

December 7, 2000 (Agenda)

Local Agency Formation Commission
105 East Anapamu Street
Santa Barbara CA 93101

LAFCO 99-20 - Incorporation Boundaries of the City of Goleta

Dear Members of the Commission:

RECOMMENDATION

It is recommended that the Commission:

1. Receive this staff report and accept any public testimony regarding proposed boundaries.
2. Determine either now or in January preferred city boundaries and, if desired, alternative boundaries for the Final Comprehensive Fiscal Analysis, recognizing that the Commission at future meetings can still make final adjustments in the boundaries.
3. Direct the staff and the fiscal consultant to prepare the Final CFA for consideration at a future meeting, taking into account the revenue neutrality negotiations that are proceeding between the incorporation proponents and the County.
4. Authorize the staff to consult with the County, UCSB and Isla Vista Recreation and Park District regarding local governance options for Study Module B.

DISCUSSION

Background

The proposal to incorporate a new city was initiated by a petition signed by the requisite number of registered voters living in western Goleta Valley. The petition was submitted to LAFCO on November 30, 1999 and the remainder was submitted on December 24.

A certificate of sufficiency was issued on December 28 verifying that the petition contained the required number of signatures and the staff issued a Certificate of Filing on December 29.

The staff proceeded, as required by statute, to prepare a Comprehensive Fiscal Analysis (CFA). Public scoping meetings were held, including a public hearing held by the Commission.

On April 6, 2000 a contract was executed with Economic & Planning Systems (EPS) to prepare the incorporation fiscal study. The Commission considered the Preliminary CFA at meetings held on September 14 and November 2, and directed the staff and EPS to make appropriate corrections in the analysis for the Final CFA.

On November 2 the Commission also considered and received testimony regarding the proposed incorporation boundaries. The question of the boundaries for the Final CFA was continued to the December 7 meeting.

Introduction

The Commission should adopt a preferred boundary for the final CFA. While this action neither approves the incorporation nor commits the Commission to any specific future action, it should be considered to be a significant step that reflects the Commission's thinking regarding appropriate city limits at the time of incorporation.

The recommended action is intended to provide direction to the staff and EPS for the Final CFA, and to assist the County and incorporation proponents in revenue neutrality negotiations.

The Commission retains authority to make subsequent modifications to the proposed boundary at any time up to its final action of the proposed incorporation.

Staff criteria for formulating the Final CFA boundary

To analyze information that has been gathered and recommend a boundary for the Final CFA, the staff has been guided by certain criteria. It is recognized that some criteria are subjective; others may reach different conclusions, even based on these same concepts.

The criteria considered by the staff include the following:

- Boundaries should be predicated on the proposal

The incorporation proponents exhibited initiative and leadership in preparing and circulating a petition within the area they feel is appropriate for incorporation as a new city. They were responsible for securing signatures and devoted extensive time and energy in meeting with the County and LAFCO staffs and in communicating with the community. Therefore, the staff recommendation begins with the boundaries submitted by *GoletaNow!*

- Boundaries should be consistent with statutory criteria

As explained in our November 2 staff report, the Cortese-Knox Act creates specific tests for incorporating new cities. These are presented as mandatory “findings” the Commission must make before it can approve the creation of a new city.

The report is enclosed as Exhibit A and details the necessary findings. The city boundaries recommended for the Final CFA are consistent with the intent of the Cortese-Knox Act, including Government Code Sections 56001, 56300, 56301 and 56377, copies of which are attached to the November 2 staff report.

Other required findings pertaining to fiscal feasibility and revenue neutrality cannot be made until completion of the fiscal analysis.

- Boundaries should be clear and understandable

The general public and public service agencies are well served if city limits are clearly defined and easily understood. The boundaries as recommended are meant to promote understanding.

It is difficult at times, in the context of a large urbanized area, to make dramatic distinctions along the entire length of a city boundary but nonetheless they should be clear and understandable to the extent feasible.

