOLO	57998	0
NAPA	28998	0	YUBA	58998	0
NEVADA	29998	0			
					106 Total

82 PROPERTY TAX SHARING AGREEMENTS IN THE LAST SEVEN YEARS WITHIN SANTA BARBARA COUNTY (ALL IN PERPETUITY)

JURISDICTIONAL CHANGES – PROPERTY TAX

Year	Ref	Name	Year	Count	Year	Count	
x 13	13-001	Brewer Soria Annexiation to Goleta Sanitary	x 08	08-006	San Marcos	13	5
x 13	13-002	Wulfang Annexation to Santa Ynez CSD	x 08	08-007	Knollwood	12	7
x 13	13-004	Doherty Annex Santa Ynez CSD	x 08	08-008	San Marcos	11	4
x 13	13-005	Jewkes Annexation to Goleta Sanitary	x 08	08-009	Burton	10	6
x 13	13-006	Hope Ave Annexation to City of Santa Barbara	x 08	08-011	Wye(Burton)	09	13
x 12	12-001	Dahlia Court	x 08	08-012	Clubhouse Estates	08	15
x 12	12-002	SB Schools Thompson Unification	x 08	08-014	Gallarza	07	14
x 12	12-003	Hourigan	x 08	08-015	Casmalia School into Orcutt	06	18
x 12	12-004	La Cumber Water	x 07	07-001	Mahlmeister Annexation	Grand Total	82
x 12	12-005	Los Alamos Elem Annexation to Orcutt Elem	x 07	07-002	MacDonald Annexation		
x 12	12-006	Union Valley Parkway	x 07	07-003	Stonegate		
x 12	12-007	SB County Fire - Annexation of Remaining	x 07	07-003	Stonegate		
x 11	11-001	Green Heeron Springs	x 07	07-003	Stonegate		
x 11	11-002	Green Heeron Springs	x 07	07-004	San Marcos Gardens		
x 11	11-003	Bella Vista	x 07	07-005	San Ranch Oil		
x 11	11-004	La Canoas Reorg	x 07	07-006	Poor		
x 10	10-001	Lagunitas	x 07	07-007	Garnder		
x 10	10-002	Fairview Gardens	x 07	07-008	Lengsfelder		
x 10	10-003	Santa Rita Hills	x 07	07-009	Hagerman		
x 10	10-004	Vernoica Meadows	x 07	07-010	Old Mill		
x 10	10-005	Hope Church	x 07	07-011	Steward		
x 10	10-006	Brundidge	x 07	07-012	Railroad		
x 09	09-001	Hummel	x 06	06-001	Copus Annexation		
x 09	09-002	Quail Run	x 06	06-002	Mahoney Annexation		
x 09	09-003	Valdes	x 06	06-003	Mesa Verde		
x 09	09-005	Hollstein	x 06	06-004	Black Road		
x 09	09-007	Richards	x 06	06-005	Baumgartner Annexation		
x 09	09-008	Las Positas	x 06	06-007	Pacheco Annexation		
x 09	09-010	Wastewater	x 06	06-008	Coleman Annexation		
x 09	09-011	South Coast	x 06	06-009	School District		
x 09	09-012	Ladera Annexation	x 06	06-010	DeLucia Annexation		
x 09	09-013	St. Athanasius Annexation	x 06	06-011	Carnevele Annexation		
x 09	09-014	Enos Rachos	x 06	06-012	Simon Annexation		
x 09	09-015	Dos Pueblos Gold Annexation	x 06	06-013	Johnson Annexation		
x 06	06-016	Rice Ranch	x 06	06-014	Ignacio Annexation		
x 09	09-990	Carp Vector Control	x 06	06-015	Hudgens		
x 08	08-001	Le Bard Annexation	x 06	06-017	Hart Annexation		
x 08	08-002	Smith Annexation	x 06	06-018	District		
x 08	08-003	Vintage Ranch	x 06	06-019	Triangle Park		
x 08	08-004	Bosche Annexation					
x 08	08-005	Orcutt Creet Estates					