- Boundaries should not be “gerrymandered” for fiscal purposes

Consistent with Government Code Section 56845, which states the legislature’s intent that “incorporation should not occur primarily for financial reasons,” the *GoletaNow!* petition cites a variety of justifications for incorporation.

While boundaries have long-term fiscal implications for the city and the County, they should not be gerrymandered to include or exclude specific properties for fiscal purposes. The staff will not

recommend extending the boundary in order to include a high revenue land use nor will it recommend excluding specific lands unless it achieves other valuable public policies.

The fiscal effects of boundaries may be mitigated by either a revenue neutrality agreement or, alternatively, by LAFCO approved terms and conditions that achieve revenue neutrality.

Terms and conditions can also be adopted that create incentives for the city to annex adjacent areas. These may include withholding city sales tax or other revenue, and transferring them to the city upon completion of annexations. The disincentives that cities may experience when considering certain types of annexations can thereby be mitigated.

The staff feels that appropriate terms and conditions may be preferable to adopting boundaries to include or exclude specific land uses based primarily on fiscal considerations.

- Boundaries should be pragmatic and practical

A boundary may not achieve the goals and objectives of all constituencies seeking to become part of a city, and consideration should be given to presenting a practical option to the voters.

Incorporating a new city, no matter how logical in theory, is practical only if supported by a majority of the voters within the approved boundaries. This factor is legitimately considered in determining community identity.

A practical approach is needed to consider all of the complex issues and competing interests, many of which, while valid, are nonetheless mutually exclusive or contradictory.

- Boundaries should encourage community self determination

A stated purpose of the Goleta*Now!* incorporation is to “increase local control and accountability for decisions affecting the community through a locally elected city council and to increase opportunities for participation in civic and governmental activities.”

Municipal boundaries should reflect not just already developed tracts but adjacent properties that are within a proposed city’s logical planning area. In the Goleta Valley this is assisted by the fact that the Goleta Community Plan was adopted several years ago and provides a blueprint for land use planning within the community.

- Initial city boundaries and ultimate city boundaries

Initial city boundaries may not be the same as ultimate city boundaries. Government Code Section 56426.5 requires the Commission to determine the sphere of influence for any new city within one year of the date of incorporation.

If properties are not included in the initial incorporation they can be annexed to the city in the future with the support of affected property owners, the city council and the Board of Supervisors. City and County approval is needed for annexation property tax agreements.

Results of LAFCO Postcard Survey

As authorized by the Commission on November 2, the staff conducted a post card survey of immediately east of the Goleta*Now!* proposal, specifically between Highway 101 and the foothills, and also of a mobile home park within the Goleta Old Town redevelopment area adjacent to Ward Memorial Boulevard.

The results seem to bear out the information that had been provided by Jack Hawxhurst, representing the Patterson Area Neighborhood Association (PANA). On the postcards returned a sizable opposition is voiced to including this area in the boundaries of the proposed incorporation.

We distributed 1,550 letters, with return addressed postage-paid postcards. We received 577 responses (or 37%) by Monday November 27. In response to the question: "Do you think your property/neighborhood should be included in the new city?" 59 % indicated "No," 38 % said "Yes" and the remainder were undecided.

We color coded the postcards to evaluate the responses with respect to geographical areas: Red - immediately adjacent to the proposed incorporation, Blue - north of Patterson Avenue, Green - west of San Jose Creek, Purple - east of San Jose Creek and White - Rancho Goleta Mobile Home Park located south of Highway 101, at the southerly end of Ward Drive.

- Exhibit B identifies the geographic response areas in the Patterson Road area.
- Exhibit C summarizes the numeric results of the survey.
- Exhibit D has transcribed comments from the cards.

The difficulty of the Commission's decision in choosing appropriate boundaries is underscored by the conflicting comments received from residents, many in the same neighborhood, such as:

- “I don’t think Goleta should be a separate city.”
- “Goleta is way overdue for cityhood.”
- “I would support cityhood only if Isla Vista is excluded from the Goleta cityhood.”
- “A city of Goleta makes no sense if areas of Goleta are excluded – and that goes for Isla Vista as well. I would not vote for the new city if Isla Vista weren’t part of it.”

If there is a predominant theme in the postcards, it is this portion of the Goleta Valley identifies with or prefers annexation to the City of Santa Barbara rather than inclusion in the City of Goleta.

Recommended boundary for Final CFA

Following is the staff recommended boundary to prepare the Final CFA. Exhibit E is a map that is correlated with the text. Except where noted, the recommendation is the same as the boundary submitted by *GoletaNow!*

It is also recommended that a city that includes Isla Vista and UCSB be analyzed in the Final CFA as an alternative boundary.

Boundary description – Beginning at the western border of the Santa Barbara Airport proceed clockwise around the proposed city as submitted by *GoletaNow!*, with these modifications:

- A. Exclude the USCB North Campus and Ocean Meadows Golf Course
- B. Exclude the Venoco Ellwood On-Shore Processing Facility
- C. Exclude Calle Real adjacent to Rancho Embarcadero
- D. Include the Glen Annie Golf Course
- E. Include a portion of Module C, north of Highway 101
- F. Include a portion of Module C, south of Highway 101
- G. Exclude Gas Company and Goleta Sanitary District properties

Two other areas, although not representing a change from the proposal, deserve special comment based on the interest and attention they have received. The Bacara Resort and Isla Vista/UCSB are discussed separately below.

Boundary discussion – Beginning at the western border of the Santa Barbara Airport proceed clockwise around the proposed city as submitted by *GoletaNow!*, with these modifications:

A. Exclude the UCSB North Campus and Ocean Meadows Golf Course

Representatives of UCSB have indicated a preference to have all University holding in one jurisdiction, either one city or the unincorporated area. As submitted by *GoletaNow!* the incorporation excludes all UCSB property except the North Campus area.

It is recommended that the incorporation boundaries exclude this area and also exclude the Ocean Meadows Golf Course, which is largely surrounded by University North Campus property. The Golf Course may be an appropriate annexation to the city in the future, once the University determines how its property will be used.

B. Exclude Venoco Ellwood On-Shore Processing Facility

The Venoco Ellwood facility is part of a complex oil-management system. Regulation of the facility requires significant expertise and a regional perspective. The Venoco facility is included in several potentially costly studies.

Also, voter-approved Measure A-96 that regulates future on-shore oil processing facilities would not necessary apply within the new city, according to an analysis prepared by the Commission's legal advisor.

Excluding the Venoco parcel from the incorporation will create an unincorporated island surrounded by the new city. The Cortese-Knox Act generally prohibits creating islands but allows LAFCO to waive this restriction if it finds that (a) the area to be enclosed by the new city is so located that it cannot be reasonable annexed to another city and (b) the restriction would be detrimental to the community. We believe the Commission can make these findings at the time it approves the incorporation.

C. Exclude Calle Real adjacent to Rancho Embarcadero

A representative of the Embarcadero Municipal Improvement District requested that Calle Real, a frontage road on the north side of Highway 101, not be included in the proposed incorporation westerly of the Hollister Avenue interchange.

We are not sure from the petition whether this roadway was included. However, we think the Commission should specify that Calle Real in this location is not part of the city boundaries.

D. Include Glen Annie Golf Course

The Glen Annie Golf Course is an existing private club open to the public. It is located north of and adjacent to Cathedral Oaks Boulevard, just west of Glen Annie Road.

The golf course is located outside of the urban development line of the Goleta Community Plan but it is an existing use. The only access will be through city streets, and it is recommended that the golf course be included within the city boundaries.

E. Include portions of Module C, north of Highway 101

Study Module C includes the east Goleta Valley. After examining the area immediately east of the Goleta*Now!* proposal and conducting a postcard survey in this area to ascertain a sense of community identity, the staff feels that only minor adjustments are warranted.

The proposal essentially follows the zip code boundary between 93117, Goleta and 93111, Santa Barbara. While this is obviously a significant factor for many residents and property owners (see the postcard survey comments), it does not represent the most logical boundary for public services and community identification.

Considering the responses to the postcard survey the staff is not inclined to recommend extending the incorporation boundaries much farther to the east, not as far as Patterson Avenue or even San Jose Creek. It is clear that those areas largely identify with the City of Santa Barbara.

Once the City of Goleta is incorporated and functioning these areas may have greater interest in becoming part of the new city, or perhaps it will solidify their desire to be within the City of Santa Barbara. These are decisions for a future day.

An argument has been made that the eastern end of the Goleta Valley will be in "limbo" or a "no man's land" if Goleta incorporates without it. The staff notes that this situation is no different than at present. Eastern Goleta will continue as part of the unincorporated area and will receive public services as it does at present.

The County's ability to provide services will be protected by revenue neutrality, in which the County cannot not lose more revenue due to an incorporation that it experiences in reduced public service costs.

The staff recommends that Cambridge Drive be the dividing line from Patterson Avenue on the north to Coralino Road on the south, with parcels on both on the east and west sides of Cambridge Drive included in the proposed city.

Streets should not necessarily serve as a city boundary. Often both sides of a street should be in one jurisdiction for ease of traffic law enforcement and street maintenance.

Between Coralino Drive on the north and Camino Real on the south, Kellogg Avenue should be the primary street, again with parcels on both sides of the street included in the proposed city.

F. Include portions of Module C, south of Highway 101

The staff also examined the area immediately east of the Goleta*Now!* proposal between Highway 101 and the ocean. Part of this area was included in Study Module A since it is within the Goleta Old Town redevelopment area.

A question for the Commission is whether or not the agricultural fields and commercial nurseries in this area should be included within the proposed city. This would assign future land use planning decisions to the City. The alternative is to keep these properties unincorporated, allowing the County to continue as the land use planning agency. In addition to the agriculture there are large lot residences primarily on Orchard Drive and adjacent streets.

The Cortese-Knox Act directs the Commission to consider guiding development of non open-space uses away from prime agricultural lands and towards areas containing nonprime lands, unless this would not promote planned, orderly, efficient development.

The staff considered recommending that these areas be included in the city to avoid future "whip sawing" between the city and the County over prospective or proposed land uses. Including the property would ensure that the City Council is responsible for future determinations regarding land use, which is one of the basic reasons incorporation was proposed. In addition, access to these properties will be from city streets in the future.

Since most of the agricultural land is outside of the Goleta Sanitary District, annexation to the District will be necessary to development these lands. If development is proposed in the future,

LAFCO can condition annexations to the District upon concurrent annexation to the City of Goleta. In this way the City can be assured that it can plan for and provide public services for future land uses that may occur in this area.

If the agricultural land and nurseries are not included, the staff sees no justification to add the Southern California Gas Company property to the proposed city. If there is a proposal in the future to intensify the use of Gas Company property, LAFCO would be able to condition an annexation to the Sanitary District upon concurrent annexation to the City.

The staff recommends the Old Town Redevelopment Area be included in the proposed city for purposes of the Final CFA, along with the other properties that are bounded on the east by Maria Ygnacio Creek north of Hollister Avenue. The Goleta Post Office, for example, is located in this area and we think it should be in the city.

The staff is not recommending that the city boundaries include the row crops, commercial nurseries or Gas Company property in Study Module C.

H. Exclude Gas Company and Goleta Sanitary District properties

Part of the Gas Company property is located within Module A, adjacent to the Goleta Sanitary District office and treatment plant. Together, these are the only unincorporated properties between the Santa Barbara Airport and Ward Memorial Boulevard south of the southerly terminus of Fairview Avenue.

It is recommended that the incorporation exclude all Gas Company property and also the Goleta Sanitary District facilities.

Bacara Resort

The resort is within the urban development line of the Goleta Community Plan, one of the key determinants relied on by the Goleta *Now!* incorporation proponents in preparing the application.

The resort is projected to develop significant local revenues, primarily transient occupancy taxes. The staff does not however feel that this is a basis for excluding or including the facility within the proposed city. As stated earlier we do not feel that city boundaries should be gerrymandered for fiscal reasons.

In a report to the Board of Supervisors the County staff suggests that the resort not be included in the city because it is not a traditional urbanized use and is self-contained, providing virtually all of its own services.

The LAFCO staff does not view this matter in the same light. We think that hotels and resorts are urban uses when located in proximity to urbanized areas such as the Goleta Valley. In this context the resort is similar to the Biltmore Hotel or other visitor-serving facilities. Also, while it may be in some way “self-contained” it generates significant demands on the greater community.

Because the resort does not provide housing for its workers, significant demands are generated in the community for residentially related services. While some employees may live in communities other than the Goleta Valley, the resort should be seen as part of the urbanized Goleta community and as such should be included within the proposed city.

Including the resort will need to be factored into the revenue neutrality negotiations proceeding between the County and the incorporation proponents. Since the Commission is prohibited from approving an incorporation that is not revenue neutral, the effect of including the resort can be addressed in light of that requirement.

Isla Vista/UCSB

Including Isla Vista and UCSB in the proposed city is a significant boundary issue, at least based upon the testimony and correspondence that has been received by the Commission.

In light of comments from the County Administrator, the staff recommends Module B, consisting of Isla Vista and UCSB, be analyzed in the Final CFA as an alternative city boundary.

In recognition of the close relationship between Isla Vista and UCSB, if the Commission does not ultimately include Module B in the city, the staff feels that there should be a local governmental structure accommodating both Isla Vista and the University. It may be appropriate to consider in conjunction with the County, UCSB and Isla Vista Recreation and Park District, an alternative governance structure. It is recommended the staff be authorized to consult with these agencies.

Fiscal incentives for future annexations

Based on the preferred boundaries for the Final CFA, LAFCO can propose terms and conditions that can create fiscal incentives or inducements for the city to annex land in the future.

Also, based on the preferred boundaries for the Final CFA, incorporation proponents and County staff can negotiate a revenue neutrality agreement, or the staff can recommend conditions that provide for revenue neutrality, while including provisions that facilitate future city annexations.

Suggested motion for identifying the preferred Final CFA study boundary

Boundary issues have varying degrees of relevance to different members of the community. Some of the issues pertain more to some boundary segments than others or are more important to some portions of the community.

To structure the hearing to promote careful consideration of all points of view, the staff suggests that public testimony be encouraged on the overall city boundary and for each component of the proposed boundary as outlined in our presentation.

Following receipt of all public testimony, when the Commission is ready to move forward, the staff suggests the following process to identify the boundaries for preparing the Final CFA:

- The Chair will receive a motion and second to approve the boundary for the Final CFA as proposed by *GoletaNow!*, with the understanding that a vote on that motion will not be taken until all proposed amendments to the motion have been considered.
- The Commission will discuss each component and aspect of the proposed boundary. Motions to amend the main motion will be made as appropriate. On each proposed amendment to the main motion the Chair will take a “straw vote,” those amendments that receive four or more “yes” votes will then be considered to be part of the main motion.
- Commissioners who feel aspects of the boundary have not been addressed in the staff report and public testimony should present those issues for discussion and action as appropriate.
- After considering all proposed amendments to the motion, the Chair will conduct the vote on the main motion as amended, which will provide direction to the staff and fiscal consultant.

This procedure allows all members of the public to speak to aspects of the boundary that are of importance to them and allows the Commission to consider the circumference of the proposed city in an organized way with, it is hoped, a minimum of confusion

If you have any questions regarding this matter please contact the LAFCO office.

Sincerely,

BOB BRAITMAN
Executive Officer

- Exhibit A November 2 staff report re incorporation boundaries
- Exhibit B Map of post card survey response areas
- Exhibit C Numerical results of postcard survey
- Exhibit D Comments returned with postcard survey
- Exhibit E Map of Recommended Boundary for Final CFA
- Exhibit F Detailed map of recommended eastern boundary